Financial Aid Program Changes for 2012-2013

The Budget Control Act of 2011, the 2012 Omnibus Bill and the Consolidated Appropriations Act, 2012 have made several significant changes to the Federal financial aid programs. Below is a summary of some of these changes.

- Effective with the 2012-13 academic year Federal Pell Grant lifetime eligibility will be limited to 12 semesters (or the equivalent). If you have previously received 12 or more semesters you may not be eligible for Federal Pell Grant even if it is listed on your award letter.
- Effective for loan periods beginning on or after 7/1/12 graduate/professional students will no longer be eligible for the Federal Subsidized Stafford loan. The annual borrowing amount will stay in effect, however only as a Federal Unsubsidized Stafford loan.
- The Direct Loan Repayment Incentive (rebates on origination fee) has been eliminated for loans disbursed on or after 7/1/12. This means that the origination fee for the Federal Stafford loans (both subsidized and unsubsidized) will be 1% of the amount borrowed and PLUS loans (both parent and graduate/professional) will be 4% of the loan amount borrowed.
- Interest subsidy during the six month grace period for the Subsidized Stafford loans is being eliminated for new undergraduate loans made on or after 7/1/12 and before 7/1/14. No payments will need to be made, however interest will begin to accrue.

The interest rates for Federal Stafford loans (both subsidized and unsubsidized) will be fixed at 6.8% for loans disbursed on or after 7/1/12. This is only a change for Undergraduate Subsidized loans which were fixed at 3.4% for the 2011-12 academic year.

The interest rates for Federal PLUS loans (both parent and graduate/professional) will remain fixed at 7.9% for the 2012-13 academic year.