



LOSFA

Louisiana's First Choice for College Access

CHANGES TO YOUR FINANCIAL AID

On March 30, 2010, President Barack Obama signed “The Healthcare and Education Reconciliation Act (HCERA) of 2010,” which made several changes to the federal student aid programs.

This presentation explains how these changes **MAY** affect you.

Pell Grants

- √ HCERA provides a more stable and predictable funding for the Federal Pell Grant Program
- √ HCERA modifies the calculation for determining a student's Pell Grant award
- √ HCERA increases the maximum Expected Family Contribution (EFC) for Pell Grant eligibility
- √ HCERA Pell schedule reduces minimum award for higher EFCs

Student Loans

- ✓ HCERA eliminates the Federal Family Education Loan Program (FFELP) for all loans with first disbursements after June 30, 2010
- ✓ HCERA replaces FFELP with the William D. Ford Direct Loan program
- ✓ News loans through the Direct Loan program will require a new Master Promissory Note (MPN)

Student Loans (cont.)

- ✓ If I end up with FFELP, Ensuring Continued Access to Student Loan Act of 2008 (ECASLA), and Direct Loans, or any combination, what are my options?
 1. In-school loan consolidation
 2. Consolidation after leaving school
 3. Leave them alone

Student Loans (cont.)

✓ In-school loan consolidation

1. Must consolidate through Direct Loans between July 1, 2010 and July 1, 2011 if you have loans in at least 2 loan programs
2. In-school consolidation eliminates the 6-month grace period once a borrower leaves school
3. May lose some borrower benefits by consolidating

Student Loans (cont.)

- ✓ Consolidation after leaving school
 1. Once leaving school you may consolidate through the Direct Loan program
 2. You may consolidate after your 6-month grace period
 3. May lose some borrower benefits by consolidating

Student Loans (cont.)

✓ Leave them alone

1. You may have more than one payment to more than one servicer (FFELP loan payments, ECASLA loan payments, and Direct Loan payments)
2. If you had more than one FFELP lender, you may have more payments
3. You may be able to retain some borrower benefits

ACG, SMART and TEACH Grant Programs

- ✓ HCERA does not make changes to these programs
- ✓ ACG and SMART Grant programs are due to expire at the end of the 2010-2011 academic year
- ✓ There are no changes to the TEACH Grant program

Student Loan Repayment Plans

- ✓ Standard Repayment (equal payments)
- ✓ Graduated Repayment (payments increase)
- ✓ Extended Repayment (level or graduated payments, minimum balance greater than \$30,000, for new borrowers after 10/7/1998, 25-year repayment term)

Student Loan Repayment Plans (cont.)

- ✓ Income Sensitive Repayment (your income is considered, review annually, payment must cover interest, 10-year repayment plus up to 5-year reduced payment forbearance)
- ✓ Income-Based Repayment or IBR (must show partial financial hardship, compares income to poverty level, reviewed annually)

*Some provisions (years of repayment and maximum payment required) of the IBR plan change in 2014

How to Get More Information

- ✓ Contact your school's Financial Aid Office
- ✓ Contact the LA Office of Student Financial Assistance (LOSFA)
 - (800) 259-5626, ext. 1012
 - osfa.la.gov
 - custserv@osfa.la.gov

How to Get More Information (cont.)

- ✓ Contact your Lender or Servicer
- ✓ National Student Loan Data System (NSLDS)
 - www.nslds.ed.gov



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Questions?

www.osfa.la.gov