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This newsletter and an archive are available on the web at www.finaid.umich.edu

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UNIVERSITY OF MICHIGAN

Office of Financial Aid

VOLUME 30
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newsletter

IMPORTANT Fall/Winter 2012-2013 Dates

APRIL 30, 2012

U-M PRIORITY DEADLINE

Note that OFA must **RECEIVE your FAFSA** from the federal processor by April 30, so you should apply well before the deadline. (Allow 3-4 weeks for processing.)

JUNE 1, 2012

U-M SECONDARY DEADLINE

If you are asked to submit additional documents, OFA **must receive** them by this date to consider you for all aid programs.

LOOKING for something?

Direct Loan Entrance Counseling:
<https://StudentLoans.gov>

Direct Loan Exit Counseling:
www.nsls.ed.gov

Direct Loan Master Promissory Note:
<https://StudentLoans.gov>

Student Employment Office:
www.studentemployment.umich.edu

Apply Now for Fall/Winter 2012-2013 Aid!

Continuing U-M students who want to apply for financial aid for next year must submit a 2012-2013 Free Application for Federal Student Aid (FAFSA). Complete and submit the FAFSA at www.fafsa.gov.

WHEN TO APPLY:

- We **must receive your FAFSA** by **APRIL 30** in order to consider you for all federal and institutional aid.
- **Remember to allow 3-4 weeks for processing!** Applying early will ensure that you can still meet the U-M deadline if your FAFSA is rejected and you need to resolve a problem. Check your Student Aid Report to see if corrections are needed (see page 2).
- If OFA receives your FAFSA after April 30, you will still be considered for financial aid. However, funding may be limited and you could miss out on grant funds or Work-Study.

DID YOU KNOW?

The federal processor will reject a FAFSA if information is missing or incorrect. If your FAFSA is rejected, your application will not be processed and you must resolve the problem before the deadline. Avoid this unfortunate scenario by applying soon!

NEW THIS YEAR: Students and parents can use IRS data from tax returns to automatically populate their FAFSA. Visit www.fafsa.gov for information about the IRS Data Retrieval Tool and how to use it.

KEEP IN MIND:

- ▶ Be sure to read the complete financial aid application instructions at: www.finaid.umich.edu/CurrentStudent.
- ▶ You do not need to submit a CSS/Financial Aid PROFILE application if you have submitted one in the past.
- ▶ If your family has not filed a tax return for 2011 or plans to request an extension, you should complete the FAFSA using estimated data so that you can meet the FAFSA deadline. If necessary, estimated data can be corrected later, after your 2011 tax return is completed.
- ▶ Award notification typically begins in June for continuing students. Students are notified in the order in which they apply for aid.

After You Apply: Check Your Student Aid Report (SAR)

After you submit your FAFSA, the federal processor will review your information, calculate your Expected Family Contribution (EFC), and send a record of this information to our office. In addition, the federal processor will send you a record of your FAFSA information, called a Student Aid Report (SAR).

Be sure to review your SAR information carefully! Look to see if any comments need to be addressed. If corrections are needed, be sure to make them as soon as possible and follow the directions to submit the updated information. Confirm that the record will be sent to the University of Michigan-Ann Arbor, federal school code 002325.

Here are four common reasons for FAFSAs being rejected:

1. Parent/Student signatures are missing
2. Social Security Number is incorrect
3. Date of birth is incorrect
4. Student's name has a misspelling

A note about signatures: When completing or correcting your FAFSA, don't forget to include your signature and the signature of one of your parents (*a parent signature is required if you are a dependent student or if you are a Pharmacy or Dental student applying for Health Professions Loan funds*). **If you forget a signature, your FAFSA will be rejected and you might miss the priority deadline date to be considered for all aid programs.** You and your parent can provide your signatures electronically with separate Personal Identification Numbers (PINs) at www.fafsa.gov (select "Sign Electronically with your PIN"). To request a PIN, or if you have forgotten your PIN, visit www.pin.ed.gov. Alternatively, if you received a paper SAR, you and your parent can sign and return your paper SAR to the federal processor.

It's Scholarship Application Time!

Now is a great time to look for scholarships for Fall/Winter 2012-2013.

U-M SCHOLARSHIPS: Although students are automatically considered for most U-M scholarships, a few scholarships have special eligibility criteria and/or require a separate application. To make sure you're considered for all scholarships for which you are eligible, here's what you should do:

- Complete or update your scholarship profile in Wolverine Access. Log in to Wolverine Access and select **My Scholarship Profile** in the **Campus Finances** section. Submit information about yourself to be used in identifying your eligibility for certain university scholarships. Completing your scholarship profile does not mean you qualify for the scholarships, but it ensures that you will be in the pool for consideration when the supplemental information is needed.
- Check the OFA Scholarship Listing on our website (www.finaid.umich.edu/ScholarshipsandGrants) for scholarships that require a separate application. Apply for any for which you are eligible.

PRIVATE SCHOLARSHIPS: You can also apply for private scholarships through non-university organizations and businesses. Information on how to find and apply for private scholarships can be found on the Private Scholarships page of our website (www.finaid.umich.edu/PrivateScholarships). The site also includes a listing of many private entities that offer scholarships to college students.

▶ Take the time now to explore these scholarship opportunities! ◀

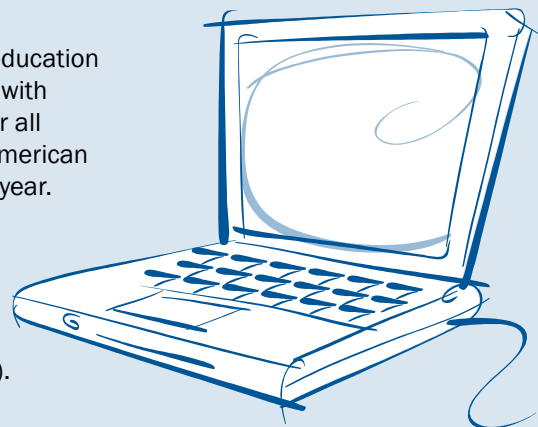
Filing Your Taxes?

Don't Forget Your Education Tax Credit

The American Opportunity Credit, approved through December 2012, allows eligible taxpayers to claim up to \$2,500 per student per year on their 2011 tax returns. Families with incomes up to \$80,000 (\$160,000 for joint filers) may claim the credit for students who are enrolled in their first four years of college. Books and course materials are included among the eligible expenses.

The Lifetime Learning Credit allows families to claim up to \$2,000 for qualified education expenses paid for students enrolled in eligible educational institutions. Families with incomes of up to \$60,000 (\$120,000 for joint filers) qualify and it is available for all years of post-secondary education. However, a taxpayer cannot claim both the American Opportunity Credit and the Lifetime Learning Credit for the same student in one year. (The Lifetime Learning Credit may be particularly helpful to graduate students, students who are taking only one course, and students who are not pursuing a degree.)

American Opportunity and Lifetime Learning Credits are claimed on Form 8863 (attached to form 1040 or 1040A). For details, see the IRS website (www.irs.gov).



Spring/Summer 2012 Financial Aid Information

If you are enrolling in Spring and/or Summer term 2012 classes, you must complete a separate application for financial aid. To apply:

- Submit a Spring/Summer Request for Funds (RFF) at www.finaid.umich.edu/forms/ by March 9 to be considered for all aid programs.
- If you have not yet completed a 2011-2012 Free Application for Federal Student Aid (FAFSA) for the current year, complete and submit the FAFSA at www.fafsa.gov by March 9.

APPLICATION DEADLINES

- ▶ **March 9, 2012:** First priority deadline for Spring/Summer aid applications
- ▶ **April 2012:** The Office of Financial Aid begins emailing award notifications to students registered at least half-time for Spring and/or Summer
- ▶ **May 11, 2012:** Final date to apply for Spring term financial aid*
- ▶ **July 13, 2012:** Final date to apply for Summer term and the combined Spring/Summer term financial aid*

*Only limited funds will be available for applicants who do not meet the March 9 priority deadline.

DISBURSEMENT DATES

Spring/Summer funds are scheduled to be available on these dates:

SPRING TERM	SUMMER TERM
April 30, 2012	June 25, 2012

RECEIVING YOUR FINANCIAL AID (Disbursement)

Your financial aid (except Work-Study) will be applied against charges on your student account; any amount beyond what you owe (called a refund) will be sent as a check to your local address. If you have direct deposit, your refund will be deposited directly into your bank account. If you would like to set up direct deposit, click on **Direct Deposit** in your Student Center on Wolverine Access.

KEEP IN MIND:

- If you have ever made a cash payment to your account, **any refund you are owed will not automatically be sent to you.** Instead, a credit (negative balance) will appear on your account. You can have the refund released to you by contacting Student Financial Services at 734-764-7447 (www.finops.umich.edu/student).
- **Grant aid** for Spring/Summer is very limited. Be sure to apply by March 9. Your financial aid award for Spring/Summer is likely to be less than the award you received for Fall/Winter, and your financial aid package may require some borrowing. Consult with your academic advisor and carefully consider whether you need to attend. You may need to save money during the Fall and Winter terms to help pay for your Spring/Summer charges.
- Note that financial aid **will not cover expenses incurred when you are not enrolled.** For example, financial aid will not cover

your rent for Summer term unless you are enrolled for Summer term.

- **Register for Spring/Summer classes during your appointed enrollment time.** If you apply for financial aid for both Spring term **and** Summers, you must enroll for both terms during your appointed enrollment time to be considered for aid for both terms.
- You **must** be registered for classes **at least half-time** in order to receive any financial aid. You must be registered before an aid package is offered to you.
- **Financial aid for Spring/Summer is initially awarded to applicants based on the assumption that they will be enrolled full-time.** If you enroll less than full-time, your aid will be reduced after the drop/add period.
- OFA will monitor your enrollment level throughout your award period. Changes to your enrollment may result in a **reduction or cancellation** of previously offered aid, **and you may be required to repay any funds already disbursed to you.**

Is My Aid Taxable?

When you're filing your 2011 taxes, remember that part or all of your **grant, scholarship, or fellowship may be taxable** even if you do not receive a W-2 form.

If you are enrolled in a degree program, the aid funds you use for expenses other than tuition and course-related expenses are taxable. To determine the taxable amount, add up all grant, scholarship, and fellowship awards received in a calendar year; then subtract all tuition, fees, and book and supply expenses. If the remaining amount is a positive number, it must be reported as income on your taxes AND on your 2012-2013 Free Application for Federal Student Aid (FAFSA). If you are not in a degree program, the full amount of the grant, scholarship, or fellowship is taxable.

You **must also report Work-Study earnings** as income on your taxes and on your 2012-2013 FAFSA. You should receive a W-2 form from your employer showing your earnings.

Moving Off Campus?

Many students wonder how moving to off-campus housing will affect their financial aid. The good news is that your move won't affect the amount of your aid; your budget for housing will remain the same as if you were living in a double room in a dorm.

However, when you move off campus, it will be up to you to pay your rent. Instead of having your housing costs deducted automatically from your student account, you will need to pay your rent from your refund. Be sure to plan accordingly since you will have four months' rent to pay for the semester.

If we can answer questions about Federal Direct Loans or other financial aid issues, contact the U-M Office of Financial Aid at 734-763-6600 or at financial.aid@umich.edu.

ACT ENDS GRAD LOAN SUBSIDIES AND DIRECT LOAN INCENTIVES

Changes due to the Budget Control Act of 2011 will affect some of the federal loan programs used by U-M students.

The Act eliminates in-school interest subsidy on federal loans for graduate and professional students for enrollment periods beginning on July 1, 2012 or later. It also prohibits the U.S. Department of Education from providing repayment incentives on new Direct Loans disbursed on or after July 1, 2012 with one exception: An interest rate reduction may be offered for automatically debited electronic payments. With this change, there will no longer be an origination fee rebate.

The Act provides mandatory funding for federal Pell grants for fiscal years 2012 and 2013, preserving the \$5,550 maximum grant award. Of the estimated \$21.6 billion in savings from the changes, \$17 billion will be redirected into the Pell program with the remaining \$4.6 going toward deficit reduction.

DIRECT SUBSIDIZED LOAN RATES INCREASING JULY 1

The interest rate for Federal Direct Subsidized Loans is scheduled to increase from 3.4 percent to 6.8 percent for undergraduate students beginning with loans first disbursed on July 1, 2012 or after.

The change concludes a decade of adjustments to student loan interest rates as mandated by the U.S. Congress. Rates were fixed from 1965 through 1993, then were made variable based on economic indicators through 2006 before being fixed at 6.8 percent. The College Cost Reduction and Access Act of 2007 phased in cuts to this fixed interest rate, resulting in these loan rates: 6 percent in 2008, 5.6 percent in 2009, 4.5 percent in 2010 and 3.4 percent in 2011.

This year, rates are scheduled to revert back to 6.8 percent, unless Congressional action changes them again.

Find details about the Federal Direct Loan program here: <http://www.direct.ed.gov/student.html>.

SPECIAL CONSOLIDATION THROUGH JUNE 30

The U.S. Department of Education is offering a short-term loan consolidation program called "Special Direct Consolidation Loans" through June 30, 2012. Students with both Federal Family Education Loans (FFEL) and Direct Loans will be offered the incentive. These are not the same as traditional Direct Consolidation Loans.

This special consolidation will benefit mainly former U-M students who are already in repayment for their loans.

Four of the Department of Education Direct Loan servicers are participating in the program and are contacting eligible students individually. FedLoan Servicing, Great Lakes Educational Loans Services, Nelnet and Sallie Mae are participating. For Special Direct Consolidation Loan eligibility information, visit www.studentaid.ed.gov/specialconsolidation.

APPLY FOR PLUS LOANS IN MID-MAY

Unsubsidized Direct PLUS Loans are available to parents of dependent undergraduates or graduate students who:

- are not eligible for other types of financial aid,
- have unusual costs above standard student expense budgets,
- have remaining financial need after other forms of financial aid have been awarded,
- wish to borrow all or part of their Expected Family Contribution.

The U-M Office of Financial aid does not begin accepting applications for 2012-2013 PLUS loans through the U.S. Department of Education website until mid-May. If you apply earlier, your application will not be accepted. If you have questions, visit www.finaid.umich.edu/PLUS for information or contact us at financial.aid@umich.edu or 734-763-6600.

