

NEWS FROM

KHEAA–Alabama

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Financial Aid Tip of the Month, January 2021

Federal student aid programs can help pay college costs

The federal government offers many financial aid programs to help students and families pay for college. Applying for those programs means submitting the Free Application for Federal Student Aid, commonly referred to as the FAFSA. These brief summaries from KHEAA–Alabama describe the more common federal grant and loan programs that can help you get the student aid you need.

Grants generally do not have to be repaid, but loans do. More about these programs can be found at studentaid.gov.

- **Federal Pell Grant:** Pell Grants provide up to \$6,345 per year for undergraduates with financial need. That amount is expected to increase for the 2021–22 school year.
- **Federal Supplemental Educational Opportunity Grant:** These grants provide up to \$4,000 per year for undergraduate students who have exceptional financial need.
- **Direct Loans:** These loans are available to undergraduate, graduate and professional students. The amount students are eligible to borrow depends on their year in school.
- **Federal PLUS Loans:** Parents of dependent undergraduate students may qualify for PLUS Loans, contingent upon the parents' credit ratings. The amount available depends on how much other financial aid the student receives. Graduate and professional students may apply for PLUS Loans if they have exhausted their Direct Loan eligibility.

KHEAA is a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents.

KHEAA also helps colleges manage their student loan default rates and verify information submitted on the FAFSA. For more information about those services, visit www.kheaa.com.

In addition, KHEAA disburses private Advantage Education Loans on behalf of its sister agency, KHESLC. For more information, visit www.advantageeducationloan.com.

For more information about financial aid and college planning, visit www.alstudentaid.com.