

## Federal Student Loan Repayment Options

You have unique options to handle federal student loan debt that are not available for private loans. These include:

Income-Driven Repayment Plans: If you have a financial hardship that does not allow you to pay the normal monthly payment, you can pay 10-15% of your discretionary income over 20-25 years and have the remainder of the balance forgiven.

Federal Debt Consolidation: Allows you to combine all of your eligible federal student loans into a single loan with a single loan servicer

Graduated Repayments: Your payments start out lower and gradually increase over time.

Extended Repayments: You pay less each month but extend the life of your loan over a longer period of time.

Statutory Discharges: If you become totally and permanently disabled or your school closes, you may be eligible for discharge of your federal loans.

Public Service Loan Forgiveness: If you work in public service, you may be eligible for loan forgiveness after 120 qualifying payments.

**REMEMBER:** Failing to make federal student loan payments can result in serious consequences. If you fail to make payments on your student loan for **270 days**, your loans will go into **DEFAULT** status and will be sent to a **debt collector**. The government can then garnish part of your pay or federal benefits and report your loans in default to credit agencies. You also may lose access to additional federal student aid, or the ability to enter into deferment or forbearance or choose a repayment plan.

## HOW TO APPLY FOR STATE AND FEDERAL FINANCIAL AID

Apply for federal and state student aid using the *Free Application for Federal Student Aid* (FAFSA) form online (<https://studentaid.gov/h/apply-for-aid/fafsa>) or using the myStudentAid mobile app on a smart phone

The FAFSA is **FREE**. You should not pay anyone to fill it out.

Free help is available from the Federal Student Information Center at <https://studentaidhelp.ed.gov/>, or call (800) 433-3243

Get an estimate of your eligibility for federal student aid using *FAFSA4caster* (<https://studentaid.gov/understand-aid/estimate>)

**If you are undocumented, submit a *California Dream Act Application*** (instead of FAFSA) available at <https://www.csac.ca.gov/post/resources-california-dream-act-application>

Submit the *California Promise Grant* application for community college if you can't apply with a FAFSA or CDAA (<https://www.cccapply.org/en/money/california-college-promise-grant>)

Review the California Financial Aid checklist at <https://www.csac.ca.gov/pod/financial-aid-checklist>

Call the California Student Aid Commission at (888) 224-7268 for help

(Source: <https://www.csac.ca.gov/how-apply>)



# PAYING FOR COLLEGE: KNOW YOUR OPTIONS

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There are many different options to help you pay for college. You may be able to pay for some or all of your education through a combination of these options. You should not have to pay anyone to help you apply for financial aid. You can learn about these and apply for free. This guide covers federal financial aid resources.

# HERA

housing and economic rights advocates

If you would like further advice about choosing a school, applying for financial aid, or dealing with your student loan debt, you can also contact us.

Housing & Economic Rights Advocates (HERA) P.O. Box 29435 Oakland, CA 94604 Phone: 510-271-8443 ext. 300 Fax: 510-868-4521 E-mail: [inquiries@heraca.org](mailto:inquiries@heraca.org) [www.heraca.org](http://www.heraca.org)

## FEDERAL FINANCIAL AID

### OVERVIEW

**Grants:** do not have to be repaid (unless, for example, you withdraw from school and owe a refund)

**Loans:** borrowed money for college or career school; you must repay your loans, with interest

**Work-study:** provides part-time employment while you are enrolled in school to help you pay for school. *Check with the school's financial aid office to see if it participates*

**Unfortunately, federal financial aid is not available to undocumented students. However, some California state aid programs are available (see below)**

### FEDERAL GRANTS

#### **Pell Grants**

**Eligibility:** Students who have exceptional financial need

**Amount:** Up to \$6,345 for the 2020-21 award year. Depends on family contribution, cost of attendance, full time or part time status, and whether attending the full academic year or only part of it

**Further Information:** <https://studentaid.gov/understand-aid/types/grants/pell>

#### **Federal Supplemental Educational Opportunity Grants (FSEOG)**

**Eligibility:** School determines financial need

**Amount:** Between \$100—\$4,000 per year

**Further Information:** <https://studentaid.gov/understand-aid/types/grants/fseog>

#### **Teacher Education Assistance for College and Higher Education (TEACH) Grants**

**Eligibility:** Students who are completing or plan to complete course work needed to begin a career in teaching. Converts to federal student loans if commitment not met.

**Amount:** Up to \$4,000 per year

**Further Information:** <https://studentaid.ed.gov/sa/types/grants-scholarships/teach>

#### **Iraq and Afghanistan Service Grants**

**Eligibility:** Students whose parent or guardian was a member of the U.S. Armed Forces and died as a result of military service performed in Iraq or Afghanistan after 9/11. Must be ineligible for Pell Grant

**Amount:** Equal to the amount of a maximum Federal Pell Grant for the award year but cannot exceed the school's cost of attendance for that award year. For the 2020-21 award year (July 1, 2020 to June 30, 2021), the maximum Pell Grant award is \$6,345

**Further Information:** <https://studentaid.gov/understand-aid/types/grants/iraq-afghanistan-service>



**HERA is a not-for-profit legal services organization dedicated to economic justice. For additional information or to request assistance, please contact us at [inquiries@heraca.org](mailto:inquiries@heraca.org) or (510) 271-8443 ext. 300**

**FEDERAL STUDENT LOANS** (Source: <https://studentaid.ed.gov/sa/types/loans>): Students can take out loans to fund the remaining cost of college after any scholarships, grants, or other sources of financial aid that do not need to be repaid. Student loans will need to be repaid with interest. There are four main types of federal student loans currently available:

**Direct Subsidized Loans:** Loans made to eligible undergraduate students who demonstrate financial need

**Direct Unsubsidized Loans:** Loans made to eligible undergraduate, graduate, and professional students, but eligibility is not based on financial need

**Direct PLUS Loans:** Loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid

**Direct Consolidation Loans:** Allow you to combine all of your eligible federal student loans into a single loan with a single loan servicer

### **HOW MUCH CAN YOU BORROW?**

**Undergraduate student:** \$5,500 to \$12,500 per year, depending on what year you are in school and whether you are someone else's dependent

**Graduate or professional student:** up to \$20,500 per year in Direct Unsubsidized Loans; Direct PLUS Loans can also be used for the remainder of your college costs not covered by other financial aid

**Parent of a dependent undergraduate student:** you can receive a Direct PLUS Loan for the remainder of your child's college costs not covered by other financial aid