

FINANCIAL AID



PHYSICIAN ASSISTANT PROGRAM WEILL CORNELL MEDICAL COLLEGE 2008 - 2010

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Introduction

This handbook aims to give Weill Cornell Medical College's Physician Assistant students information and advice about financing their PA program. With increasing cost, only a small percentage of students are able to meet expenses fully. The major portion of each student's financial aid is in the form of loans, which must be repaid after graduation. In order to keep this debt at a manageable level, cooperation from your family and careful planning and budgeting is necessary from the first term. The handbook is your first step in being in control of your financial situation.

HOW TO APPLY FOR FINANCIAL AID

FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) 2008-2009

Weill Medical College's Federal School Code is G04762 (listed as Cornell University Medical College).

1. Complete the **2008-09** Free Application for Federal Student Aid (FAFSA). There is no fee. It is strongly recommended that you do this on the Internet, www.fafsa.ed.gov. If you have already filed your FAFSA, let me know, since I may already have the electronic results available. **Be sure you do the 2008-09 FAFSA. THE DEADLINE IS August 15, 2008***
2. Do not include parent information or obtain parent signatures on the FAFSA application.
3. Be sure to put **Weill Cornell Medical College's federal school code on the application - G04762.**
4. Be sure to put in "0" when you do not have money to report. **DO NOT LEAVE THOSE QUESTIONS BLANK.** Your FAFSA will not be processed if you do because the agency will assume you forgot to answer those questions. This will result in your having to resubmit a correction form, which means that your financial aid will be delayed.
5. You will be a graduate/professional student for 2008-2009. Your grade level for question 24 is #6- "For 1st year Graduate/Professional Degree."
6. **If you file an electronic FAFSA be sure to print out the signature page, sign and mail it to the address listed,** unless you are using your Pin number (electronic signature)
7. You will receive a Student Aid Report (SAR) via email if FAFSA electronically or within approximately 4 weeks if a paper FAFSA was completed. Keep this for your files. You do not need to bring the SAR to the Financial Aid Office since we will get an electronic version. **Be sure to read the cover letter.** The SAR is the form that determines your eligibility for financial aid. **You must be an American citizen or permanent resident in order to be eligible.** *The SAR will also include confirmation that
 - ❖ you (males only) have registered for the draft
 - ❖ are not in default on any previous student loans
 - ❖ have a legal social security number and
 - ❖ if you are a permanent resident, have a legal INS number.



Ignoring these steps will delay your financial aid process

WWW.FAFSA.ED.GOV

* This is an institutional deadline date; the Federal deadline date is 6/30/09.

*If there is a question about any of these areas, financial aid will not be available until the problem is corrected.

THE FINANCIAL AID PACKAGE

1. Once the Financial Aid Office has received your Student Aid Report (SAR) a financial aid package will be developed and sent to you, along with required paperwork. Financial aid will be in the form of loans from the Federal Subsidized and Unsubsidized Direct Student Loan Program. A maximum of \$20,500 is available each financial aid term (*see Table 1*). **(Be aware that no grant/scholarship money is available from the Medical College.)**
2. Acceptance of the financial aid package is indicated by signing one copy of the award notice and sending it back to the Financial Aid Office. Promissory notes will be sent to you for signature if you do not have a Direct Loan master promissory note already on file. These notes must be returned to the Financial Aid Office before loans can be awarded.
3. All loan funds are applied to your student's tuition and fees bill. Money in excess of the bill will be refunded.
4. The Physician Assistant program is 26 months long (August 27, 2008 – October 15, 2010.)



William D. Ford Federal Direct Loan Program

What is a Federal Direct Loan Program?

A federal program in which the U.S. government (not a commercial lender) provides four types of education loans to student borrowers directly through schools:

- Federal Direct Stafford Loan (subsidized) [**Need based aid**]
- Federal Direct Unsubsidized Stafford Loan
- Federal Direct Grad PLUS Loan, *and* } [**Non-need based aid**]
- Federal Direct Consolidation Loan

These loans are referred to collectively as Direct Loans.

Who can get a Direct Stafford Loan?

Students qualify for a Federal Direct Loan based on financial need. PA students are considered independent and only their income and their spouse (if applicable) is considered.

How much can I borrow?

PA students can borrow up to \$20,500 per financial aid term in the Federal Direct Stafford Loan program. Need based eligible student may borrow a maximum \$8,500 of the \$20,500 Direct Stafford Loan program.

What is the interest rate on a Direct Stafford Loan?

The current interest rate is 6.80% fixed. *See Table 2*

Loan Types

If you have a need based Federal Direct Loan, the federal government pays the interest on the loan while you're in school. These types of loans are called "**subsidized.**"

If you have a non-need based Federal Direct Loan, you have an "**unsubsidized**" loan, and you'll be responsible for the interest during the in-school period. You may let the interest accumulate until you're out of school. Note, however, that this will increase the amount of your loan, since the unpaid interest will be added to the principal.

Direct Loan Disbursement and Fees (Subsidized and Unsubsidized)



Loans are disbursed in two equal checks, half at the beginning of the financial aid term and half at the midpoint. All Direct Loans have an origination fee of 1.5%, which will be deducted proportionately from each loan disbursement check. This fee goes to the federal government to help reduce the government's cost of supporting these low interest loans.

When is the Direct Loan repaid?

After you graduate or leave school you have six months before you have to begin repayment. This is called a "grace period." If you have a **subsidized** Direct Loan you won't have to pay any principal or interest during that period. If you have an **unsubsidized** Direct Loan, you'll be responsible for the interest during the six months. The amount of each payment and the length of time you have to repay depend on the size of your debt. The minimum payment is \$50 a month and most students will be given a minimum of ten years to repay.

Alternative Loans

Alternative Loans, also known as Private Loans, help bridge the gap between the actual cost of your education and the limited amount the government allows you to borrow in its programs.

These are loans provided directly to students by banks and other lending institutions, unless otherwise stated.

Alternative student loans are independent of government regulation and can offer various terms for repayment, interest rates, and loan limits. The terms of these loans can vary from lender to lender and you are offered the opportunity to choose the loan that fits your situation.

Your financial aid package will tell you what types of education loan programs you are eligible to accept. If you have remaining "unmet need," you may need private or alternative loan programs to cover all your expenses.

PLUS Loans for Graduate and Professional Degree Students

Graduate and professional degree students are now eligible to borrow under the PLUS Loan Program up to their cost of attendance minus other estimated financial assistance in both the FFEL and Direct Loan Program.

These requirements include a determination that the applicant does not have an adverse credit history, repayment beginning on the date of the last disbursement of the loan, and a fixed interest rate of 8.5 percent in the FFEL program and 7.9 percent in the Direct Loan program

Tips for Reducing Education Expenses and the Cost of Student Loans

Be thrifty- Live as cheaply as you can. Remember, you are a student. You'll enjoy a more comfortable lifestyle once you've graduated if you minimize your borrowing while you are in school.

***Credit Cards -** use credit cards to If you do accept month. Make sure it a balance.



Avoid using credit cards as much as possible; don't extend your student budget. credit, accept only one card and try to pay in full each offers a low interest rate in case you do have to carry

You're in trouble if you:

- Can only make the minimum payment
- Are always at your limit
- Accept more cards to borrow more.



Loans - Pay any interest that accrues on loans while in school, rather than let the interest accrue and capitalize. This will reduce the total cost of the loans you borrowed; thereby saving you money once you enter repayment.

Follow the budget you establish for yourself.

Work on developing good financial habits.

CREDIT REPORTS

Credit is an increasingly important part of Physician Assistant student financial life. Private lenders are looking at the prior credit record of new borrowers and will not approve those with unsatisfactory ratings. We recommend you check on your credit rating. Call one of the following agencies to request a copy of your credit report:

Experian: 1.888.397.3742 **Trans Union:** 1.800.888.4213 **Equifax:** 1.800.997.2493

It is strongly recommended that you reduce outstanding credit card balances to zero before attending school.

Free Reports
www.ftc.gov/freereports

12 STEP PROGRAM

Good Financial Habits: A Guide to Achieving Your Dreams



How can you achieve your dreams when faced with the reality of education loan debt?

The following 12 habits can help you realize your financial goals and fulfill your educational and professional dreams. Getting into these habits can be a strategy for success both in-school and after graduation, and allow you to be responsible in financing your education.



1. Identify your goals (personal, professional, and financial) and write them down. Develop strategies for achieving those goals and reassess them periodically.
2. Make informed choices about how to use your scarce new resources.
3. Develop a monthly budget and stick to it. Live below your means and learn to stretch your dollars while in school so that you can afford to live the lifestyle you want once you graduate. Live a lifestyle you can afford.
4. Save a little each month (even if only \$5), so that you'll have funds available for emergencies.
5. Keep accurate, well-organized records of your financial activities.
6. Establish and maintain a strong credit history; review your credit report annually.
7. Pay all your bills prior to the due date.
8. Borrow the minimum amount you need to achieve your goals and repay all that you borrow. Also evaluate the impact of borrowing before you borrow. Consider whether you'll be able to afford and repay the loan(s) and will be willing to make the sacrifices necessary to do so. Make adjustments in your borrowing if necessary.
9. Be a well-informed borrower. Understand the terms and conditions of the loan(s) you borrow, as well as your rights and responsibilities as a borrower. Not all loans (nor lenders) are alike; know the differences and borrow wisely.
10. Limit the number of credit cards you have as well as your available credit.
11. Pay your credit card balance in full each month; charge only what you know you can repay when the bill arrives. Better yet, consume with cash, not credit!
12. Be realistic about how much money you'll earn once you graduate; don't count on any immediate financial windfalls.

REPAYING YOUR LOANS



Before you leave school, you must attend an exit counseling session. At that time you will be given detailed information about your loans. You'll be counseled about your loan obligations, with the emphasis on selecting a repayment plan and budgeting for loan repayment. You'll also be told about options for postponing repayment, including deferment and forbearance.

Repayment Begins

Repayment of your loan begins six months school or drop below half-time enrollment. The first Subsidized and Direct Unsubsidized Loans is due grace period expires.



after the day you leave payment on Direct within 60 days after the

The Direct Loan Servicing Center

Repayment will be simple, because the U.S. Department of Education is your lender and will remain your lender. Your payments will go to the Department's Direct Loan Servicing Center. Although the Department has several Servicing Center locations (with separate addresses and telephone numbers), you'll always have only one Servicing Center to deal with - even if you take out several Direct Loans or transfer from one school to another.

Once you get a Direct Loan, you'll be notified of your Servicing Center location (the telephone number and address will appear on all correspondence and on all monthly statements you receive). The Servicing Center then becomes your point of contact for information about your Direct Loans. You must make sure the Servicing Center always has your correct address and telephone number, and you should contact the Servicing Center if you have any questions about, or problems with, loan repayment.



Repayment Options

There are four ways you can repay a Direct Subsidized Loan or Direct Unsubsidized Loan. Borrowers can choose a plan to fit their financial circumstances and can change plans if their financial circumstances change. If, because of exceptional circumstances, you can't repay your loans using one of the repayment plans, you may be able to work out an alternative repayment plan with your Servicing Center. Such a plan would be provided only on a case-by-case basis.

You'll receive detailed information about repayment options at exit counseling and from your Servicing Center so you can select the plan that's right for you. You'll be told what your monthly repayment amounts would be under each plan. Once you've selected a plan, your Servicing Center will send you a repayment schedule for all your Direct Loans, listing the plan you selected and telling you what your monthly payment will be and when your payments will be due.

Questions about your Direct Loan

If you have questions about your Direct Loan or misplaced the phone number, call this toll-free number for help:

1-800-848-0979

Updated information about Direct Loans is also available on the Direct Loan web site on the Internet at www.dlsvc.ed.gov

The **Office of the Ombudsman** works with student loan borrowers to informally resolve loan disputes and problems.

- Direct Loans—Subsidized and Unsubsidized Direct Student Loans and Direct Consolidation Loans;
- Federal Family Education Loans—Subsidized and Unsubsidized Stafford Loans and FFEL Consolidation Loans;
- Guaranteed Student Loans, SLS Loans; and Perkins Loans

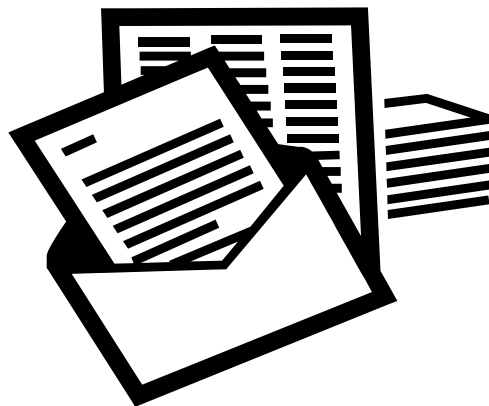
The Office can be reached by any of the methods listed below:

Internet: <http://ombudsman.ed.gov>

Toll Free Telephone: 1-877-557-2575



Mail: Office of the Ombudsman Student Financial Assistance
U.S. Department of Education
Rm. 3012, ROB #3
7th and D Streets, SW
Washington, DC 20202-5144



ESTIMATING MONTHLY LOAN PAYMENTS

To ensure affordable student loan payments, consider the amount you'll have to pay back before you start borrowing. Keep in mind that you'll probably be making more money after you graduate, but at the same time you may have some additional costs-start-up expenses for an apartment, a car payment, new clothes, etc. Generally, your monthly student loan payment should be no more than 8% of your monthly salary.

Sample

Borrowed	Monthly Payment*
\$ 22,000	\$267
\$ 24,000	\$300
\$ 27,400	\$333
\$ 40,000	\$491
\$ 50,000	\$613
\$ 75,000	\$920
\$100,000	\$1,227

*The amount you can afford to borrow and your monthly payment are approximate and are based on 8.25% interest and 10 year repayment. These estimates do not include private outside loans, which usually have higher interest rates and back-end fees.

You can estimate monthly loan payments very easily by using the factor chart below. This represents the monthly amount payable for a principal of \$1,000 for payout of 10 years. To determine the monthly payment of a loan for more than \$1,000, simply divide the actual principal by 1,000 and multiply the answers by the factor in the chart. For example, if the principle is \$24,000 at 7% simple interest, payable for 10 years, the monthly payments will be \$278.66.

$$\frac{\text{Principal}}{\$ 1,000} \times \text{loan factor} = \text{estimated monthly payment}$$

$$\frac{\$24,000}{\$ 1,000} \times 11.611 = \$278.66 \text{ per month}$$

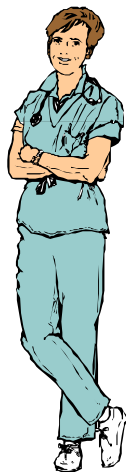
$$\frac{\$15,000}{\$ 1,000} \times 11.102 = \$166.53 \text{ per month}$$

FACTORS FOR ESTIMATING MONTHLY LOANS PAYMENTS ON LOAN INCREMENTS OF \$1,000 AT SIMPLE INTEREST

Loan Interest	10 Years
5.0%	10.607
5.5%	10.853
6.0%	11.102
6.5%	11.355
7.0%	11.611
7.5%	11.870
8.0%	12.133
8.5%	12.400
9.0%	12.668
9.5%	12.940
10.0%	13.215

CONSUMER INFORMATION

STUDENT RIGHTS



- ✓ You have the right to know how the budget is developed.
- ✓ You have the right to know what financial aid programs are available.
- ✓ You have the right to know the deadline for submitting applications for each of the available financial aid programs.
- ✓ You have the right to know how financial aid will be distributed, how decisions on that distribution are made, and the basis for these decisions.
- ✓ You have the right to know how your financial need is determined.
- ✓ You have the right to know what resources are considered in determining your need.
- ✓ You have the right to request an explanation of the various programs in your student aid package.
- ✓ You have the right to know the interest rate on your loans and the repayment terms.
- ✓ You have the right to know under what circumstances you may be asked to return a portion or all of your financial aid.
- ✓ You have the right to know how Weill Cornell Medical College determines whether you are making satisfactory academic progress and what happens if you are not.

STUDENT RESPONSIBILITIES

- ✓ You must complete all application forms, additional documentation, corrections, and/or new information, and submit them on time.
- ✓ You must read, understand, and keep copies of all forms that you are asked to sign.
- ✓ You are responsible for knowing when you might be expected to return all or part of your financial aid award.
- ✓ You are responsible for honoring all agreements that you sign.

REFUND POLICIES

If a student takes a leave of absence or withdraws from the Medical College, financial aid received will be refunded based on a prorated formula.

BORROWER RIGHTS AND RESPONSIBILITIES

As a Direct Loan borrower, you have certain rights and responsibilities. You'll receive a complete list of these when you receive your promissory note. Listed below are some to keep in mind.

You have the right to:

- written information about your loan obligation, including on loan consolidation and a list of your rights and responsibilities as a borrower
- information before you begin repayment on interest rates, loan fees and how they are collected and the balance owed on your loans
- a loan repayment schedule
- an explanation of default and its consequences
- an explanation of the grace period and of federal interest benefits, if you qualify for those benefits
- prepayment of your loan without penalty
- forbearance and deferments, if you qualify (these benefits are not granted automatically; you must request them, and the U.S. Department of Education determines if you qualify)

It is your responsibility to:

- repay the loan according to the loan repayment schedule
- notify the Direct Loan Servicing Center in advance if you will be late making a payment
- notify the Servicing Center of anything that affects your ability to repay or affects your eligibility for deferment or discharge
- notify your school (if you are still enrolled) and the Servicing Center if you or your employer's name or address changes
- notify the Servicing Center if you fail to enroll for the period covered by the loan; or if you graduate, withdraw from school, begin attending less than half time, or transfer to another school
- attend an exit counseling interview before you leave school



GLOSSARY OF LOAN AND BANK TERMS

A

Adjusted Gross Income: Income after all deductions, such as social security payments, federal, state and local taxes, health and life insurance premium payments, and retirement benefits; also referred to as net income.

B

Borrower: Any "legal entity" who obtains funds from a lender by the extension of credit for a period of time: said borrower signs a "promissory note" as evidence of the indebtedness.

C

Cancellation: Unlike regular consumer loans, the balance of a student loan may be canceled upon the death or disability of the borrower. Student loans may also be canceled in full or in part loan has its own stipulations.

Capitalizing Fee and Interest: Having interest payments added to the principal amount borrowed rather than paying them as they become due in the period between assumption of a loan and its repayment period: doing this increases the principal and thereby adds significantly to the monthly payment during the repayment period.

Cosigner: A second credit-worthy party, who is required to sign a promissory note for a loan with a borrower who has no collateral or credit history; this party, by signing, guarantees that the loan will be repaid if the borrower defaults.

D

Deferment: A period during which the repayment of the principal amount of the loan is suspended as a result of the borrower's meeting one of the requirements established by law and/or contained in the promissory note. During this period, the borrower may or may not have to pay interest on the loan.

Disclosure Statement: A statement of the actual loan costs, including the interest rate and any additional fees, which is presented to the borrower at the time the loan is made. Your disclosure statement should include the name of your lender, guarantor, and servicer.

F

Forbearance: An agreement to accept a temporary cessation of loan payments, smaller payments than were previously scheduled, or an extension of time for making payments.

G

Grace Period: A period of time that begins when you graduate, leave school, or your enrollment status drops below half-time, whichever comes first, and ends when your first loan payment is due. Interest continues to be deferred on subsidized loans during the grace period.

L

Loan Period: The academic year or portion thereof for which the applicant is enrolled and is seeking one or more loans.

M

MPN (Master Promissory Note): This is the legally binding contract between the borrower and the lender of a Federal Stafford Loan. MPN allows a school to make multiple Federal Stafford Loans to a borrower using the single note (up to 10 years).

O

Originate: Origination includes receiving a loan application, entering that record into a records database, processing the loan application, and sending loan funds (money) to the borrower.

Origination Fee: Fee charged by a bank to process a loan; when charged it is deducted from the principal.

P

Payout Note: Conversion of the interim note or notes to payout status; at this point, a borrower begins to repay the principal with interest according to a repayment schedule negotiated prior to the issuance of the payout note.

Prepayment: When you make payment before they are due. For most educational loans, that make the loan less expensive, because it will probably shorten the amount of time it takes to repay the loan and because interest only accrues on what you haven't paid back yet. There is no prepayment penalty for most educational loans when you repay more quickly than required.

Principal: The face value of the loan; the amount upon which interest is charged.

Promissory Note: A legally binding contract between a lender and a borrower which includes all the terms and conditions of the loans and is signed by both parties at the time the loan is made; promissory notes should be signed for every loan negotiated.

R

Repayment Period: The time over which you have to pay back the loan, any interest that has accrued and capitalized, plus the interest that will accrue while you are making repayments.

Refinancing: Taking out a new loan to repay a loan or loans you already have.

S

Simple Interest: Interest calculated on the original principal only.

V

Variable Interest: Rates of interest that are tied to a certain index (depending on the loan) and change periodically as the index changes.

USEFUL COLLEGE ■ FINANCIAL AID ■ GOVERNMENT WEBSITES

American Academy of
Physician Assistants
www.aapa.org



Free Application for Student Aid
www.fafsa.ed.gov



Direct Loan Servicing
www.dl.ed.gov

Health Resource and Service
Administration
www.hrsa.gov



The Smart Students Guide to
Financial Aid
www.finaid.org



Primary Health Care for the
Underserved
www.bphc.hrsa.gov



Student Aid on the Web
www.studentaid.ed.gov

PA 2010 FA Schedule

(Tentative)

FAFSA Year	FAFSA	FA Terms	Total Months Per Term	FA Term (Loan Period)
07/01/08-06/30/09	08-09	1	10	Aug 27, 08 - Jun 30, 09 {Bills: 08/08; 01/09}
07/01/09-06/30/10	09-10	2	8	Jul 01, 09 - Feb 29, 10 {Bills: 07/09; 10/09}
07/01/10-06/30/11	10-11	3	8	Mar 01, 10 - Oct 15, 10 {Bills: 03/10; 07/10}

26 Total Months

Loan Disbursement				
Loan Period	FA Terms	Disbursements Dates		
		1st Disb	2nd Disb	
07/01/08-06/30/09	1	09/15/08	01/12/09	TENTATIVE
07/01/09-06/30/10	2	07/15/09	11/15/09	TENTATIVE
07/01/10-06/30/11	3	03/15/10	07/15/10	TENTATIVE

DIRECT LOAN PROGRAM INTEREST RATES

Variable Rate: Federal Direct Subsidized & Unsubsidized Loans				
Status		Interest Rate for 7/1/08 through 6/30/09	Interest Rate for 7/1/07 through 6/30/08	Maximum Interest Rate
Loans with first disbursement date between 7/1/1998 and 6/30/2006	Repayment or forbearance	4.21%	7.22%	8.25%
	In school, grace or deferment	3.61%	6.62%	
Loans with first disbursement date between 7/1/1995 and 6/30/1998	Repayment or forbearance	5.01%	8.02%	
	In school, grace or deferment	4.41%	7.42%	
Loans with first disbursement date between 7/1/1994 and 6/30/1995	Any Status	5.01%	8.02%	
Fixed Rate: Federal Direct Subsidized & Unsubsidized Loans				
Loans with first disbursement date on or after 7/1/06	Any Status	6.80%		
Fixed Rate: Federal Direct Grad Plus Loan				
Loans with first disbursement date on or after 7/1/06	Any Status	7.90%		

source: WCMC FA Office: LaVerne Walker, Asst. Dir. of FA
low2001@med.cornell.edu; 212.746.1065