

# Financial Aid Changes for 2012-2013

The new financial aid award year will bring many changes that need your immediate attention! Below are a few highlights to keep in mind as you begin to prepare for 2012-2013. Please share this information with your parents, if applicable.



## *The IRS Data Retrieval Process (Available after Feb. 5th)*

The IRS Data Retrieval Process is a service available when completing your FAFSA allowing automatic population to your FAFSA form with your federal 1040 tax information. By using this automated process, filing the FAFSA will be much easier and will help avoid delays and will minimize your chances of being selected for verification.

Ideally, you should file your federal tax return **BEFORE** submitting your FAFSA for 2012-2013. If you file your tax return electronically, your information should be available on the IRS website for FAFSA retrieval within two weeks of the tax return filing date. If you file your tax return by mail, your information should be available on the IRS website within eight weeks of the filing date.

It is still important to meet the **May 1, 2012 priority deadline** for submission, so we recommend estimating your information as closely as possible if you are not able to file your tax return in time. As soon as you have filed your tax return and given the IRS time to process it, review your FAFSA again and use the Data Retrieval Process through the IRS to update your FAFSA with the accurate tax information.



## *Verification Changes*

Verification is a process in which the federal government requires schools to confirm data on the FAFSA. If you are chosen for verification, you will be required to submit certain documents to the Office of Financial Aid. These items will appear on the “To Do List” of your LEONet account.

**New verification worksheets** will be used this year as compared to last year. Information required is very similar, but it will have a different look and feel.

**Tax Transcripts** must be submitted in place of the federal 1040/A/EZ this year. The Department of Education no longer considers tax forms 1040, 1040A or 1040EZ to be valid verification documentation. A copy of tax transcript(s) can be obtained online at [www.irs.gov](http://www.irs.gov) by clicking on “Order a Transcript” or by phone at 1-800-908-9946.

**Child support paid** is now included as an item to be verified. If you or a parent reported payment of child support on the FAFSA, there is a section on the verification worksheet to include: person responsible for paying the support, amount paid, names of the children for which support was paid and name of the person to whom the support was paid.

**SNAP (food stamps)** is also a new item to be verified. If you report that your family received SNAP (food stamps) **during 2010 or 2011**, you will be required to report that information on the verification worksheet and may be required to provide a copy of the letter you received from the issuing agency indicating the effective dates and the names of the recipients.



## ***Direct Loan Changes: Subsidized Interest Rate Changed, Interest Subsidy During Grace Period Eliminated and Subsidized Loans for Graduate Students Eliminated***

### **Subsidized Interest Rate Changed**

Effective **July 1, 2012**, the Direct Stafford Subsidized Loan interest will be **6.8%**, the same as the Unsubsidized Loan.

### **Interest Subsidy During Grace Period Eliminated**

The interest subsidy during the six month grace period is eliminated for new undergraduate loans made after **July 1, 2012 and before July 1, 2014**. The repayment period will continue to begin six (6) months after the student is no longer enrolled at least half-time; however, **interest will accrue** during those six months. The law continues to authorize the Department of Education to offer interest rate reductions to Direct Loan borrowers who agree to have payments automatically electronically debited from a bank account. We encourage you to take advantage of this benefit when repaying your Direct Loans.

### **Subsidized Loans for Graduate Students Eliminated**

Effective **July 1, 2012**, graduate students are **no longer eligible for Federal Direct Subsidized Loans**. Graduate students may still apply for Federal Direct Unsubsidized Loans at an annual amount up to \$20,500, as eligible.



## ***Federal Pell Grant Changes - Limit on Eligibility***

Effective **Fall 2012**, undergraduate students are limited to a total of six (6) full-time years of Pell grant eligibility. The calculation of this total will include all semesters/quarters attended in which a Pell grant was received. **After receipt of the Pell grant for six (6) full-time years or the equivalent, students will no longer be eligible for the Pell grant.**