Understanding
Your 2015–16 Luther Financial Aid Award

DOES FINANCIAL AID SEEM LIKE A MYSTERY?
Applying for and understanding your financial aid award can seem like a mysterious process. What are the next steps? Who can advise you? What are the options specific to your situation? The answers to these questions can be found in Luther's Financial Aid Office, where we provide assistance to help you better understand your aid award.

In addition to seeming complicated, the process up to this point may have felt a bit impersonal. You supply the information for your FAFSA form, and the federal government’s computers generate your Expected Family Contribution (EFC).

At Luther, we strive to make the financial aid process feel less mechanized and more personal. We've included our pictures, above, to help you better connect a name with a face, so when you call us with questions—which we encourage you to do—you'll feel more comfortable and confident knowing that your inquiries will receive the attention they deserve. You should expect nothing less from us.

The four of us together have more than a century of financial aid experience. We're confident we'll be able to help you with your questions and promise to treat your inquiries as if it's the first time we've been asked.

So, with your financial aid award in front of you—and this guide in hand—let’s see if we can help you make sense of things. And if it’s still a mystery to you, please do give us a call.

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ABOUT YOUR FINANCIAL AID AWARD

Your financial aid award details the assistance you're eligible to receive based on the information you provided. It includes all programs administered through Luther, as well as aid awarded by the federal and/or state governments, outside agencies, and private donors.

Financial aid comes in a variety of forms; your financial aid award contains one or more of the following types of assistance.

SCHOLARSHIP AND GRANTS

Scholarships and grants are gifts of money based on academic merit, leadership, talent, and financial need. These awards do not need to be repaid.

Luther Scholarships and Grants

Scholarships and grants funded by Luther are the primary sources of assistance for students. These awards are made available through generous gifts from donors and funds from Luther’s general operating budget.

If you receive funds from a named endowment or donor, we’ll notify you sometime during the academic year so you can thank the individual(s) responsible for your assistance.

The amounts of our scholarships and grants vary depending on your demonstrated financial need and/or academic achievement.

If you have been awarded scholarships or grants, those funds will be credited directly to your account; you must be enrolled for at least 12 credits per semester—considered full-time status—to receive these awards. Please note that January Term credits are not counted toward the minimum 12 credits for either semester.

Federal Grants

The Pell Grant and the Supplemental Educational Opportunity Grant (SEOG) are federal grants awarded to students who demonstrate exceptional need. All Luther students applying for need-based aid are considered for these funds.

If your financial aid award indicates you will be receiving Pell Grant and SEOG funds, additional documentation may be requested by the Financial Aid Office to confirm your grant.

State Grants

The Iowa Tuition Grant is awarded to Iowa residents on the basis of financial need.

The Iowa College Student Aid Commission establishes the residency requirements for this grant and annually determines the amount of the grant based on state funding projections. If you meet the state guidelines for this grant, you will see the Iowa Tuition Grant indicated on your financial aid award.

Grants are normally renewable each year, provided you continue to meet the need requirements and filing deadlines set by the Iowa College Student Aid Commission.

You may receive up to the equivalent of eight full-time semesters of Iowa Tuition Grant funds as an undergraduate student; if you are a part-time student, you may receive a prorated amount.
Education Partners in Covenant (EPIC)

EPIC grants represent a cooperative venture between Luther College and any church congregation that chooses to financially support one or more students at Luther. In this program, Luther matches church contributions up to $1,000 per year for a maximum of four years.

An EPIC Contribution Form—submitted by the church—informs the Financial Aid Office of the award amount given to each student.

If you will be receiving EPIC funds and they are not shown on your financial aid award, please ask your congregation to submit the EPIC Contribution Form or a letter informing us of the contribution.

We ask that your congregation submit the contributions to Luther prior to August 10 for fall semester and January 10 for spring semester. The check should be identified as an EPIC gift with you listed as the recipient. If the check is mailed to you directly, you must forward the check to the Financial Aid Office so we can apply the funds to your account and award you the Luther match.

If members of your church have questions about the program, they should feel free to contact the Financial Aid Office at (563) 387-1018.

Outside Agency Scholarships and Awards

Since federal regulations require that all student aid be considered in a financial aid package, receipt of outside agency scholarships and awards may affect your eligibility for other aid programs.

If you are receiving an outside agency scholarship (money from sources such as Scholarship America, companies, foundations, etc.), the award must be coordinated with your financial aid offer.

If you know of aid that you will be receiving—and that aid does not appear on your financial aid award—please notify the Financial Aid Office by listing the scholarship on the 2015–16 Award Response Form. The Financial Aid Office will coordinate your outside agency scholarship with your current aid and send you a revised financial aid award.

Be sure to contact the sponsoring organization to ensure that your award is being processed.

If the scholarship check is given directly to you, it is important that you submit the check to the Financial Aid Office to ensure that the funds are properly credited to your student account.

LOAN PROGRAMS

Student loans are funds borrowed by the student and must be repaid to the lender with specified interest during an established repayment period.

William D. Ford Federal Direct Stafford Loan

Your financial aid award may indicate a subsidized and/or unsubsidized Federal Direct Stafford Loan.

The Subsidized Federal Direct Stafford Loan is granted based on financial need. The federal government subsidizes (pays) the interest for you until you graduate or drop below half-time status.

The Unsubsidized Federal Direct Stafford Loan is not based on need. Interest will be charged from the date of the first disbursement until the loan is paid in full. You have the option to pay the interest as billed or allow the service provider to capitalize the accrued interest (add the interest to the principal).

Your financial aid award indicates the subsidized and/or unsubsidized loan maximum for which you may apply. If you qualify for the maximum Stafford Loan, you may borrow up to $5,500 in combined subsidized and unsubsidized loan(s) for your first year in college, $6,500 for your sophomore year, and up to $7,500 for each of your junior and senior years. You may not borrow more than $31,000 for all undergraduate study.

A very small number of Luther students are determined to be self-supporting by the federal government’s definition and may be eligible for additional unsubsidized loan.

In addition, students whose parents are ineligible to borrow under the Federal Direct Parent Loan (PLUS) program may also have additional unsubsidized loan eligibility.

If your financial aid award indicates you are eligible for the subsidized or unsubsidized Direct Stafford Loan, you may apply for the amount you wish to borrow up to the loan amount designated on the financial aid award. To receive the funds, you must complete a two-step process.

1. Complete entrance electronic loan counseling, which will help you understand your rights and responsibilities as a borrower.

2. You will be required to complete an electronic master promissory note located on the forms section of Luther’s financial aid website. This promissory note needs to be completed only when borrowing your initial loan.

The terms of the note cover all additional Stafford Loans borrowed during your enrollment at Luther.

If you would like to borrow less than
you were offered, indicate this on the 2015–16 Award Response Form. Otherwise, we will assume you wish to borrow the full amount you have been offered.

Finally, a few other details about your Stafford loans: The processor deducts fees of just over 1.0 percent from each loan disbursed. The interest rate on Stafford loans borrowed for the 2014–15 academic year was fixed at 4.66 percent. Interest rates are set annually on July 1. Repayment of the loan principal is deferred until six months after you fall below half-time status. The maximum repayment period for the standard repayment plan is 10 years.

There are several other repayment plans offered, including Income-Based, Income-Contingent, Pay as You Earn, Extended, and Graduated repayment options. You will be given the option to choose your repayment plan just prior to your loan coming due.

Federal Direct Stafford Loan funds are applied to the student account in two equal installments following confirmation of enrollment for each semester. You must be enrolled at least half-time (at least six credit hours) and maintain satisfactory academic progress at the time the funds are disbursed.

Federal Perkins Loan
The Federal Perkins Loan is awarded based on exceptional need. Awards normally range up to $2,000 per academic year based on financial need. Federal regulations limit the aggregate amount that may be borrowed to $20,000 for all undergraduate study.

No interest accrues while you are in school. Repayment of the loan at 5 percent interest begins nine months after you cease to be enrolled at least half-time, with a minimum monthly payment of $40. The maximum repayment period is 10 years.

Funds will be credited to your Luther account at the beginning of each semester after you have completed a master promissory note (sent electronically from our loan servicer, ECSI).

STUDENT EMPLOYMENT/WORK-STUDY PROGRAM
The student employment program is designed to provide you with on-campus employment or off-campus community service work, if eligible, while attending Luther.

This program offers many important benefits, including the opportunity to pay for part of your college expenses, thus reducing the need for you to borrow additional funds.

Additionally, while participating directly in the life of the Luther community, you will gain valuable work experience that prepares you for employment in future years.

The amount of work-study listed on your financial aid award represents the maximum you may earn through the work-study program. If you do not work the number of hours required to earn the full amount of your award, you will receive payment only for the hours you actually worked.

Most students at Luther work an average of six to 10 hours per week to earn their maximum award amount for the year. You are paid monthly based on the number of hours you worked for the previous month.

If you wish to use a portion of your anticipated student work earnings as a credit on your student account, you will need to complete a Work Credit Plan Application with the Office for Financial Services.

You may choose to contract up to 90 percent of your authorized work-study maximum in a work credit plan. Additional information on this plan will be mailed to you once you have decided to attend Luther.

The Student Employment Office assigns you to a position for your first year at Luther. Returning students arrange their positions prior to leaving campus for the summer.

Positions are available throughout the college and include opportunities in research, tutoring, community service, administration and office operations, computing and library services, dining services, and facilities management.
Your work-study award will be canceled if you fall below full-time enrollment or withdraw from Luther. You must notify your supervisor of cancellation of eligibility for work-study funds and of any revision in the amount of your work award.

**TAX CREDIT OPPORTUNITIES**
The Taxpayer Relief Act enacted the American Opportunity and Life Long Learning Tuition Tax Credits; tax-free status for distributions from private, prepaid tuition plans; penalty-free distributions from retirement funds for education; and a tax deduction for interest on educational loans.

Credits are available for educational expenses paid by parents—on behalf of students—on behalf of students claimed on parent tax returns. Because the specifics on each of the programs vary according to individual circumstances and are subject to legislative changes, we encourage you to discuss your eligibility with your tax adviser.

For more information on these programs, see the Consumer Information section of the Luther College Financial Aid Office website, [www.luther.edu/financialaid](http://www.luther.edu/financialaid).

**HOW YOUR AID OFFER WAS DETERMINED**
Now that you have a better idea about what forms of assistance make up your financial aid award, it's time to look at how your financial aid award was determined.

First, we begin by estimating the total cost of attending Luther College for the 2015–16 academic year.

The cost of attendance includes tuition and fees as well as an estimate for room and board, books and supplies, and other living expenses for an academic year.

The information you reported on your Free Application for Federal Student Aid (FAFSA) was analyzed to estimate your family’s ability to pay for one year’s education (EFC).

The difference between the total cost of attendance and your Expected Family Contribution is the maximum amount of need-based assistance you may receive—it’s referred to as your “demonstrated need.”

In most cases your family contribution will be based on financial information for both you and your parents. Your parents’ financial situation is always considered unless you meet the federal definition of an independent student as outlined on the FAFSA.

Your share of the family contribution is based on earnings and assets as reported on the FAFSA. Your expected family contribution does not represent the amount that must be paid directly to Luther; it may also reflect the amount you and your family provide for other expenses such as transportation, books, personal expenses, and, if not living on campus, room and board. A portion of this amount may already be included in your household budget.

Please refer to the Financial Aid Cost Estimate Worksheet—enclosed with your financial aid award—for a more comprehensive picture of your family’s expected share of costs payable to Luther College.

Second, once your demonstrated need is determined, we estimate your eligibility for federal and state funds.

Federal eligibility is determined by applying a separate federal need calculation legislated by Congress. The federal aid you are offered is based on both the results of the federal need calculation and the availability of funds.

In order to avoid later revisions, we also attempt to estimate the amount you may receive from state grants, such as the Iowa Tuition Grant program.

Finally, the total amount of assistance you will receive from federal, state, and other external sources is subtracted from your demonstrated need to determine your remaining eligibility for funds administered by Luther.

The actual sources of funding and amounts of each award are determined by policies established by Luther to ensure fair and consistent distribution of limited aid funds among all eligible applicants.
APPEALS FOR ADDITIONAL ASSISTANCE

We try very hard to provide enough funding to make it possible for students to afford Luther.

We have a very good track record in this regard; each year about 650 new students—from all economic backgrounds—join us on campus. As hard as we try, though, the reality is that our supply of funds is not limitless.

As you review your financial aid award, you may believe that we have overlooked something in your financial situation. You and your family may request a reevaluation of your financial aid award.

Appeals must be submitted in writing with supporting documentation of any changes that have occurred in your family’s situation. Parents’ and student’s tax returns for the 2014 tax year should be submitted along with any other information demonstrating your family’s unique circumstances. Documentation should provide specific financial details for consideration of a recalculation.

Examples of special circumstances include such situations as loss of wages or unusual medical expenses. More information regarding special circumstances can be found on the forms page of www.luther.edu/financialaid.

The Financial Aid Office will grant additional assistance for approved appeals on a funds-available basis.

You will be notified in writing regarding the outcome of your appeal. If additional information is required, we will notify you and ask that you respond promptly.

I’VE DECIDE TO ATTEND LUTHER—NOW WHAT?

Applying for assistance and receiving your financial aid award are only two steps in the process of financing your education at Luther. The rest of the process is much easier.

Once you’ve decided to attend Luther and sent in your $250 enrollment deposit, you’re ready to take the next steps.

HOUSING

Shortly after you have paid your enrollment deposit, the Admissions Office will mail a Housing Application to you. On the application, you will be asked to indicate your preferences for residence hall location and information that will assist the Residence Life staff in making an appropriate roommate match. You are encouraged to view the New Student Information page on the Residence Life website at http://luther.edu/reslife/new-student for additional information.

PAYMENT OPTIONS

Your account balance minus any credited or anticipated financial assistance is due prior to the beginning of each semester. You have three options for paying your balance.

BILLING

Prior to the beginning of each semester, Luther will issue a Statement of Account indicating your charges and financial assistance.

It will include anticipated financial assistance that will be directly credited to your account, such as outside agency scholarships that have been reported to the Financial Aid Office as required.

If a written monthly payment plan or work credit plan has been negotiated with the Office for Financial Services prior to the statement, the appropriate semester portion of each plan will appear as a credit on the statement. A portion of the statement will also show the status of payments on these plans.

Your account balance, less any estimated awards or payment plans, is due on or before August 10 for fall semester and January 10 for spring semester.

Federal financial aid will only be applied toward tuition, mandatory fees, and Luther room and board charges for the academic year.

If you want your federal financial aid to be applied to all charges—including health insurance fees, health service charges, library fines, parking fines, etc., you must sign an authorization. The Financial Aid Office will be requesting this authorization over the summer.

RECEIVING YOUR AID

If you are eligible to receive need-based financial assistance, an additional step may be required to finalize your offer through a process called verification. You and your family may be required to supply documentation to support the information you included on your FAFSA.

You will receive—under separate cover—a complete list of the items needed. The Financial Aid Office will review this additional information and either confirm the offer or adjust your aid if necessary. This process must be completed before we can certify any loan applications or disburse funds to your account.

You must also fulfill the requirements detailed in this publication for each award listed on your offer of financial assistance.

REGISTRATION

You will be invited to attend one of four ROAD (Registration, Orientation, and Advising Day) events in May or June. These on-campus registration events provide valuable orientation information and face-to-face advising sessions. There is also an opportunity to meet with the Financial Aid Office to complete forms and converse with the Office for Financial Services regarding billing and payment options.

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PAYMENT OPTIONS

Your account balance minus any credited or anticipated financial assistance is due prior to the beginning of each semester. You have three options for paying your balance.
1. Pay in full. You can simply pay your full balance at the beginning of each semester. Fall semester payments are due on August 10, and spring semester payments are due on January 10.

2. Pay monthly. If you would like to spread your balance over the academic year, you can participate in the monthly payment plan offered through the Office for Financial Services. By dividing your college charges into eight equal payments, you may better manage your monthly cash flow without borrowing or paying interest. Your calculated monthly payment must be at least $200 per month to be eligible for this plan.

   Monthly payment plan information is mailed to all students in the spring. Application materials are available through the Office for Financial Services or on the web at www.luther.edu/financial-services.

   Revisions to financial assistance may affect your monthly payment plan. Students who have an outstanding balance because of an unfulfilled payment plan or work credit plan will be considered for eligible refunds only after their unpaid balance is paid in full.

   Questions about your monthly payment plan and requests for payment recalculation should be directed to the Office for Financial Services.

3. Pay over time. Other loan programs are available to enable you or your parents to finance your educational expenses over a longer period of time. These financing programs allow you to manage your investment in a way that reflects your family’s unique circumstances, allowing you to choose from different benefits and terms. Funding is available to finance your total share of the cost of education, including travel and personal expenses, if you wish.

   Eligibility for these programs is based on creditworthiness and ability to repay, not on financial need. Applications for these loans are available online. Applications are normally completed for the full academic year, and funds are disbursed equally between semesters. Submit your application early to ensure sufficient time for processing. Applications should be submitted by July 1 to ensure that funds are available at the beginning of the semester.

   The two primary types of loans to assist with your remaining costs are the Federal Parent Loans (PLUS) and private educational loans. Applications and additional information for these options are available at www.luther.edu/financialaid.

**GRADREADY**
The Financial Aid Office has partnered with NorthStar Education Services Inc., to offer GradReady. This online money management website has videos and tools about credit, student loans and identity theft. We encourage our students to create a profile on this site and utilize it regularly.

**ADDITIONAL INFORMATION**
The Financial Aid Office website, www.luther.edu/financialaid, contains information on a wide variety of topics. We invite you to visit the website if you need additional information.