

FEDERAL DIRECT LOANS AT INSEAD

INSEAD participates in the William D. Ford Federal Direct Loan (Direct Loan) Programme.

INSEAD's Europe and Asia campuses are registered with the US Department of Education. INSEAD MBA and EMBA (Europe and Asia Sections) students (US citizens or permanent residents) are eligible to apply for Federal Direct and Private Education Loans. Two loans are on offer as part of the Direct Loan Programme: Federal Direct Unsubsidized Loan (formerly known as Stafford Loan) and Federal Direct Plus Loan.

Important Restriction on the Exchanges:

- **Wharton and Kellogg exchanges are not allowed for those taking US Federal Direct loans as per US Department of Education regulations. Exchange restrictions apply as soon as you take any portions of the Stafford or PLUS loans. No exceptions can be made.**
- **Exchange with CEIBS (China) is not allowed. Abu Dhabi Campus is not an eligible entity.**

Eligibility for Direct Loans.

You must meet the criteria set by the US Department of Education to be eligible for US loans (Federal Direct Unsubsidized Loan and Federal Direct PLUS). The basic eligibility criteria are listed on the Federal Student Aid website: <https://studentaid.ed.gov/eligibility#basic-criteria>.

You will need to complete the Free Application for Federal Student Aid (FAFSA). We will use the information from your FAFSA to determine your eligibility for a Federal Direct Unsubsidized Loan.

You will complete or renew your Free Application for Federal Student Aid (FAFSA) on-line: www.fafsa.ed.gov. You can find help and guidelines on how to complete the FAFSA on the following web site: www.studentaid.ed.gov/completestafsa. Please note that INSEAD is registered as INSEAD, European Institute of Business Administration. The code to use for FAFSA is **G10472**, and for loan applications it is 01047200.

- You may complete the FAFSA electronically via the FAFSA on the web site at <http://www.fafsa.ed.gov>.
- To complete the FAFSA electronically, you must have a Federal Student Aid PIN. To apply for a PIN if you do not already have one, or for customer service regarding a previously assigned PIN, visit the Federal Student Aid PIN Web site at www.PIN.ed.gov. **Please make sure to include the INSEAD school code (G10472) on your FAFSA (question 102 a).**
- After the Department processes your FAFSA, you will receive a Student Aid Report (SAR). Please retain the SAR for your records. We will access the US Department of Education database to obtain the detailed information on your SAR.
- Please contact us at Finance-MBA.FB@insead.edu to let us know that you would like to take a federal loan.

After we determine your eligibility for a Federal Direct Unsubsidized Loan, we will notify you of the loans and amounts for which you are eligible.

Direct Loans' MPN Completion

You must complete a Direct Loan Master Promissory Note (MPN) separately for the Direct Unsubsidized Loan and for the Direct Plus Loan. The MPN is the legal document through which

you promise to repay your Direct Loans and any accrued interest and fees to the Department. It also explains the terms and conditions of your loans.

You may complete a Direct Loan MPN electronically via the StudentLoans.gov web site at <https://studentloans.gov>.

- To complete a Direct Loan MPN electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.
- After you complete your MPN, you will be able to print and retain it for your records.

Direct Loan Obligatory Entrance and Exit Counseling.

You must complete Direct Loan Entrance Counseling before you can receive a Direct Loan. Please complete Direct Loan Entrance Counseling electronically at <https://studentloans.gov>

Exit Counseling will also be required before your graduation.

Consolidating FFEL Program Loans into the Direct Loan Programme

If you already have FFEL Program loans and will now be receiving Direct Loans, consolidating your FFEL and Direct Loan program loans together into a Direct Consolidation loan may make loan repayment easier. If you consolidate, you will have just a single monthly payment. Consolidating your FFEL Program loans into a Direct Consolidation Loan may also allow you to take advantage of certain benefits that are offered only in the Direct Loan Program, such as Public Service Loan Forgiveness and the Income Contingent Repayment Plan.

To learn more about when you may consolidate, the pros and cons of doing so, and the application process, visit www.loanconsolidation.ed.gov or call 800/557-7392 (TDD/TTY: 800/557-7395).

FEDERAL DIRECT UNSUBSIDIZED LOAN

The maximum amount of the Federal Direct Unsubsidized Loan is \$20,500. The loan interest rate is fixed at 5.31% for loans disbursed on or after 1 July, 2016 and before July 1, 2017. Federally mandated origination fees of 1.069% are deducted from your loan at disbursement.

- Direct Unsubsidized Loans are available to undergraduate and graduate students; there is no requirement to demonstrate financial need.
- The school determines the amount you can borrow based on your cost of attendance and other financial aid you receive.
- You are responsible for paying the interest on a Direct Unsubsidized Loan during all periods.
- If you choose not to pay the interest while you are in school and during grace periods and deferment or *forbearance* periods, your interest will accrue (accumulate) and be capitalized (that is, your interest will be added to the principal amount of your loan).

FEDERAL DIRECT PLUS LOAN:

Benefits of the Direct Loan Programme.

- Lower interest rate on Direct PLUS Loans (**6.31% as of 1 July 2016**)
- For graduate/professional students only – Income Contingent Repayment Plan (in addition to the Income-Based Repayment Plan)
- Public Service Loan Forgiveness Programme

- No interest charged (for up to 60 months) during qualifying periods of active duty military service (for loans first disbursed on or after October 1, 2008)

Eligibility for a Direct PLUS Loan

We will review your Student Aid Report (SAR) that you have completed as per above. The PLUS loan programme does not have an aggregate limit and can assist you cover the cost of attendance for the academic year. The maximum amount a student can borrow in the PLUS programme will be the Cost of Attendance (COA), as determined by INSEAD, minus Federal Direct Unsubsidized loan, minus any other aid. Federally mandated origination fees of 4.276% are deducted from your loan at disbursement.

INSEAD Degree Programmes Financing Office provides an estimated budget for a year (tuition fees and basic living expenses). Please note that the expenses you will incur while at INSEAD will depend largely on the lifestyle you choose. Do not borrow more than you need. You can find the details on the estimated expenses while on the programme on the MBA Connect.

Federal student loans have loan origination fees that are deducted proportionately from each loan disbursement you receive. This means the money you receive will be less than the amount you actually borrow. You're responsible for repaying the entire amount you borrowed and not just the amount you received.

Direct PLUS Loan Request and Credit Check Completion.

To qualify for a Direct PLUS Loan, you must not have an adverse credit history, as defined in the Department's regulations. If you have an adverse credit history, you may still be eligible for the loan 1) by obtaining an endorser who does not have an adverse credit history and agrees to repay the loan if you do not or 2) by documenting extenuating circumstances that meet the Department's requirements.

- You may complete a Direct PLUS Request electronically via the StudentLoans.gov web site at <https://studentloans.gov>.
- To complete a Direct PLUS Request electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.

We will review your SAR, perform the credit check and determine your eligibility for a Direct PLUS Loan. We will then notify you of the amount for which you are eligible.

Direct PLUS Loan MPN Completion.

You must complete a Direct Loan Master Promissory Note (MPN).

- To complete a Direct Loan MPN electronically, you must have a Federal Student Aid PIN. This is the same PIN used to complete the FAFSA.
- When applying for the Direct PLUS loan, please allow for the credit check on your PLUS loan. Please make sure you use your domestic USA address when completing the PLUS application.

- **Direct PLUS Loan Obligatory Entrance and Exit Counseling.**

You must complete Direct PLUS Loan Entrance Counseling before you can receive a Direct PLUS Loan. Please complete Direct Loan Entrance Counseling electronically at <https://studentloans.gov>

Exit Counseling will also be required before your graduation.

Tuition Payments.

We will receive your loan in USD by a wire transfer. The first instalment will take place at the start of the programme. Upon receipt of funds, we will allocate the amounts to pay tuition first and then transfer the money for living (in case you are taking a portion of the loan to cover the living expenses) to your bank account (local or one in the USA).

Please note that the INSEAD Accounts Department will wire your loan amounts in US Dollars. It will apply the INSEAD monthly USD/EUR exchange rate while crediting the funds to your tuition.

The second instalment of your loans will be linked to the last tuition installment due date. You will receive further information on the amounts and dates with your loan confirmation letter sent by e-mail. Tuition fee payment schedule is available to admitted student on the MBA Connect platform.

Deferment of previous loans

If you are currently paying off some other educational loans you will be eligible to defer the payments on them whilst you are studying at INSEAD. You can obtain a deferment form from your lender and we would be happy to confirm your attendance and send it back to the lender.

Satisfactory Academic Progress

All students applying for or receiving US Federal Aid (Unsubsidized Federal Direct loan and Federal Direct PLUS loan) must progress satisfactorily towards completion of a chosen academic programme in order to remain eligible to receive US federal loan support. Failure to maintain satisfactory progress may result in cancellation of loans, and the student may have to repay any funds already received.

Please refer to the Satisfactory Academic Progress Policy for more details.

Return of Title IV Funds Policy

US federal law specifies that if a student withdraws from a programme of study, INSEAD must complete the Return of title IV (R2T4) calculation and arrange for any unearned loan funds to be returned to the US Department of Education. If a student who receives financial aid withdraws from the programme, INSEAD will recalculate his/her Financial Aid eligibility based on the period of attendance. As a result, a student may be required to pay back money to the US federal Government from the Federal Direct Stafford unsubsidized or Federal Direct PLUS loans s/he may have received. INSEAD may also have to repay any funds received for tuition to the US Federal government. As such a student may be requested to make an additional fee payment to the school to replace these funds. Please refer to the Return of Title IV funds policy for more details.

Learn More:

For more detailed information on the Federal Loans, please consult the following sites from the US Department of Education:

<http://studentaid.ed.gov/>

<https://studentloans.gov/myDirectLoan/index.action>

For any questions, please contact the Financing Office, Degree Programmes:

Finance-MBA.FB@insead.edu

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