

## Southampton Solent University

### Guide to US Federal Loans 2015-2016

Southampton Solent University is certified by the US Department of Education to provide both Federal Direct Loans and private student loans via Sallie Mae.

#### General Information

The principle funding available for students from the USA is a Direct Loan which is accessed via the following website:

<http://www2.ed.gov/offices/OSFAP/DirectLoan/index.html>

Loans are the main way students and parents fund the cost of education while studying in the UK. The lender for the Direct Loan programme is now the US Department of Education rather than a bank or other financial institution. It is imperative that you familiarise yourself with the Direct Loan programme. Direct Loans are explicitly to cover the primary costs of education (tuition, student accommodation, books/supplies and commuter travel). Direct Loans are not intended to cover other expenses that are not directly related to your study. You should plan a budget for your studies (cost of attendance) and you should only borrow what you need. You can find further information and the full terms and conditions of taking out and repaying a loan at <https://studentloans.gov>. The university is authorised to process US Direct loans for students who are;

- Citizens or permanent residents of the United States(US) and who have a valid US social security number
- Studying for a Bachelor's degree, First Professional degrees and Masters degree.

#### THE PROCESS OF APPLYING FOR FINANCIAL AID - A STEP BY STEP GUIDE

We have summarised the key steps in the links below and set out the actions that you need to take and what the university will require of you before we can originate your Direct Loan.

## Initial stage

Before the financial aid process can be started you will need an “unconditional offer” of a place at Southampton Solent University. You will need to comply with the university finance policy regarding payment of tuition fees. Once this is completed you will then receive a CAS (Confirmation of Acceptance for Study) number which is used, together with your loan award letter, to apply for your student visa.

### Step 1 - Completing your FAFSA application

a. The first stage in applying for a US Federal Loan is to go to the website <http://www.fafsa.ed.gov/> and complete the Free Application for Federal Student Aid (FAFSA) form. You will need to make sure that your web browser is compatible. To complete your FAFSA you will be prompted to apply for a PIN (see PIN site tab) <http://www.pin.ed.gov/PINWebApp/pinindex.jsp> Please note that completing your FAFSA is not a loan application, but the US Department of Education uses it to generate a Student Aid Report (SAR). Please read the “comments” section on the SAR to ensure that your data is complete. We use the SAR to determine your eligibility for financial aid. Please retain your SAR for your records. You will be asked for Southampton Solent University’s school code which is **G25616**.

### *Direct Loans*

The entitlement to the Direct Loan is made up of two parts, subsidised and unsubsidised, which have fixed limits depending on whether you are dependent, independent or a postgraduate and is available to all students. These may be topped up to the full Cost of Attendance (COA) with a PLUS loan, which is not an entitlement, but is subject to credit checking and may be declined by the US Department of Education.

***Subsidised Loans*** - This is assessed on financial need, as determined by Federal regulations. No interest is accrued while you are in school at least half-time, during the grace period and during deferment periods. Afterwards, these costs will revert to being your responsibility. These figures may change, so you are encouraged to check interest rates when applying for your loans.

***Unsubsidised Loans*** - This is not based on financial need. Interest is accrued during the period of study and during the grace and deferment periods. However, no payments are required while you are enrolled at least for half the time. These costs will be your responsibility. These figures may change, so you are encouraged to check interest rates when applying for your loans.

## Amounts for Federal Loans

The following chart provides maximum annual and total limits for subsidised and unsubsidised loans depending on the course year you will attend.

| Year of course  | Subsidised | Unsubsidised | Maximum Loan |
|---|------------|--------------|--------------|
| Dependent UG student (aged 24 and under) - Aggregate limit \$31,000   |            |              |              |
| Year 1  | \$3,500    | \$2,000      | \$5,500      |
| Year 2  | \$4,500    | \$2,000      | \$6,500      |
| Year 3 and beyond   | \$5,500    | \$2,000      | \$7,500      |
| Independent UG student (aged over 24 or those whose parents are unable to obtain a Parent PLUS Loan) - Aggregate limit \$57,500 |            |              |              |
| Year 1  | \$3,500    | \$6,000      | \$9,500      |
| Year 2  | \$4,500    | \$6,000      | \$10,500     |
| Year 3 and beyond   | \$5,500    | \$7,000      | \$12,500     |
| Post graduate and Professional (each academic year)   |            |              |              |
| All Years   |            | \$20,500     | £20,500      |

N.B. The academic career limits remain at \$65,500.00 (subsidised) and \$138,500.00 (combined subsidised and unsubsidised). You may not borrow more than this total amount. The Direct Subsidised and Unsubsidised Loan is not enough to pay the full cost of your tuition for undergraduate courses and some postgraduate courses. Therefore you will need to consider how you intend to pay the outstanding balance of your tuition fees and your living expenses. You can make up the difference with your own funds, a Federal Direct PLUS Loan or a private student loan.

### ***Direct PLUS Loan***

The PLUS Loan is available to the parents of dependent undergraduate students and graduate/professional students. The PLUS Loan is to help pay the cost of education up to the cost of attendance minus all other financial aid. Interest is accrued during the period of study.

### ***PLUS Loan for Parents***

The parent takes out the loan on behalf of their child to cover any additional educational costs and must complete a Direct PLUS Loan Application and Master Promissory Note (MPN). A credit check is required for this loan.

### ***PLUS Loan for Graduates***

You complete the application form so that you are the student as well as the borrower. A credit check is required for this loan and students with low or little credit may require a co-signer.

### ***Other charges***

The US Education Department charge an origination fee on all loans and this is deducted from each disbursement. The value of each disbursement is shown in the Cost of Attendance spreadsheet.

## **Step 2 - How much can you borrow?**

Next, you need to complete the relevant Cost of Attendance (COA) spreadsheet below. The COA comprises tuition fees and living expenses as determined by the University. This, along with other factors such as your aggregate loan limit, dependency status and your estimated family contribution (EFC) determine the amount you will be able to borrow for the academic year.

The figures below are used to calculate your maintenance/living costs according to your study level and the designated loan amount. The maintenance costs include all housing, books, travel, food, social etc. In addition, the University will add on an average cost of two return flights home, sundry costs, entertainment and start-up costs. You will be able to borrow, in dollars, the combined total of your COA and no more (unless you have very specific reasons such as medical costs). The COA is a very generous amount compared to loans which UK students can apply for and you may not need or want to take out the full amount. While your costs may vary depending on where you stay in Southampton we expect your cost of attendance to be roughly in line with our estimates. If you believe that the costs relating to your education are significantly higher than those we have estimated please contact us to discuss the matter further. There are limits on the maximum amount in subsidised and unsubsidised loans that you are eligible to receive each academic year and over your academic career (total loan limits).

### Documents to download:

- Undergraduate student COA spreadsheet 2015/16
- Post graduate student COA spreadsheet 2015/16

You MUST complete the COA spreadsheet and send it to us by e-mail at [student.funding@solent.ac.uk](mailto:student.funding@solent.ac.uk).

### Costs for academic year 2015/16

|                                       | Weekly      | 52 Weeks (PG)  | 39 Weeks (UG)  |
|---------------------------------------|-------------|----------------|----------------|
| Rent including utilities              | £146        | £7,592         | £5,694         |
| Living costs including food/internet  | £85         | £4,420         | £3,315         |
| Transport                             | £20         | £1,040         | £780           |
| Books and supplies                    | £20         | £1,040         | £780           |
| Personal and miscellaneous            | £60         | £3,120         | £2,340         |
| <b>Sub-total living costs</b>         | <b>£320</b> | <b>£16,640</b> | <b>£12,480</b> |
| Tuition fees (variable)*              |             | £10,000*       | £10,930*       |
| Flights/travel to home country        |             | £2,000         | £2,000         |
| Computer/Printer Allowance            |             | £600           | £600           |
| Contingency Fund                      |             | £500           | £500           |
| <b>Maximum cost of attendance (£)</b> |             | <b>£29,740</b> | <b>£27,398</b> |

|   | Weekly | 52 Weeks (PG) | 39 Weeks (UG) |
|---|--------|---------------|---------------|
| Converted to US \$ Rate (1.65)* May 2015<br>(Theoretical exchange rate used for all students 2015-16) |        | \$54,678      | \$45,206      |

N.B. This is an estimated cost of attendance for your course. You are not able to borrow more than your COA. The tuition fees shown above are for illustration purposes only and will depend on your course. Loan origination fees have also been included in the COA.

\*The exchange rate is for illustration purposes only and is set once a year (normally in May)

### Step 3- Entrance Counselling

The U.S. Department of Education requires first-time borrowers of the federal Direct loan to complete a loan entrance counselling session before the loan funds can be disbursed. You can complete this online on the <https://studentloans.gov>

This counseling session provides you with information that will help you understand your rights and responsibilities as a loan borrower, as well as other tools to assist you with managing your loans. This is a completely electronic process. If you are taking out a Plus Loan please ensure you have completed the Plus Loan Counselling.

Please choose Southampton Solent University as your school and complete your Entrance Counselling. The Southampton Solent University school code is **G25616**. (Note that the alternative Financial Awareness Counselling is not acceptable).

N.B Upon ceasing enrollment and prior to beginning repayment, Direct Stafford (Subsidized and Unsubsidized) and Direct Graduate PLUS loan borrowers are required to complete an Exit Counseling session. You are also required to also carry out loan Exit Counseling if you drop to less than half-time, or leave the University due to transfer, withdrawal etc. The Exit Counseling session provides invaluable information about borrower rights and responsibilities regarding repayment of your Federal student loans. All students due to complete their studies at the university in the 2015-2016 academic session are asked to complete an Exit Counseling session on the StudentLoans.gov website.

#### **Step 4 - Master Promissory Notes and Plus Credit Check**

All students taking out a Federal Direct loan outside the US are required to complete a Master Promissory Note (MPN) annually before the loan funds can be disbursed.

You will need to E- sign your federal Direct loan MPN on the [studentloans.gov](http://studentloans.gov) web site using your Federal Student Aid PIN by selecting Sign-In. After you sign in, choose Complete MPN and then select Subsidized/Unsubsidized. Follow the four-step process listed on the [studentloans.gov](http://studentloans.gov) Web site to sign your MPN. For Graduate PLUS or Parent PLUS loans a separate MPN is required, if applicable. As PLUS loans are subject to a credit check, MPNs for PLUS loans must be signed using a US postal address. An overseas address will automatically result in the credit check being pended. Southampton Solent University's school code is **G25616**.

#### **Step 5 - E-mail your loan application**

When you have finished, please send the completed COA spreadsheet, by e-mail to [student.funding@solent.ac.uk](mailto:student.funding@solent.ac.uk) . You must have completed all of the above steps.

#### **Step 6- How and when you will receive your loan**

Once we have received your COA, we will then check and confirm your eligibility for Direct Loans. We will send you an e-mail confirming the details of your loan. If you need to apply for a UK study visa, we strongly advise that you complete your Direct Loan application no later than **1st July 2015**.

You will receive your loans once you have arrived at the University and completed your enrolment (30 days after enrolment if a first time borrower). The loan is paid directly into your account and you will therefore be expected to open a UK bank account. Government regulations mean that you can only have part of your Federal Direct Loan each term. Therefore loans for undergraduates will be disbursed in three equal installments.

The university receives your loan in the form of a bank transfer directly into our US dollar account. Once received, we will convert your US dollars into sterling. We will then deduct the fees for tuition and halls of residence and transfer the residue into your UK bank account. This process normally takes 4-5 days. We therefore suggest you bring sufficient funds to cover this period.

Disbursement dates for both undergraduate and postgraduate students for the 2015/16 academic session are:

|             |                               |
|-------------|-------------------------------|
| Autumn Term | 1 <sup>st</sup> October 2015  |
| Spring Term | 18 <sup>th</sup> January 2016 |
| Summer Term | 20 <sup>th</sup> April 2016   |

### ***Additional Private student loans***

Private loans may also be taken out either on top of, or instead of, Direct Loans or Direct PLUS Loans, subject to credit checking, and only to the value of the Cost of Attendance. Currently, Sallie Mae is the only private loan lender disbursing funds to overseas institutions. When considering a private student loan, we would advise that you take some time to compare interest rates and repayment terms with the Federal Direct Loan to see which is better for you. For more information please go to <https://salliemae.com>

### **Satisfactory Academic Progress for financial aid recipients**

All students applying for or receiving US Federal Aid (subsidised, unsubsidised and PLUS Loans) must progress satisfactorily towards completion of a chosen academic program in order to remain eligible to receive US loan support.

The guidelines below have been established to encourage students to successfully complete the academic program they attend and continue to receive financial aid. **Go to “Satisfactory Academic Progress Policy” for the full information on this.**

### **Withdrawal from your course**

If you receive financial aid and then decide to withdraw from your course, you must inform “Student Funding” no later than five working days after withdrawal in addition to notifying your School Office. The University is required by Federal Law to recalculate your Financial Aid eligibility based on the period of attendance. As a result, you may be required to pay back money to the US Federal Government from the Federal Direct Subsidized and Unsubsidized or Direct PLUS loans you may have received. The institution may also have to repay any funds received for tuition to the US Federal Government. As such, you may be asked to make an additional fee payment to the school to replace these funds.

Pro-rata refund calculations apply for any student who withdraws within 60 per cent of the payment period. If a student withdraws prior to completing 60 per



cent of each payment period, the University will calculate the amount of funds to be returned based on your period of attendance for that specific term. The last date of attendance will be the date confirmed by the School Office and the calculations undertaken are those that are set by the Department of Education in the US and cannot be altered. Go to “Return of Title IV Funds Policy” for full information on this.

### **Financial information for entry clearance**

In order to secure entry clearance (a student visa) for the UK, you must provide proof that you are able to pay for tuition fees and living expenses (accommodation, course costs, food etc). For further information please refer to UKCISA’s website

### **Resources**

#### **1. Direct Loans**

Information for university students about the US Department of Education's Direct Loan Program. More information on Direct Loans  
<http://www.direct.ed.gov/student.html>

#### **2. Repaying Your Loans**

Get all the information you need to manage repayment of your federal student loans. <https://studentaid.ed.gov/repay-loans>

#### **3. FAFSA on the web**

Apply for federal assistance with the Free Application for Federal Student Aid.  
<https://fafsa.ed.gov/>

#### **4. Federal Student Aid Pin Registration**

Apply for your personal PIN. The PIN serves as your identifier and allows access to your personal information in various U.S. Department of Education systems. The PIN can be used to sign your FAFSA online.  
<https://pin.ed.gov/PINWebApp/pinindex.jsp>

#### **5. Help in completing the FAFSA**

Useful guide on how to complete the FAFSA from the U.S. Department of Education: <https://studentaid.ed.gov/resources>

#### **6. Loan Consolidation Information**

Find out how loan consolidation can simplify and lessen the burden of loan repayment. <http://www.loanconsolidation.ed.gov/>

## 7. National Student Loan Data System (NSLDS)

The National Student Loan Data System (NSLDS) is a national database of information about loans and grants awarded to students under Title IV. NSLDS provides a centralised view of Title IV loans where you can also complete your Exit Counselling. [https://www.nsls.ed.gov/nsls\\_SA/](https://www.nsls.ed.gov/nsls_SA/)

## 8. Selective Service Registration

All males over the age of 18 years are required to register. Register online or check the status of your registration. <http://www.sss.gov/default.htm>

## 9. StudentLoans.gov

This site provides useful information from the U.S. Department of Education. Use your PIN to sign in and sign your Master Promissory Note (MPN) and complete your Entrance Counselling. <https://studentloans.gov/myDirectLoan/index.action>