



### Federal Direct Loans Update *Compromise in Congress*

It's been an eventful few months for federal student loans.

First, there was the debate in Congress over the interest rates for federally subsidized loans. An act in 2007 had temporarily lowered rates to 3.4%, but was set to expire on July 1, after which rates would return to 6.8%. Congress didn't agree on a solution before the deadline arrived, and the rate did indeed double to 6.8%.

Then, after much debate in Congress, the Democrat-controlled Senate and the Republican-controlled House of Representatives were able to strike a compromise on how to reduce interest rates for federal Direct Loans. A bill passed both chambers in Congress and President Obama signed it into law on August 9.

#### **The Deal**

The bill, known as the "Bipartisan Student Loan Certainty Act," passed the House by a vote of 392 to 31, and had previously passed the Senate. True to its name, the bill featured a bit of bipartisanship, with both parties getting some key concessions from the other. Republicans pushed hard for a measure that would tie interest rates for student borrowers to 10-year Treasury bills, the interest rate paid by the government to borrow money. Democrats were keen to place caps on the interest rates for federal Direct Loans, to ensure that as the economy rebounded, interest rates wouldn't get too high for student borrowers. In the end, both parties got what they wanted.

#### **The Rates**

It should be noted that the new rates only apply to **new** borrowers—interest rates for Direct Loans which have already been disbursed will remain unchanged.

See the following chart for the new interest rates.

#### **Interest Rates for New Loans**

#### **Disbursing 7/1/13 to 7/1/14:**

Loan Name	Interest Rate	Orig. Fee
Direct Subsidized	3.86% Fixed	1.051%
Direct Unsubsidized	3.86% Fixed for Undergrad 5.41% Fixed for Grad	1.051%
Parent PLUS	6.41% Fixed	4.204%
Grad PLUS	6.41% Fixed	4.204%

#### **How the Rates Were Determined**

The interest rates are determined by taking the 10-year Treasury bill rate and adding a predetermined amount, which varies for each type of loan. For Direct Subsidized loans and Unsubsidized loans for undergraduate students, the constant is 1.85%. For Unsubsidized loans for graduate students, the constant is 3.4%. For PLUS loans, the constant amount is 4.4%.

Though tied to market rates, the interest rates for Direct Loans have built-in limits, a key provision for Democratic support. The rates for undergrads are capped at 8.5%, graduate rates are capped at 9.5%, and PLUS rates are capped at 10.5%.

#### **Remember**

- The rate change is only for new loans—loans that have already disbursed prior to July 1, 2013 are unaffected.
- Though the rates may change from year to year, once a loan is disbursed, the current rate is locked in for the life of the loan.

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# Financial Aid Reminders for Fall

*Bright Futures, Deferments, Tax Transcripts, and More...*

## **No More FAFSA Requirement for Bright Futures**

Since May of 2011, potential Florida Bright Futures recipients were told, in no uncertain terms, “No FAFSA = No \$.” According to a bill recently signed into law by Florida Governor Rick Scott, that statement is no longer true.

The new law strips away the requirement that students annually submit a Free Application for Federal Student Aid (FAFSA) in order to be eligible for Florida Bright Futures Scholarship money. The law is effective as of July 1, 2013.

According to the OSFA (Florida Office of Student Financial Assistance) website, “Submission of a Free Application for Federal Student Aid (FAFSA) is NO LONGER required; however, students are encouraged to submit the FAFSA to learn of potential eligibility for additional state and federal aid.”

### **How It Affects You**

- Students wishing only to receive Bright Futures, and no federal financial aid, need not complete a FAFSA.
- While all additional Bright Futures renewal requirements still apply, students who were required to complete a FAFSA in order to receive Bright Futures during 2012-13 need not complete it for 2013-14.
- Students who wish to be considered for federal need-based aid are still required to complete a FAFSA for 2013-14.

## **New Bright Futures Amounts**

Due to changes implemented by the Florida Legislature, the 2013-14 award amounts have been increased slightly over the 2012-13 levels. For 2013-14,

- The Florida Academic Scholars Award is \$103 per credit hour.
- The Florida Medallion Scholars Award is \$77 per credit hour.
- The Florida Gold Seal Vocational Scholars Award is \$77 per credit hour.
- The Academic Top Scholars Award is \$44 per credit hour.

## **Tuition and Fee Deferment**

Students may be aware that in some situations, payment of their tuition and fees is deferred to a later date. Tuition and fees are normally due at the end of the second week of classes (Friday, August 30 @ 3:30 pm), but qualifying students are able to postpone payment until the deferred fee payment deadline.

For fall of 2013–14, the deferred tuition and fee payment deadline will be Friday, **October 11, 2013**.

To see if your fees have been deferred, use myUFL, or check with your financial aid adviser.

## **IRS Tax Transcripts**

If you are notified that your financial aid file is being verified by SFA, you may be asked to provide federal tax documentation. In the past, students have been able to provide copies of their (or their parents’) tax returns. Due to federal regulations, SFA cannot accept copies of tax returns.

In compliance with federal regulations, students (and parents) must provide IRS tax return transcripts if they are requested to provide tax information. A tax return transcript provides most of the same line items from your tax return as you originally filed it. UF also requires that all W2s be submitted.

Tax return transcripts, which are free of charge, can be requested using the IRS website, <http://www.irs.gov>, or by phone at 1-800-908-9946.

An alternative to providing a tax transcript is to use the IRS data retrieval tool, available through FAFSA on the Web.

## **Verification & Quality Assurance**

Each year, about 30 percent of students’ financial aid applications nationwide are chosen for verification, a process of confirming data supplied by the applicant and/or parents on aid applications. Through verification, UF resolves discrepancies on students’ aid applications.

UF’s participation in the Federal Quality Assurance Program allows us to establish verification criteria for UF and determine which student files must be verified. Because of this, you should disregard any statement on your Federal Student Aid Report that you are being verified.

If your application is selected for verification or quality assurance, or if there are discrepancies on your aid application information, you will receive an email from us alerting you to check your financial aid status on ISIS at [www.isis.ufl.edu](http://www.isis.ufl.edu) to determine which documents to provide.

Aid funds cannot be disbursed until you have submitted all requested documents and their accuracy has been checked. The review process can take four weeks or longer.

## **New Withdrawals Procedure @ Registrar Site**

Students considering withdrawal from UF should visit <http://www.registrar.ufl.edu/currents/withdraw.html> for specific information about the financial and academic consequences of withdrawal. The withdrawal process is now electronic—further instructions are available at the above address.

# Financial Aid in the News

## Military Servicemembers Report Troubles with Sallie Mae

*(The Chronicle of Higher Education, Retrieved 8/9/13)*

In its second-quarter financial filings, SLM Corporation, commonly known as Sallie Mae, revealed that it is the subject of investigation by the Federal Deposit Insurance Corporation (FDIC). Sallie Mae further revealed that federal regulators plan to penalize the publicly-held corporation for violations of the Servicemembers Civil Relief Act, among other laws. The act is aimed at providing reduced interest rates, deferrals, and principal reductions on loans to members of the armed services, even on loans taken out prior to active-duty status.

This action comes months after the Consumer Financial Protection Bureau (CFPB) released a report detailing instances where loan servicers provided inaccurate or incomplete information to military borrowers. The report alleges that loan servicers, Sallie Mae among them, made it difficult to gain access to Civil Relief benefits. The CFPB website has a number of helpful tools for military borrowers: <http://www.consumerfinance.gov/servicemembers>.

## Income-based Repayment Plans Are Underutilized by Students

*(Bloomberg Businessweek, Retrieved 8/9/13)*

One of the most important advantages of federal student loans over private loans is the variety of repayment plans offered by the feds. One of the most affordable options offered to direct loan borrowers is the IBR, the income-based repayment plan, which correlates the monthly payment to the borrower's income, with the remaining balance forgiven after 10, 20, or 25 years (depending on the program).

However, according to Rohit Chopra, loan ombudsman for the CFPB, only one-third of borrowers not doing the standard 10-year repayment plan are using IBR plans, and "it's possible that many borrowers in plans not based on income might be better off with an income-based plan." So, why aren't more students taking advantage of these plans? Despite efforts to educate students about the IBR plans, many are unaware of the options.

More info:

<http://studentaid.ed.gov/repay-loans/understand/plans>



## New Process for Requesting Federal Direct Loans

### *Request, Then Accept Loans Using ISIS*

Students who are receiving their financial aid awards for 2013-14 should be aware of a different process for requesting federal Direct Loans.

If predicted Federal Direct Subsidized or Unsubsidized Loans are included as part of your award, these amounts represent financial aid you could potentially receive. Receiving these funds is a two-step process.

The first step in the Direct Loan process is requesting a loan. To request a loan, log in to ISIS using your GatorLink user ID and password, and choose "Financial Aid" for the 2013-2014 Academic Year. Then, click on the "Aid Status" link. Next, select "Federal Direct Student Loan Request."

Indicating 'yes' results in UF processing loans for the full predicted amount listed on your Awards and Disbursements page, after verifying your eligibility. Students should have received email notifications in July, once SFA began processing loans for the coming academic year.

The second step of the Direct Loan process is Accepting, Reducing, or Canceling the loan. All Direct Loans must be accepted in order for the funds to be disbursed.

Accepting a loan is done using ISIS, on the 'Awards and Disbursements' page, for 2013-14. For each Direct Loan that you wish to receive, choose 'Accept' and then choose 'Submit Changes' at the bottom of the page. At any time prior to disbursement, students can use the drop-down menus to reduce the amount of the loan or to cancel the loan. Don't forget to scroll down to the bottom of the page and click the 'submit changes' button.

The day after submitting changes to your loan, you should check your 'Aid Status' page for 2013-14—any additional steps or requirements will be listed there.

SFA has prepared a video tutorial outlining the Direct Loan process, available on both our YouTube page, [www.youtube.com/ufsf](http://www.youtube.com/ufsf) and our Facebook page, [www.facebook.com/ufsf](http://www.facebook.com/ufsf).

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Gainesville, FL 32611-4025  
(352) 392-1275  
[www.sfa.ufl.edu](http://www.sfa.ufl.edu)

NEWS *Financial Aid for Gators* is produced once a semester by the Information/Publication Services section of the Office for Student Financial Affairs, to inform students about financial aid programs and services that help UF students meet educational costs.

Director: Rick Wilder  
Editor: Harry Monkhorst

NEWS: *Financial Aid for Gators* is available in other formats for students with documented, print-related disabilities. Students who are speech- or hearing-impaired can contact the Florida Relay Service.

Dial 711 or 1-800-955-8771 (TTY)  
Online at <http://www.ftri.org/FloridaRelay>.

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## ONLINE PAYMENT OPTIONS

To make a payment by electronic check (e-check) or credit card, logon to myUFL, 'My Campus Finances,' then, 'Make a Payment.'

- **E-check** is a fast, free and convenient method to pay from your checking account. You will need your financial institution's ACH routing number and checking account number from one of your checks. There is no charge for this payment method.
- **Credit Card Payments** using MasterCard, Discover, American Express, and Visa. A 2.6% non-refundable service charge is added to all online credit card transactions. Your credit card payment will show

on your statement as follows: UNIV FL ONLINE PMNT GAINESVILLE FL. The 2.6% non-refundable service charge for Visa will be reflected separately as: CASHN\*T Service Fee.

- **GatorParent Payment Access** Add parents to your account using myUFL, "My Campus Finances." Payments from your checking account are free. There is a 2.6% service charge on credit card payments.

Remember, the University Bursar will pay oldest debts first.

More information, including details about in-person payments and international payments, is available at the Bursar's website: <http://www.fa.ufl.edu/bursar/current-students/payments/payment-options>.



## SFA CALENDAR

### AUGUST 21

Classes Begin

### AUGUST 21-23, 26-27

Drop/Add

### AUGUST 30

Fee Payment Deadline (3:30 pm, UB)

### OCTOBER 11

Financial Aid Fee Deferment Deadline

### NOVEMBER 8-9

Homecoming

### NOVEMBER 11

Veterans Day

### NOVEMBER 27-30

Thanksgiving Break

### DECEMBER 4

Classes End

## TOLL-FREE Federal Student Aid Number

1-800-4-FED-AID (1-800-433-3243)

## Florida Bright Futures

For information about application, renewal requirements, reinstatements, restorations, appeals, summer awards, and other topics, go to the

### Florida Department of Education

website,

[www.floridastudentfinancialaid.org](http://www.floridastudentfinancialaid.org)

Send questions by email:

[osfa@fldoe.org](mailto:osfa@fldoe.org)

Send mail to:

Florida Department of Education  
Turlington Building, Suite 1514  
325 West Gaines Street  
Tallahassee, FL 32399  
Toll-Free Hotline: 1-888-827-2004

### U.S. Department of Education

Student Aid Information Center  
P. O. Box 84  
Washington DC 20044-0084  
1-800-433-3243 / 1-800-730-8913 (TTY)  
[www.ed.gov/finaid/landing.jhtml?src=rt](http://www.ed.gov/finaid/landing.jhtml?src=rt)

Federal Direct Loan Information  
<http://www.studentloans.gov>

- View loan documents
- Entrance Counseling
- Sign MPN
- Complete PLUS Request Process

National Student Loan Data System (NSLDS)  
[http://www.nsls.ed.gov/nsls\\_SA](http://www.nsls.ed.gov/nsls_SA)

Federal Direct Loan Consolidation  
1-800-557-7392; 1-800-557-7395 (TTY)  
<http://loanconsolidation.ed.gov>

## Satellite Aid Offices

Main Office: Student Financial Affairs • S-107 Criser Hall • P. O. Box 114025 • Gainesville, FL 32611-4025 • (352) 392-1275

Colleges of Dentistry & Veterinary Medicine

Dental Tower, D3-#43C  
Health Sciences Center  
(352) 273-5999

College of Law  
Matt Stubbington  
164 Holland Hall  
(352) 273-0620

College of Medicine  
Eileen Parris  
M-128 Health Sciences Center  
(352) 273-7939

MBA/Graduate Business Programs  
Connie Reed  
Hough 203  
(352) 273-4960

College of Pharmacy  
Debbie Robinson  
G 3338 HPNP Building  
(352) 273-6202

Colleges of Public Health and Health Professions & Nursing  
Loucha Simon-Francois  
G208 HPNP Building  
(352) 273-6115