



**CPA Wealth Management
Services**

Laura Chiesman, Wealth
Coach
Thomas Kirk
President
215 Baytree Drive
Melbourne, FL 32940
321-254-1668
Lchiesman@cpawms.com
www.cpawms.com

Financial Aid Considerations for Graduate School



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What are the special financial aid considerations for graduate school?

When it comes to graduate school and financial aid, there are a few differences compared to undergraduate college and financial aid. Though most of the established financial aid programs are available to all students, a select few are not available to graduate students. "Financial aid" refers to loans, grants, scholarships, and work-study.

Loans

Over 50 percent of all graduate students borrow money to attend school. Remember, to be eligible for federal student loans, you must be enrolled in graduate school on at least a half-time basis.

Currently, all of the federal student loan programs that are available to undergraduates are also available to graduate students. The terms of the loans are identical for each group, except that the borrowing limits for graduate students are generally higher. Also, graduate students are eligible for PLUS Loans, which were previously reserved for parents of dependent undergraduate students. Under the GradPLUS program, creditworthy graduate students can borrow up to the full cost of their graduate education, minus any aid received.

Regarding private student loans, only a few are restricted to undergraduates. In fact, most private student loans are specifically targeted to graduate students, such as MBA students, law students, or medical students.

Colleges vary in the graduate loan programs they offer. Consequently, the type and amount of graduate aid that colleges offer can differ substantially. Contact the financial aid office of the graduate schools you are considering to learn more about any potential loan programs.

States, like colleges, also vary in the scope of their loan programs. While most states have a student loan program available for undergraduates, they may restrict the availability of funds for graduate students. Contact your state's higher education agency and inquire about any special loan programs for graduate students.

Grants

Perhaps the biggest difference between graduate school and undergraduate education is the availability of grants. The two biggest federal grant programs--the Pell Grant and the Supplemental Educational Opportunity Grant (SEOG)--are not available to graduate students. Similarly, most state grants are available only to undergraduate students. To find out if your state offers any grants specifically for graduate students, contact the appropriate state agency.

As for other grant sources, there are virtually thousands of foundations, associations, and corporations that offer grants. These are the places where hopeful graduate students will likely have the most success. Ask your local reference librarian or the financial aid administrator at your college for help in getting started on a search.

Scholarships

Like grants, scholarships are offered by a wide range of institutions. The Robert C. Byrd Scholarship Program (a federal scholarship) is limited to undergraduate students only. However, the AmeriCorps Program is available to both undergraduate and graduate students.

Start your scholarship search with the graduate schools you are interested in to learn about any scholarships they offer. Then check your local library or college career placement office for a broader listing of possible scholarship sources from professional organizations, unions, clubs, foundations, etc. You can also use the Internet to research possible scholarship sources. In addition, your state's higher education agency may offer scholarships for particular graduate fields of study.



Work-study

The federal work-study program is available to graduate students as well as undergraduates. This means that graduate students can work in a federally subsidized job while they attend school to earn money for tuition or related expenses. States may also offer special work-study programs for graduate students.

Are there any other funding considerations that graduate students should be aware of?

Many graduate students utilize their employer's tuition reimbursement benefits to help fund graduate school (each year the first \$5,250 is excluded from your income). Although tuition reimbursement is a nice benefit when offered, it usually means the student is working at least half-time and attending graduate school on less than a half-time basis--a situation that makes the student ineligible for federal student loans and possibly other loans as well.

Another consideration is that graduate students are usually independent. Consequently, any loans they apply for (financial aid loans or personal loans) do not consider the parents' income or assets. Some of the options that undergraduate students may be able to take advantage of to lower college costs may not be available to graduate students. These options include such things as attending a community college for two years then transferring to private school or special academic exams that allow undergraduates to place out of certain course requirements. However, on the flip side, some options may indeed be available to graduate students. For example, graduate students may be able to attend school in an accelerated program, attend a co-op graduate program, or have their parents buy housing near the school.

Does the deduction for student loan interest apply to graduate loans?

Yes. The deduction for student loan interest does not distinguish between undergraduate loans and graduate loans. Rather, any loans obtained in the pursuit of higher education qualify for the student loan interest deduction. However, certain income limits must be met to take the deduction.

Does the Lifetime Learning credit apply to graduate studies?

Yes. As the name implies, the Lifetime Learning credit applies to courses that are taken throughout your life. The credit is worth up to \$2,000 (in 2009) for the graduate expenses of you, your spouse, or your child. However, you must meet certain income limits.

By contrast, the Hope credit (renamed the American Opportunity tax credit for 2009 and 2010) does not apply to graduate students; only undergraduates in their first four years of college are eligible.





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