

A decorative graphic consisting of a teal circle on the left side, partially overlapping a horizontal teal bar. A white left-facing bracket is on the left side of the bar, and a teal right-facing bracket is on the right side of the bar. The text 'TEACH Grant' is centered within the bar in white.

TEACH Grant

Entrance Counseling Session
By Bethel College
Office of Student Financial Aid

[Information]

Before you receive a TEACH Grant, regulations require that you complete a counseling session. The counseling session provides information about the terms and conditions of a TEACH Grant service agreement, as well as the rights and responsibilities that apply if your TEACH Grant is converted to a loan.

At the end of this presentation, you will be responsible for passing a quiz and submitting it to the Office of Student Financial Aid before a TEACH Grant can be awarded.

Understanding the Grant

The TEACH (Teacher Education Assistance for College and Higher Education) Grant is designed for students who intend to teach full time in a high-need field at a public or private elementary or secondary school that serves students from low-income families.

Students who receive the TEACH Grant must fulfill a service obligation. **Failure to complete the entire service obligation or to meet other TEACH Grant requirements will result in the grant being converted into a Federal Direct Unsubsidized Stafford Loan with interest accruing from the date of disbursement.** If a TEACH Grant is converted into a loan it may **not** be reconverted back into a grant.

High Need Fields

For the purpose of this grant, high-need fields include the following:

- Bilingual Education
- English Language Acquisition
- Foreign Language
- Mathematics
- Reading Specialist
- Science
- Special Education
- Other identified teacher shortage areas as of the time you begin teaching in that field. These are teacher subject shortage areas (not geographic areas) that are listed in the Department of Education's Annual Teacher Shortage Area Nationwide Listing. To access the listing, go to www.ed.gov/about/offices/list/ope/pol/tsa.doc.

NOTE: The field you teach in must be a high-need field in the state where you teach in order to satisfy your service requirements. For example, if music is a high-need field in Texas but not in Montana and you teach music in Montana, it will not satisfy your service obligation.

[High Need Fields Continued...]

Also note that the "other" category of high-need fields is subject to change. A field that is considered high need when you receive your TEACH Grant may not be considered high -need when you begin teaching; therefore, your TEACH Grant would be converted to a loan at that time.

Schools serving low-income students include any elementary or secondary school that is listed in the Department of Education's Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits. To access the Directory, go to <https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>.

Award Amounts

You may receive a TEACH Grant, as follows:

- Up to \$4,000 per grade level for full-time students (amount will be less for less-than-full-time enrollment)
- A cumulative maximum amount of \$16,000 if you are an undergraduate student or enrolled in a post-baccalaureate teacher credential program
- A cumulative maximum amount of \$8,000 if you are a graduate student
- Awards will be split into two disbursements, with each disbursement equaling no more than half of the annual award amount.

Example:

You attend a semester based school and are considered a full-time student eligible to receive \$4,000 for one academic year. You'll receive \$2,000 for the fall semester and \$2,000 for the spring.

[Cancellation]

You may request cancellation of all or part of your TEACH Grant award:

- If you request cancellation before the first day of the payment period or within 14 days after your school notifies you of your right to cancel the grant, your school will return the funds and they will not be converted to a Direct Unsubsidized Stafford Loan.
- If you miss the time frame above but request a cancellation within 120 days of disbursement, your school may return the funds; however, though they are not required to do so.

Eligibility Requirements

To be eligible for a TEACH Grant, you must meet these requirements:

- Complete the FAFSA (Free Application for Federal Student Aid), though you do not have to demonstrate financial need
- Be a U.S. citizen or eligible non-citizen
- Be enrolled as an undergraduate, post-baccalaureate, or graduate student in a postsecondary educational institution that has chosen to participate in the TEACH Grant Program
- Be enrolled in coursework that is necessary to begin a career in teaching or plan to complete such coursework. Such coursework may include subject area courses (e.g., math courses for a student who intends to be a math teacher)
- Have a 3.25 cumulative grade point average (high school GPA for first year undergraduates) OR score in the 75th percentile on at least one admissions test (GPA requirements do not apply to graduate students who are currently teachers or who are retiring and have expertise in a subject where there is a shortage of teachers)
- Sign a TEACH Grant Agreement to Serve.

Applying for a TEACH Grant

To apply for the TEACH Grant, you must complete the FAFSA (Free Application for Federal Student Aid), though you do not have to demonstrate financial need. In addition, you must complete a TEACH Grant Agreement to Serve (ATS) each year that you receive the grant. In future years, there may be an additional application.

If you have not already completed your Agreement to Serve, contact your school to determine how to do so online. You will need your Federal Student Aid Personal Identification Number (your FAFSA PIN) to complete the agreement.

The Agreement to Serve specifies the conditions under which the grant will be awarded, the teaching service requirements, and includes an acknowledgment by you that you understand that if you do not meet the teaching service requirements you **must repay the grant as a Federal Direct Unsubsidized Stafford Loan.**

Service Obligation

If you accept a TEACH Grant you must meet the following service obligation:

- Agree to teach **for at least four academic years** within eight calendar years of completing your program of study for which you received the TEACH Grant
- Teach full time in a high-need field for the majority of the classes you teach in a public or private elementary or secondary school that serves students from low-income families
- Be classified as a highly qualified teacher as defined in section 9101 (23) of the Elementary and Secondary Education Act of 1965, as amended (<http://www.ed.gov/policy/elsec/leg/esea02/pg107.html>). For special education teachers, highly qualified is defined in section 602 (10) of the Individuals with Disabilities Education Act.

Service Obligation Continued...

For the purpose of meeting your service obligation, an "academic year" is defined as follows:

- One complete school year, or two complete and consecutive half years from different school years that generally fall within a 12-month period
- Summer sessions are excluded
- A minimum nine consecutive months is equal to an academic year for schools with a year-round program.

Service Obligation Continued...

You will be required to complete the four-year teaching obligation for each academic program for which you receive TEACH Grants. The service obligations can be met concurrently if you complete multiple programs before you began teaching. However, if you complete a program for which you've received a TEACH Grant, teach two years and then go back to school and receive additional TEACH Grant funds, when you leave school the second time you still will have to meet the four-year service obligation for the second set of TEACH Grants.

Examples

- Example 1: You choose to go to graduate school immediately following the completion of your bachelor's degree and you receive TEACH Grants both as an undergraduate and a graduate student. When you begin teaching, you will only have to complete one four-year service obligation.
- Example 2: You receive a TEACH Grant as an undergraduate student and upon completion of your bachelor's degree, you begin teaching as outlined in your service agreement. You teach for three years and then decide to go back to school, at which time you receive additional TEACH Grant funds. When you leave school the second time, you will still have to complete four years of teaching service as defined by your service obligation. Your first year back to teaching will fulfill your obligation for the grants you received as an undergraduate student, but you'll need to teach for three more years to fulfill the obligation for the grants received when you returned to school.

Documentation of Service Obligation

Within 120 days of either withdrawing from or completing the program for which you received a TEACH Grant, you must notify the Department of Education of the following:

- You are employed as a full-time teacher in a position that meets the qualifications for your service obligation OR
- You are not yet employed in a position that meets the qualifications, but you do intend to meet your obligation.

At the end of each year of qualifying service, you will be required to provide the Department of Education with documentation of your service. You must have the chief administrative officer at the school where you teach complete a certification form. The form must confirm all of the following:

- You met the requirements for a highly-qualified teacher
- You taught in a low-income school
- The majority of the classes you taught were in a high-need field

Documentation of Service Obligation Continued...

If you teach at more than one qualifying school during a school year, the chief administrative officer at each school should complete a certification form and confirm that you meet the service obligation qualifications at the school. The combined total of the schools must indicate that you taught full time.

Suspension of Service Obligation

You may request a temporary suspension of your service obligation if one of the following is true:

- You return to school in a program that may qualify you for another TEACH Grant
- You are enrolled in a program to satisfy a state's requirements for certification or licensure to teach
- You meet a condition covered under the Family and Medical Leave Act of 1993
- You are called to active duty status for more than 30 days as a member of a reserve component of the Armed Forces, or service as a member of the National Guard called to full-time duty in connection with a war, military operation, or a national emergency.

Enrollment and Family and Medical Leave Act suspensions may be awarded for one year at a time, and may not exceed a combined total of three years. Suspensions due to military service will end upon completion of your active duty status.

Suspension of Service Obligation Continued...

To request a suspension of your service obligation, you must complete the suspension form provided by the Department of Education.

NOTE: Be sure to request a suspension as soon as possible after one of the above conditions occurs. If you wait too long and you become subject to any of the conditions that would cause the grant to be converted to a loan, it is **not reversible**.

If you complete at least a half year's service before leaving due to Family Medical Leave Act conditions or military duty, you may be able to receive credit for a full year's worth of service.

Discharge of Service Obligation

Your service obligation may be discharged, in other words, you won't have to fulfill the service obligation and the loan won't be converted to a loan, if:

- you die or
- you become totally and permanently disabled (subject to a three-year conditional period).

Conversion of a TEACH Grant to a Loan

As mentioned earlier, it is possible for your TEACH Grant to become an interest-accruing loan that you will be required to repay. Interest will be calculated back to the date the grant funds were disbursed, and you will be responsible for repaying such interest as well.

Conversion of a TEACH Grant to a Loan Continued...

The conditions under which the TEACH Grant can be converted to a Federal Direct Unsubsidized Stafford Loan include the following:

- Upon your request (for example, if you decide not to teach)
- Your failure to notify the Department of Education within 120 days of leaving school that you are:
 - employed as a full-time teacher in a position that meets the qualifications for your service obligation or
 - not yet employed in a position that meets the qualifications, but you do intend to meet your obligation.
- Leaving school without completing your program of studying and within a year you:
 - do not qualify for a service obligation suspension,
 - do not reenroll in a program that would make you eligible for a TEACH Grant, or
 - have not begun qualifying teaching service.
- You fail to notify the Department of Education every year that you intend to complete your service obligation.
- You reach a point in the eight-year time frame when it becomes impossible for you to complete your service obligation. For example, if by year five you have not completed any years of service, there would be no time for you to get the full four years of service in before the eight-year cutoff. Thus, your loan would enter repayment during the fifth year.

Conversion of a TEACH Grant to a Loan Continued...

Once a TEACH Grant is converted to a loan, your 6-month grace period begins. During the grace period, interest accrues, though you will not need to make payments. You receive only one grace period per loan. Repayment begins after the grace period ends, with the first payment usually due 45-60 days later:

- The maximum repayment period is 10 years.
- Payments are expected each month.
- The minimum monthly payment is \$50, but may be higher depending on your balance.
- You may prepay your loan at any time without penalty. Prepayment may substantially reduce your interest costs.

Once a TEACH Grant is converted to a loan it **cannot** be reconverted to a grant.

Federal Direct Unsubsidized Stafford Loan

If your TEACH Grant is converted to a Federal Direct Unsubsidized Stafford Loan, it will have all of the rights and responsibilities associated with those loans including the various loan forgiveness programs.

Federal Direct Unsubsidized Stafford Loan Continued...

These rights and responsibilities include the following:

- Notifying the Department of Education any time you have a change in name, address, telephone number, or any other status that would affect your loan.
- A fixed interest rate of 6.8 percent.
- Interest being charged on the principal balance from the date of disbursement. Interest accrued during the period prior to repayment or during deferment or forbearance periods will be capitalized (added to the principal balance) at the end each respective period. You may pay some or all of the interest that accrues during these periods to minimize capitalization.
- Various payment plans from which to choose

Federal Direct Unsubsidized Stafford Loan Continued...

- The ability to temporarily postpone your monthly payments with a deferment or forbearance if you are unable to make payments.
 - Deferments are entitlements, if you meet specific requirements. Common deferments include:
 - In-School (must be at least half-time)
 - Graduate Fellowship program
 - Rehabilitation Training program
 - Unemployment
 - Economic Hardship
 - Military Service
 - If you do not meet the requirements for a deferment, you may be able to reduce the amount of your payment or temporarily stop making payments by requesting forbearance.
- Discharge options if you die or are totally and permanently disabled (subject to a three-year conditional period), or
- Public service loan forgiveness on the remaining balance of your loans after you have made 120 monthly payments (specific payment plan restrictions apply) if you were employed in certain public service jobs during the full 120 months.

Defaulting on a Federal Loan

You will be considered to be in default if you become 270 days delinquent with your loan payments. The consequences of defaulting on your loan are very serious and may result in the following:

- Loan immediately becomes due in full
- Damage to your credit rating
- Collection costs
- Withholding of your state or federal Treasury payments (including tax refunds, Social Security benefits, etc.)
- Wage garnishment
- Civil lawsuit, including court costs and legal expenses
- Loss of deferment and forbearance options
- Loss of eligibility for further financial aid

Repayment Examples and Contact Information

If you do not complete your program of study or if you, for any other reason, fail to meet the service obligation previously stated, **your TEACH Grant will be converted to a Federal Direct Unsubsidized Stafford Loan.** You will be required to repay this loan, in full, with interest. You will be charged interest from the date the grant was disbursed.

The following are examples of interest accruals and potential payment amounts. For the purposes of these examples, note these factors:

- Grants are disbursed in two installments. To simplify examples, they are listed as fully disbursed in one disbursement.
- 6.8 percent is the current fixed interest rate of a Federal Direct Unsubsidized Stafford Loan.

Example

Example 1:

Jane Doe plans to become a math teacher. She enters college in the fall of 2008 and graduates in the spring of 2012. She receives \$4,000 in TEACH Grant money each of the four years that she is in school. Jane has until 2020, to complete her service obligation.

After graduation, it takes Jane four years to be hired into a teaching job that meets all of the qualifications for her service obligation. After three years of teaching, Jane decides she is unhappy and leaves her job. Jane does not go back to teaching and she does not complete her service obligation.

Example Continued...

The following chart shows roughly how much Jane will be required to repay at the end of the eight-year service obligation timeframe.

Disbursement Date (Interest Accrual Start Date)	Amount Awarded	Number of years (2020 Disbursement)	Interest Rate	Estimated Yearly Accrual	Estimated Total Interest Accrued
8/15/08	\$4000	12	6.8%	\$272	\$3264
5/15/09	\$4000	11	6.8%	\$272	\$2992
8/15/10	\$4000	10	6.8%	\$272	\$2720
8/15/11	\$4000	9	6.8%	\$272	\$2448
Total	\$16000				\$11424

[Example Continued...]

Jane will be required to repay the original \$16,000 in grant money, in addition to the \$11,424 in interest that accrued while she was in school and during her service obligation period. At the time her loan is converted to a Federal Direct Unsubsidized Stafford Loan, the interest will be capitalized (added to the principal balance) and her total loan amount will be \$27,424. Jane will continue to accrue interest on her loan balance until it is paid in full.

A typical loan repayment term is 10 years. The standard payment amount on \$27,424 is about \$316. After 10 years at 6.8 percent interest, Jane will have repaid an estimated grand total of \$37,872 for the four TEACH Grants she received.

[Example 2]

Example 2:

John Doe begins his college career with plans of becoming a science teacher. He enters college in the fall of 2008 and receives a TEACH Grant for the first two years he is in school.

By year three, John decides to change his major to engineering and not become a teacher. He notifies ED shortly after he begins his third year in school that he is not going to complete his service obligation. John is enrolled at above a half-time status for three more years and graduates in the spring of 2013.

Example 2 Continued...

Because John did not complete a program of study that allows him to become a teacher, he is required to repay the TEACH Grants he received in his first two years as Federal Direct Unsubsidized Stafford Loans.

Disbursement Date (Interest Accrual Start Date)	Amount Awarded	Repayment Start Date (Date Converted to Loan)	Interest Rate	Estimated Yearly Accrual	Estimated Total Interest Accrued
9/01/08	\$4000	9/10/10	6.8%	\$272	\$544
9/01/09	\$4000	9/10/10	6.8%	\$272	\$272
Total	\$8000				\$816

[Example 2 Continued...]

When John's grants are converted to a loan, the interest that has accrued to that point will be capitalized (added to the principal balance). John will be required to repay the original \$8,000 in grant money, in addition to the \$816 in interest that accrued. His total loan balance will be \$8,816.

Because John remains in school at least half time for another three years, he will be eligible to receive an in-school deferment on his loans. During the deferment period, he can either make interest payments or let the interest be capitalized when the deferment period ends.

If John chooses to not make the interest payments, by the time he leaves school, roughly \$1,800 will have accrued in interest on his loan balance of \$8,816. His total loan balance when he leaves school will be about \$10,616 (in addition to any other loans he may borrow). The standard monthly payment amount on \$10,616 is about \$122. He will pay back roughly \$14,660 for the two TEACH Grants he received.

[Contact Information]

For more information on TEACH Grants or Federal Direct Stafford Loans, contact the Bethel College, Office of Student Financial Services.

- Call 574.257.3316
- Online at www.bethelcollege.edu

[Testing Your Comprehension]

- In order to complete this TEACH grant entrance counseling requirement, you must take the test posted at:
- Print the test, answer the questions and bring the form to the Office of Student Financial Aid for review and further discussion.
- You may use this presentation to assist you with the test questions.