



# UNIVERSITY OF THE INCARNATE WORD FEDERAL DIRECT LOAN BENEFITS

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## WHY AM I OFFERED A FEDERAL DIRECT LOAN?

Students will typically have a gap between their charges and what their grants or scholarships cover. **Loans can be an option to help fill that gap.** Federal Direct loans are available each year through the FAFSA application and are awarded without a credit check or cosigner. Learn more at <http://www.uiw.edu/finaid/loanasst1.html>.

## WHY WOULD I BORROW?

Loans are repaid with interest, so the decision to borrow is an important one that will impact you over time (like a car loan or home mortgage). There are several benefits of borrowing student loans. The biggest reason is to cover any remaining school costs. Having the option to borrow can create an opportunity to attend the school of your choice. Loans can help cover other costs like books, housing, and transportation. Loans could allow you the opportunity to live on campus, or away from home. These additional funds could make the difference in being able to select the school and college experience of your choice. Borrowing starts your credit history and is an investment in your future. The Bureau of Labor Statistics shows an average four-year college graduate will earn twice as much than a student without a degree. Therefore, borrowing now could prepare you for a better paying job later.

## WHAT IS THE DIFFERENCE BETWEEN SUBSIDIZED AND UNSUBSIDIZED LOANS?

**Subsidized Direct Federal Loans** are offered to undergraduate students with financial need, as determined by the FAFSA. Subsidized Loans do not accrue interest while you are attending at least half-time or during deferment periods.

**Unsubsidized Direct Federal Loans** are offered to undergraduate and graduate students; there is no requirement to demonstrate financial need. Unsubsidized Loans gather interest while attending school as well as during deferment periods.

Find more information on federal loans at <https://studentaid.ed.gov/sa/types/loans>.

## WHAT KIND OF LOAN DEBT DO STUDENTS GRADUATE WITH AT UIW?

FEDERAL UNDERGRADUATE LOANS	
UIW Median Borrowing Amount	\$ 27,179
Dependent Student Maximum Borrowing Amount	\$ 31,000
Independent Student Maximum Borrowing Amount	\$ 57,500

Last academic year, new freshman that utilized federal loans borrowed an average of \$5,730 each. If you borrowed a total of \$27,000 for your education at 5.05% and used a standard 10-year repayment plan, your monthly payment would be \$287.04. You have a 6-month grace period prior to repayment. For more information on repayment, deferments, and loan forgiveness, visit <https://studentaid.ed.gov/sa/repay-loans>.

## IGRAD RESOURCES

Financial wellness tools for budgeting, loan processes, debt management, repayment, scholarships, and job or internship searches are available in the UIW iGrad portal. Find resources under the "Managing Money" tab at <http://www.uiw.edu/finaid/managemoney.html>

## LOAN INTEREST RATE AND REPAYMENT

Interest rates change every July 1st. The Federal Direct Loan rate for 2018-19 was **5.05%**. Students who qualify for the Subsidized Direct Loan have their interest paid by the federal government while enrolled at least half-time. There is no requirement to pay loans while enrolled at least half-time, although there is no penalty for early payments.

## STAY INFORMED

Scholarships, reminders, and events are posted regularly on our website and social media pages.



[www.uiw.edu/finaid](http://www.uiw.edu/finaid)



UIWFinancialAssistance



UIWFinancialAid



@UIWFinancialAid

## WILL MY FINANCIAL AID BE THE SAME EVERY YEAR?

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The main factors in aid amounts each year come from your aid application (FAFSA) and your satisfactory academic progress (SAP). Renewal of all your federal and UIW aid requires you to maintain a 2.0 cumulative GPA and complete at least 75% of the courses you attempt. State aid requires the completion of 24 credit hours and a 2.5 cumulative GPA each year. Dropping classes, failing classes, adding additional minors or changing majors can all impact your overall progress and your length of time to graduation. More information on the SAP process is available at <http://www.uiw.edu/finaid/sapinfo.html>.

Another factor is your need-based eligibility from FAFSA. Applying for your FAFSA each October will make sure you have the most time to understand any changes to your aid eligibility. Changes in aid awards most commonly occur with changes in income, household size, or the number of students from your household who are in college. Find FAFSA information and applications online at <https://studentaid.ed.gov/sa/fafsa>.

## HOW CAN I REDUCE COSTS?

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You have several ways to help reduce your costs and increase your aid. Apply for your FAFSA as early as October 1<sup>st</sup> for the following year, every year. Look for scholarship opportunities on the UIW Financial Assistance website at <http://www.uiw.edu/finaid/scholarships.html>. Consider finding an on-campus job to add income. Work closely with your academic advisor and use tools, such as Degree Works, to stay on track with your degree. Graduating on time means less tuition charged, less loan debt accrued, and a faster start into graduate school or employment. Taking additional time will result in more tuition, extra loan debt, additional interest, and delayed access to work income. Log into your iGrad account for budgeting advice.

## HOW DO I ACCEPT FEDERAL DIRECT LOANS?

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To accept student loans, log into [studentloans.gov](http://studentloans.gov) using your FSA ID to complete Loan Entrance Counseling and the Loan Agreement/Master Promissory Note (MPN).

### ENTRANCE COUNSELING

- Click Complete Loan Counseling
- Read the information and answer the questions
- Complete and submit counseling

### COMPLETE LOAN AGREEMENT

- Click on Complete Loan Agreement
- Start the MPN for Subsidized/Unsubsidized Loans
- Review the information and then sign and submit

## DO I HAVE TO ACCEPT THE FULL LOAN AMOUNTS?

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After completing the FAFSA, you are offered the maximum loan amount that you qualify for each year. Evaluate your actual costs, and only accept the amount that is necessary to cover your expenses. To accept less than what you have been offered, you can submit a Loan Change Request form to our office.

## ARE THERE PARENT LOAN OPTIONS?

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Parents of dependent students can apply for the Parent PLUS Loan at [studentloans.gov](http://studentloans.gov) to help pay for college. The Parent PLUS Loan gathers interest and is based on the parent's credit. It is advised for students to exhaust their loans, since student loans generally have lower interest rates, before parents apply for the Parent PLUS Loan. If your parent is denied the PLUS loan, you can be considered for additional eligibility for the Unsubsidized Direct Student Loan for \$4000 as a freshmen or sophomore, and \$5000 as a junior or senior.

## HOW DO I KNOW WHAT I OWE?

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Keep track of your loans with the National Student Loan Data System (NSLDS) by logging in with your Federal Student Aid (FSA) ID at <https://nslds.ed.gov/>. You can also view your loans with the iGrad Loan Tracker so that you always know your loan debt. When you graduate, the UIW Office of Financial Assistance can assist you with loan exit counseling and repayment options.