

New Stafford Loan Limits go into Effect Next Month

By Dan Rodgers

Annual loan limits were increased for Federal Stafford Loans for several grade levels under the Higher Education Reconciliation Act (HERA), with an effective date of July 1, 2007. If you have been confused about what *kind* of effective date, or “trigger” as it is often called, you are not alone.

Originally, guidance provided by the U.S. Department of Education in a Dear Colleague Letter (March 2006) said the increases would go into effect for loans *certified* on or after July 1, 2007. Final clarification made during the Federal Student Aid Conferences by the Department indicate the effective date is for loans *first disbursed* on or after July 1.

What this means is that schools may certify loans now with the higher limits as long as the first disbursement is scheduled on or after July 1, 2007.

The loan period must either begin on or after July 1 or, for crossover periods, include July 1 (i.e., for summer terms that begin in June and end in August). For fall-spring loans, certifying loans at the higher limit is business as usual since the first disbursement will be after the effective date. For summer loans and other crossover loan periods, the school may use any of the following options to obtain the higher limit for the student:

1. Wait until July 1 to certify the loan.
2. Certify the loan now and schedule the first disbursement on or after July 1.
3. Certify two loans – one at the current, lower limit with the first disbursement before July, and a second loan for the difference with the first disbursement scheduled on or after July 1.

Stafford Annual Loan Limits

Effective for loans first disbursed on or after July 1, 2007
(*New limits in green*)

	Base Sub/Unsub	Additional Unsub
1 st year undergraduate	\$3,500	\$4,000
2 nd year undergraduate	\$4,500	\$4,000
3 rd year & beyond undergraduate	\$5,500	\$5,000
Graduate/professional	\$8,500	\$12,000
Preparatory coursework (for enrollment in an undergraduate program)	\$2,625	\$4,000
Preparatory coursework (for enrollment in a graduate or professional program)	\$5,500	\$7,000
Teacher certification	\$5,500	\$7,000

Did you know...

More students than ever in continuing education and professional programs are using personal savings and employer-offered tuition assistance programs to pay for their education. Of 25,000 current and prospective students surveyed, 50 percent said they plan to use their own resources and 48 percent said they would pay for at least part of their higher education through workplace tuition assistance. Only about 28 percent said they would use federal student loans for financing. *Source: Eduventures report, “Assessing Consumer Preference for Adult, Continuing, and Professional Education.”*