Federal Perkins Loan

What is a Federal Perkins Loan?

A Federal Perkins Loan is a low-interest (5 percent) loan for students with financial need. Saint Xavier University is the lender for the loan but has contracted University Accounting Service (UAS) for the billing and accounting of your Federal Perkins Loan.

How much can I borrow?

Depending on when you apply, your level of need, and the school's funding level, you can borrow up to $4,000 for each year of undergraduate study (the total amount you can borrow as an undergraduate is $20,000).

Other than interest, is there any charge to get these loans?

A fee is involved for Direct and FFEL Stafford Loans but not for a Federal Perkins Loan. But, after you start to repay, if you skip a payment, make a payment late, or make less than a full payment, you might have to pay a late charge. If you continue not making payments as required, you will have to pay collection costs.

How will I be paid?

Your school credits your account. You'll receive the loan in two payments during the academic year.

Can I cancel the loan if I change my mind, even if I've signed the promissory note agreeing to the loan's terms?

Yes. Your school must notify you in writing whenever it credits your account with your Perkins Loan funds. You may cancel all or a portion of your loan if you inform your school within 14 days after the date your school sends you this notice, or by the first day of the payment period, whichever is later.

When do I pay back this loan?

If you're attending at least half time, you have nine months after you graduate, leave school, or drop below half time status before you must begin repayment (those on active duty with the military might have longer than nine months). At the end of the grace period, you must begin repaying your loan. You may be allowed up to 10 years to repay.

Military personnel called to active duty will have additional options to postpone repayment. The school that made the loan or its servicer should be contacted for more information.

How much will I have to repay each month?

Your monthly payment amount will depend on the size of your debt and the length of your repayment period. The table below shows the typical monthly payments and total interest charges for three different 5-percent loans over a 10-year period.

Examples of Typical Payments for Perkins Loan Repayment

Total Loan Amount	Number of Payments	Approximate Monthly Payment	Total Interest Charges	Total Repaid
$4,000	120	$42.43	$1,091.01	$5,091.01
$5,000	120	$53.03	$1,364.03	$6,364.03
$15,000	120	$159.10	$4,091.73	$19,091.73

Are there any tax incentives available for paying back these loans?

Yes, there are tax incentives for certain higher education expenses, including a deduction for student loan interest for certain borrowers. This benefit applies to all loans used to pay for postsecondary education costs. The maximum deduction is $2,500 a year. IRS Publication 970, *Tax Benefits for Higher Education*, explains these credits and other tax benefits. You can find out more at www.irs.gov or by calling the IRS at 1-800-829-1040. TTY callers can call 1-800-829-4059.

Is it ever possible to postpone repayment of my Federal Perkins Loan?

Yes, under certain conditions, you can receive a "deferment" or "forbearance" on your loan, as long as the loan isn't in default. During a deferment, you're allowed to temporarily postpone payments, and no interest accrues. The school that made your loan must defer your Federal Perkins Loan(s) during periods where you perform a service that qualifies you for loan cancellation.

Deferments are not automatic. You must apply for one through your school, generally by using a deferment request form. You must file your deferment request on time or you'll pay a late charge. For more details on deferments, contact your school's financial aid office.

If you temporarily can't meet your repayment schedule but aren't eligible for a deferment, you can receive forbearance for a limited and specific period. During forbearance, your payments are postponed or reduced. Interest continues to accrue, however, and you're responsible for paying it. Forbearance is not automatic either. You may be granted forbearance in intervals of up to 12 months at a time for up to 3 years. You must apply for forbearance to the school that made your loan or to the agency the school employs to service your loan. You'll have to provide documentation to show why you should be granted forbearance.

You must continue making scheduled payments until you're notified that deferment or forbearance has been granted. Otherwise, you could become delinquent or go into default.

Is it ever possible to have my Federal Perkins Loan discharged?

Yes. Federal Perkins Loans can be canceled if the borrower dies or becomes totally and permanently disabled, for example. A loan can also qualify for cancellation under certain other conditions, as long as you're not in default.

If you have any questions about the terms of your Federal Perkins Loan, check with the school that made your loan. Only that school may grant deferment, forbearance, or cancellation, or make other decisions concerning your loan.

Loan Deferment Summary

For more information on deferment conditions, go to **http://www.uaservice.com/Defer.html**

Deferment Condition	**Perkins Loan**
At least **half time** study at a postsecondary school	Yes
Study in an approved graduate fellowship program or in an approved rehabilitation training program for the disabled	Yes
Unemployment	Up to 3 years
Graduate Fellowship Study	Yes
Economic hardship	Up to 3 years[1]
Law enforcement/corrections officer	See Footnote 3
Peace Corps/ACTIONS Program Volunteer	See Footnote 3
U.S. Armed Services	Yes
Nurse/Medical Technician providing health services	See Footnote 3
Employment in Head Start Program	See Footnote 3
Teacher in designated low income school	See Footnote 3
Teacher of special education, including teachers of infants, toddlers, children or youth with disabilities	See Footnote 3
Provider of early intervention services	See Footnote 3
Faculty at a Tribal college or university	See Footnotes 3 & 6
Firefighter	See Footnotes 3 & 6
Speech/Language Pathologist in a designated low income school	See Footnotes 3 & 6
Librarian in or serving a designated low-income school	See Footnotes 3 & 6
Teacher of prekindergarten or child care program	See Footnotes 3 & 6
Public Defender	See Footnotes 3 & 6
Forbearance – if your Title IV debt burden equals or exceeds 20% of your gross income, you may be eligible for forbearance	3 years renewable annually
Provider or supervisor of services to high risk children from low income communities and their families	See Footnote 3
Teacher of mathematics, science, foreign languages, bilingual education or other field of expertise determined by state education agency to have a shortage of qualified teachers.	See Footnote 3
Effective July 1, 2001, for a period not to exceed three years during which you are serving on active duty during a war or other military operation or national emergency, or performing qualifying National Guard duty during a war or other military operation or national emergency.	Up to 3 years

[3] Deferment is for period I which a borrower is engaged in service eligible for Federal Perkins Loan Cancellation.

[6] Benefit eligibility is effective 8/14/2008

Perkins Cancellation Summary

For more information on cancellation, go to **http://www.uaservice.com/Cancel.html**

Cancellation Criteria	Amount Forgiven
Borrower's total & permanent disability[2] or death	100%
Full-time employment in a Head Start Program	100% (15% per year)
Full-time law enforcement or correction officer	100% (over 5 years)
Full-time teacher in a low income school eligible for funding under Chapter 1 of the Education Consolidation and Improvement Act of 1981	100% (over 5 years)
Full-time special education teacher, including teacher of infants, toddlers children or youth with disabilities	100% (over 5 years)
Provider of early intervention service in a public or non-profit program under public supervision.	100% (over 5 years)
Full-time teacher of mathematics, science, foreign languages, bilingual education, or any field of expertise determined by the state education agency to have a shortage of teachers	100% (over 5 years)
Provider or supervisor of the provision of services to high-risk children from low-income communities and their families	100% (over 5 years)
Nurse or medical technician providing health care services	100% (over 5 years)
Peace Corps or ACTIONS programs volunteer	70% (over 4 years)
Military Service in U.S. Armed Forces serving under hazardous duty pay.	50% (12.5% per year of qualifying service) for service through 8/14/2008. Service beginning on or after 8/14/2008, cancellation is 100% over 5 years
Bankruptcy	In some cases
Spouse of Victim of 9/11/2001	For loans made before 9/11/2001, 100% of balance outstanding when cancellation is requested
Public Defender	100%** (over 5 years)
Teacher of prekindergarten or child care program	100%** (15% per year)
Librarian in or serving a designated low-income school	100%** (over 5 years)
Speech Language Pathologist in a designated low-income school	100%** (over 5 years)
Firefighter	100%** (over 5 years)
Faculty at a Tribal college or university	100%** (over 5 years)

**Benefit eligibility begins 8/14/2008

If you expect to be eligible for any cancellation listed above, you should apply for deferment of your payments during your year of qualifying service/employment. Deferment delays billing until the end of the year, when your payments will be cancelled. To apply, complete a Request for Deferment Prior to Cancellation form and return it to UAS for processing.

To receive Cancellation Benefits, you must file a Request for Cancellation form at the end of your eligible year. If you defer payments for service/employment, this form will be sent to you automatically.

Saint Xavier University has contracted University Accounting Service (UAS) for the billing and accounting of your Federal Perkins Loan. You may also contact UAS regarding repayment, cancellation, deferment, and consolidation options regarding your Federal Perkins Loan.

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