

Myths About Financial Aid

Don't fall for these myths about federal student aid and the application process!

"Federal student aid is just 'free money' like grants."

Reality: Federal student aid includes three different kinds of financial help: grants, low-interest loans, and work-study funds (a part-time job on or near campus). To learn more about the different types of federal student aid, visit StudentAid.gov/types.

"My parents make too much money, so I won't qualify for aid."

Reality: There is no income cut-off to qualify for federal student aid. Many factors—such as the size of your family and your year in school—are taken into account. And remember: when you fill out the *Free Application for Federal Student Aid* (FAFSA®) form, you're also automatically applying for funds from your state, and possibly from your school as well. In fact, some schools won't even consider you for any of their scholarships (including academic scholarships) until you've submitted a FAFSA form. Don't make assumptions about what you'll get—fill out the FAFSA form and find out.

"Only students with good grades get financial aid."

Reality: While a high grade point average will help a student get into a good school and may help with academic scholarships, most of the federal student aid programs do not take a student's grades into consideration. Provided a student maintains satisfactory academic progress in his or her program of study, federal student aid will help a student with an average academic record complete his or her education.

"I don't have good credit, so I can't get a student loan."

Reality: You don't need to get a credit check for most federal student loans (except for Direct PLUS Loans). Also, you won't need a cosigner to get a federal student loan in most cases.

"My ethnicity or age makes me ineligible for federal student aid."

Reality: There are basic eligibility requirements (which you can find at StudentAid.gov/eligibility), but ethnicity and age are not considered.

"My parents aren't U.S. citizens, so there's no way I'll get aid."

Reality: Your parents' citizenship status is NOT a factor, and the FAFSA form won't even ask you about it. If your parents don't have Social Security numbers, they must enter 000-00-0000 when the FAFSA form asks for their Social Security numbers.

"The FAFSA® form takes forever to fill out, and it's really hard to do."

Reality: If you've got 30 minutes to spare, you're good. Because that's about how long it takes to fill out the FAFSA form. It's also not nearly as hard as you might think.

"I support myself, so I don't have to include parent information on the FAFSA® form."

Reality: This is not necessarily true. Even if you support yourself and file taxes on your own, you may still be considered a dependent student for federal student aid purposes. If you are considered dependent, you must provide your parents' information on the FAFSA form. The form asks a series of questions to determine your dependency status. You can preview the questions at [StudentAid.gov/dependency](https://studentaid.gov/dependency).

"I can't file my FAFSA® form in October because I haven't applied to any schools."

Reality: Actually, you CAN complete your FAFSA form before submitting any college or career school applications. You'll need to list at least one school on your FAFSA form, but go ahead and add every school you're considering, because some schools have early deadlines to apply for their limited funds. Then later, you can add or delete schools on your FAFSA form.

"I'll have to update my FAFSA® form after I file my taxes in the spring, won't I?"

Reality: Nope! Just enter the tax information the form asks for—or better yet, transfer it directly from the Internal Revenue Service if you're offered that option while applying—and you're good to go. No need to update later.

Remember: The FAFSA form asks for your and your parents' tax information from the tax year that was two years prior to the start of the school year for which you're applying for aid. For example, the 2018–19 FAFSA form asks for 2016 tax and income information, while the 2019–20 FAFSA form will ask for 2017 tax and income information.

"I didn't qualify for financial aid last year, so filling out the FAFSA® form again is just a waste of time."

Reality: It's super important to fill out a FAFSA form every year you're in college or career school. Why? Because things can change. For instance, your school or state might create a new grant or scholarship, or the factors used to calculate your aid could change from one year to the next. Either way, if you don't submit a new FAFSA form, you're out of luck.

So what's next?

Go to fafsa.gov and fill out the form. If you applied for admission to a college or career school and have been accepted—and you listed that school on your FAFSA form—the school will receive the information from your FAFSA form, calculate your aid, and send you an electronic or paper aid offer telling you how much aid you're eligible for at the school.

Have questions? Contact or visit the following:

- [StudentAid.gov](https://studentaid.gov)
- a school's financial aid office
- studentaid@ed.gov
- 1-800-4-FED-AID (1-800-433-3243) toll free
- TTY for the deaf or hard of hearing: 1-800-730-8913

Creating and Using the FSA ID

What's an FSA ID?

The FSA ID is a username and password you use to log in to certain U.S. Department of Education websites, including fafsa.gov, StudentAid.gov, and StudentLoans.gov. The FSA ID is your legal signature and shouldn't be created or used by anyone other than you—not even your parent, your child, a school official, or a loan company representative. You'll use your FSA ID every year you fill out a *Free Application for Federal Student Aid* (FAFSA®) form and for the lifetime of your federal student loans.

How do I get an FSA ID?

Visit StudentAid.gov/fsaid to create an FSA ID. You'll need your Social Security number, full name, and date of birth. You'll also need to create a memorable username and password, and provide answers to some challenge questions so you can retrieve your account information if you forget it.

We strongly recommend that you provide a mobile phone number and email address when you make your FSA ID. Providing a mobile phone number and/or email address that you have access to will make it easier to unlock your account, retrieve your forgotten username, or reset your forgotten password.

Important: An email address and mobile phone number cannot be used with more than one FSA ID. If you share an email address with someone else, then only one of you will be able to use that email address to create an FSA ID. This applies to your mobile phone number too.

FSA ID Tips

- One of your parents might need an FSA ID as well. If you need to provide information about your parents on the FAFSA® form, one of your parents will have to sign the form. Your parent can create an FSA ID and then sign the FAFSA form electronically using that FSA ID. Not sure whether you'll need to put your parents' information on the FAFSA form? Check out StudentAid.gov/dependency. **Remember:** You should create your own FSA ID and your parent should create his or her own FSA ID. Also, make sure to use the correct FSA ID when signing the FAFSA form electronically.
- When you first create your FSA ID, all you'll be able to use your FSA ID for is to complete, sign, and submit an original (first-time) FAFSA form. You'll have to wait one to three days for your information to be confirmed by the Social Security Administration (SSA) before you can use your FSA ID for other actions, such as submitting a Renewal FAFSA form or signing a *Master Promissory Note*. If you provided an email address, then you'll receive an email letting you know that your information was successfully matched with the SSA and you can use your FSA ID for all of its purposes.
- If you forget your FSA ID username and password, look for links, such as "Forgot My Username" and "Forgot My Password," at the log-in pages of our websites. These links will direct you to web pages where you can request a secure code to be texted to your verified mobile phone number or emailed to your verified email address. The secure code will allow you to retrieve your username or reset your password. You can also retrieve your username or reset your password by successfully answering your challenge questions.

Learn more about the FSA ID at StudentAid.gov/fsaid. Find this fact sheet at StudentAid.gov/resources.

Who Is My “Parent” When I Fill Out the FAFSASM?

Which parent’s information should I report on the FAFSASM?

Maybe you know you’re considered a dependent student* by the *Free Application for Federal Student Aid* (FAFSASM), and you’re supposed to put information about your parents on the application. But what if your parents are divorced? Remarried? What if you live with your sister? Whose information should you report?

Below are some guidelines that might help. Unless otherwise noted, “parent” means your legal (biological and/or adoptive) parent or your stepparent. In addition, the rules below apply to your legal parents regardless of their gender.

- If your parents are living and legally married to each other, answer the questions about both of them.
- If your parents are living together and are not married, answer the questions about both of them.
- If your parent is widowed or was never married, answer the questions about that parent.
- If your parents are divorced or separated and don’t live together, answer the questions about the parent with whom you lived more during the past 12 months. If you lived the same amount of time with each parent, give answers about the parent who provided more financial support during the past 12 months or during the most recent year that you actually received support from a parent.
- If your parents are divorced but live together, you’ll indicate their marital status as “Unmarried and both parents living together,” and you’ll answer the questions about both of them.
- If your parents are separated but live together, you’ll indicate their marital status as “Married or remarried,” and you’ll answer the questions about both of them.
- If you have a stepparent who is married to the legal parent whose information you’re reporting, you must provide information about that stepparent as well.
- The following people are not your parents unless they have adopted you: grandparents, foster parents, legal guardians, older brothers or sisters, and uncles or aunts.

EXCEPTION: The FAFSA asks about your parents’ education level. For these two questions, your parents are considered to be your birth parents or adoptive parents—your stepparent is not your parent in those questions.

What if my parents are worried about providing their private information on the FAFSA?

Their information is safe with us. We recommend you fill out your FAFSA online, where your information is put into special code before it’s sent over the Internet to our processor. Also, we won’t share your FAFSA information with anyone except the schools you tell us you want to attend (so they can use the information to award financial aid to you) and a few federal and state government agencies (so they can check to be sure you’ve reported your information accurately or can assess your information to see what financial aid they could offer you).

What if I don’t live with my parents?

You still must answer the questions about them if you’re considered a dependent student.

What if my parents aren’t going to help me pay for college and refuse to provide information for my FAFSA?

You can’t be considered independent of your parents just because they refuse to help you with this process. If you do not provide their information on the FAFSA, the application will be considered “rejected,” and you might not be able to receive any federal student aid. The most you would be able to get (depending on what the financial aid administrator at your college decides) would be a loan called an unsubsidized loan.

The FAFSA will tell you what to do if you are in this situation. You also will need to speak to the financial aid administrator at the college or career school you plan to attend.

What if I have no contact with my parents?

If you don’t know where your parents live, or you’ve left home due to an abusive situation, fill out the FAFSA and then immediately get in touch with the financial aid office at the college or career school you plan to attend. The financial aid administrator will tell you what to do next. Don’t put this off or you might miss financial aid deadlines!

**Find out whether you’re a dependent student: see “Am I Dependent or Independent?” at StudentAid.gov/resources.*

For more information on federal student aid, visit StudentAid.gov or call 1-800-4-FED-AID (1-800-433-3243).

Federal Student Grant Programs

The federal government provides grant funds for students attending colleges, career schools, and universities. Grants, unlike loans, are sources of free money and do not have to be repaid.* The major federal student grant programs are briefly described below.

Federal Grant Program	Program Details	Annual Award (subject to change)
Federal Pell Grant	<ul style="list-style-type: none"> Awarded to undergraduate students who have exceptional financial need and who have not earned a bachelor's, graduate, or professional degree; in some cases, students enrolled in a postbaccalaureate teacher certification program may receive a Federal Pell Grant Pell Grant lifetime eligibility is limited to 12 semesters or the equivalent 	Up to \$6,095 for the 2018–19 award year
Federal Supplemental Educational Opportunity Grant (FSEOG)	<ul style="list-style-type: none"> Awarded to undergraduate students who have exceptional financial need and who have not earned a bachelor's or graduate degree Federal Pell Grant recipients receive priority Not all schools participate in the FSEOG program Funds depend on availability at the school; applications must be received by the school's deadline 	Up to \$4,000 a year
Teacher Education Assistance for College and Higher Education (TEACH) Grant	<ul style="list-style-type: none"> For undergraduate, postbaccalaureate, or graduate students who are enrolled in programs designed to prepare them to teach in a high-need field at the elementary or secondary school level Must agree to serve for a minimum of four years (within eight years of completing the program for which you received the grant funds) as a full-time teacher in a high-need field in a school or educational service agency that serves low-income students Must attend a participating school and meet certain academic achievement requirements Failure to complete the teaching service commitment will result in the grant being converted to a Direct Unsubsidized Loan that must be repaid 	Up to \$3,752 for grants first disbursed on or after Oct. 1, 2018, and before Oct. 1, 2019
Iraq and Afghanistan Service Grant	<ul style="list-style-type: none"> For students whose parent or guardian was a member of the U.S. armed forces and died as a result of performing military service in Iraq or Afghanistan after the events of 9/11 Must be ineligible for a Federal Pell Grant due to having less financial need than is required to receive Federal Pell Grant funds Must have been younger than 24 years old or enrolled at least part-time at a college or career school at the time of the parent's or guardian's death 	Up to \$5,717.11 for grants first disbursed on or after Oct. 1, 2018, and before Oct. 1, 2019

*Occasionally a student may have to pay back part or all of a grant if, for example, he or she withdraws from school early or doesn't fulfill the requirements of the TEACH Grant service obligation.

Looking for more sources of free money? Try [StudentAid.gov/scholarships](https://studentaid.gov/scholarships) for tips on where to look and for a link to a free scholarship search tool. For more information on grants, visit [StudentAid.gov/grants](https://studentaid.gov/grants). Find this fact sheet at [StudentAid.gov/resources#grant-programs](https://studentaid.gov/resources#grant-programs).

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Federal Student Loan Programs

Will you need a loan to attend college?

If you need a loan to help cover the cost of a college or career school education, think federal student aid first. Both federal and private student loans are borrowed funds that you must repay with interest, but federal student loans usually offer lower interest rates and have more flexible repayment terms and options than private student loans.

1. What is a federal student loan?

A federal student loan is made through a loan program administered by the federal government.

2. What is a private student loan?

A private student loan is a nonfederal loan made by a private lender, such as a bank or credit union. The terms and conditions of private student loans are set by the lender, not the federal government. If you're not sure whether you're being offered a private loan or a federal loan, check with the financial aid office at your school.

3. Why are federal student loans usually a better option for paying for a college or career school education?

Federal student loans offer many benefits that don't typically accompany private loans. These include fixed interest rates, income-based repayment plans, loan cancellation for certain types of employment, deferment (postponement) options, and interest rate reduction based on repayment method. Also, private loans usually require a credit check, while most federal loans for students do not. For these reasons, students and parents should always exhaust federal student loan options first before considering a private loan.

4. How much should I borrow?

You can determine whether you need a loan and how much you need to borrow by adding up the total cost of your education (tuition, fees, room and board, etc.) and subtracting the amount of scholarships, grants, and savings you have to contribute to those costs. You should borrow only what you need, and consider the earnings potential in your chosen profession to determine how easily you'll be able to repay your debt. You can find salary estimates for a variety of occupations in the U.S. Department of Labor's Occupational Outlook Handbook at bls.gov/ooh. Your student loan payments should be only a small percentage of your salary after you graduate.

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What kinds of federal student loans are available?

The interest rates shown are fixed rates for the life of the loan.

Federal Loan Program	Program Details (subject to change)	Maximum Annual Award (subject to change)
Direct Subsidized Loan	<ul style="list-style-type: none"> For undergraduate students who have financial need For loans first disbursed on or after July 1, 2018, and before July 1, 2019, interest rate is 5.05% You're not usually charged interest on the loan during certain periods, such as when you're in school at least half-time The U.S. Department of Education (ED) is the lender; payment is owed to ED 	<p>Up to \$5,500 depending on grade level and dependency status</p> <p>For total lifetime limit, go to StudentAid.gov/sub-unsub</p>
Direct Unsubsidized Loan	<ul style="list-style-type: none"> For undergraduate, graduate, and professional degree students; financial need is not required For loans first disbursed on or after July 1, 2018, and before July 1, 2019: <ul style="list-style-type: none"> 5.04% interest rate for loans made to undergraduate students, and 6.6% interest rate for loans made to graduate and professional degree students You're responsible for interest during all periods ED is the lender; payment is owed to ED 	<p>Up to \$20,500 (less any subsidized amounts received for same period) depending on grade level and dependency status</p> <p>For total lifetime limit, go to StudentAid.gov/sub-unsub</p>
Direct PLUS Loan	<ul style="list-style-type: none"> For parents who are borrowing money to pay for their dependent undergraduate child's education, and for graduate or professional degree students; financial need is not required For loans first disbursed on or after July 1, 2018, and before July 1, 2019, interest rate is 7.6% Borrower must not have adverse credit** ED is the lender; payment is owed to ED 	<p>Maximum amount is cost of attendance minus any other financial aid student receives</p>

*Learn about dependency status at [StudentAid.gov/dependency](https://studentaid.gov/dependency).

**Learn about PLUS loans and adverse credit at [StudentAid.gov/plus](https://studentaid.gov/plus).

Note: Find interest rates on loans disbursed before July 1, 2018, at [StudentAid.gov/interest](https://studentaid.gov/interest).

For more information on loans, visit [StudentAid.gov/loans](https://studentaid.gov/loans). Find this fact sheet at [StudentAid.gov/resources#loan-programs](https://studentaid.gov/resources#loan-programs).