Legal education is an investment in your future and is a serious financial investment as well. As with any investment, it is important to consider the pros and cons of entering into such a large expenditure of effort, time, and money. Particularly in uncertain financial times, a realistic assessment of why you are seeking a legal education and how you will pay for it is critical.

The single best source of information about financing a legal education is the financial aid office (or the website) of any LSAC-member law school. LSAC.org provides links to many law schools as well as several good sources of financial aid information.

The cost of a law school education could exceed $150,000. Tuition alone can range from a few thousand dollars to more than $50,000 a year. When calculating the total cost of attending law school, you also have to include the cost of housing, food, books, transportation, and personal expenses. Law schools will establish a “Cost of Attendance” that includes both the fixed costs of tuition and fees and allowances for your living expenses. It represents the maximum financial aid you may receive from any source.

Today, a large majority of law school students rely on education loans as their primary, but not exclusive, source of financial aid for law school. These loans must be paid back with your future income, and the more you borrow, the longer the debt will have an impact on your life after graduation.

Federal student loans offer the most flexible repayment options and provide more opportunities for payment relief than loans funded by private or institutional sources. Although private and institutional sources of loan funding may be available, these sources typically are used primarily by students who are not eligible for federal student loans. The amount and type(s) of loan funding you are eligible to borrow will be determined by financial aid staff at the school you attend based on cost of attendance at that school, federal regulations, and institutional policies. When borrowing student loans for law school, it is best to

- borrow the minimum amount possible to attend the law school you choose;
- borrow federal loans first; and
- avoid private student loans, unless you are an international student and therefore not eligible for federal student loans.

Scholarships, grants, and fellowships exist, but are limited. Some students are offered part-time employment through the federal work-study program in their second and third years of law school. First-year students are expected to concentrate fully on schoolwork with an ABA-mandated limitation on the number of hours full-time law students are permitted to work.

Changes in financial aid rules and regulations are ongoing, and law school policies vary. Therefore, it is your responsibility to stay current and to educate yourself about financial aid in much the same way that you research law schools when deciding where to apply.
DETERMINING ELIGIBILITY

The law school’s financial aid office will review your financial aid application materials and calculate your eligibility for the various forms of financial aid from all sources. It is important to carefully review your financial aid award and to understand the terms and conditions of all aid offered to you. All applicants for federal student aid (including loans) must complete the Free Application for Federal Student Aid (FAFSA). If you plan on attending law school on or after July 1, you can apply for federal financial aid using the FAFSA form after January 1 of the same calendar year.

Your financial need is the difference between your resources and the total Cost of Attendance established by the school you attend. Your unmet financial need is determined by subtracting the amount of your federally calculated Estimated Family Contribution (EFC) from the total Cost of Attendance (COA). COA includes tuition and fees, books and supplies, as well as living expenses, transportation, and personal expenses. It is set by the law school and will vary by school. Consumer debt is not included in your COA and should be paid before you attend law school.

If your financial circumstances change after you complete and file your financial aid forms, notify the financial aid office so that your financial aid award can be revised if necessary.

INDEPENDENT/DEPENDENT STATUS
All graduate and professional school students are considered financially independent of their parents for the purposes of determining federal aid eligibility. This means that for the purpose of applying for federal aid (including federal loans), submission of parental information is not required. Law schools, however, may require parental financial information for institutional grants, loans, and scholarships. You should be aware that the law schools have specific policies and procedures regarding independent status for the allocation of institutional funds. These guidelines will vary by school. You should investigate those guidelines for all the schools you are interested in attending.

The law school financial aid office will notify you of your financial aid eligibility once all application materials have been received and processed if you have been admitted to the school. You may be eligible for several different types of aid, which may be available to bring the cost of attending law school within reach. The amount of aid you receive in each category will depend on your own resources, current federal regulations, and the financial aid policies and resources of each law school.

CREDIT
Graduate PLUS and private loans are approved on the basis of your credit. If you have a poor credit history, you may be denied a loan. If there is a mistake on your credit report—and there are sometimes mistakes—you will want adequate time to correct the error. It is essential to clear up errors or other discrepancies before you apply for a Graduate PLUS or private student loan.

You may want to obtain a copy of your credit report so that you can track and clear up any problems. You can order your free copy from one of the major credit reporting agencies online at annualcreditreport.com or by calling 877.322.8228. You may also mail a request to:

Annual Credit Report Request Service
PO BOX 105283
Atlanta GA 30348-5283

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SCHOLARSHIPS AND GRANTS
A scholarship or grant is an award that does not have to be repaid. It may be given on the basis of need, or merit, or both. Most scholarships are conferred by individual law schools. Some organizations may also have scholarships to offer. Among them are local bar associations; fraternities, sororities, and other social clubs; religious or business organizations; and the US Department of Veterans Affairs. The availability of scholarships and grants is limited, but worth researching. Law school admission and financial aid offices can provide information about the resources available. Be aware that many scholarships and grants are merit-based and may require a certain level of academic performance for continuation. Some schools award merit money shortly after admission, while others may require separate scholarship application forms. Some schools award need-based institutional aid. Confirm with each school what application materials are required and the deadline for submitting those materials. Apply early for all institutional aid from law schools. A number of companies offer tuition reimbursement benefits to their employees and to their employees’ dependents as well.

FEDERAL LOANS

- **(Unsubsidized) Federal Direct Stafford Loan**: Law students may borrow up to a total of $20,500 in Federal Stafford Loans each year. Information about the interest rate and fee structure for this loan is available at studentaid.gov. Interest starts accruing as soon as the loan is disbursed. These loans have a six-month grace period before repayment begins. They have federal forbearance and deferment options, they may be refinanced through consolidation, and they may be repaid under various repayment plans, including options based on your income. These loans may be eligible for inclusion under the federal Public Service Loan Forgiveness (PSLF) program.

- **Graduate PLUS Loans for Law Students**: Law students who do not have adverse credit may be eligible to apply for a Graduate PLUS loan. If you do have adverse credit,
you can apply with an endorser. The endorser must be a US citizen or permanent resident that does not have adverse credit. The Graduate PLUS loan is federally guaranteed. You can borrow Graduate PLUS funds in an amount up to the school’s Cost of Attendance minus the amount of all other financial aid you are receiving (including other loans). Interest accrues while you are in school, and repayment begins following disbursement, but you are allowed to defer repayment until six months after you graduate. Information about the interest rate and fee structure for this loan is available at studentaid.gov. The interest rate is fixed for the life of the loan. These loans have federal forbearance and deferment options. They may be consolidated and may be repaid under various repayment plans, including options based on your income. These loans may be eligible for inclusion under the federal Public Service Loan Forgiveness (PSLF) program.

• Federal Perkins Loan: This loan may be available at some schools to students with high financial need. Each student’s award is determined by the school based on information obtained from the FAFSA and availability of funds. The maximum annual loan is $8,000.

PRIVATE LOANS
There are a number of private loan programs available to credit-worthy borrowers who are not eligible for federal student loans. Additionally, some lenders make available postgraduate loans for bar-review study. Eligibility for these bar loans is based on your credit history and the lending institution’s willingness to lend.

The terms and conditions of these programs vary greatly. Pay careful attention to the explanations found in loan application brochures and consumer information. You can also contact the individual programs or visit their websites for further details.

And remember, always borrow the minimum loan amount needed to attend the law school you have chosen.

FEDERAL WORK-STUDY
Federal work-study is a program that provides funding for full-time students to work part time during the school year and full time during the summer months. Students sometimes work on campus in a variety of settings or in off-campus nonprofit agencies. ABA standards limit a law student's paid employment to no more than 20 hours per week. Additional information is available from participating law school financial aid offices. Not all schools participate in the federal work-study program.

VETERANS EDUCATIONAL ASSISTANCE
The US Department of Veterans Affairs administers a number of educational benefit programs for veterans. These include, but are not limited to, the Montgomery GI Bill and the Post-9/11 GI Bill (9/11 GI Bill). The 9/11 GI Bill assists eligible individuals with tuition and fees, a monthly housing allowance, annual books and supplies stipend, and a one-time rural benefit payment for eligible individuals. In addition to the 9/11 GI Bill providing an education benefit for eligible veterans, the education benefit may also be transferred to dependents under certain conditions.

The 9/11 GI Bill also has a provision that established the Yellow Ribbon Program. This program assists with funding tuition and fee expenses not covered by the 9/11 GI Bill. The benefits of this particular program are exclusively for eligible veterans; the Yellow Ribbon benefits cannot be transferred to dependents. For more information on veterans educational assistance check with the US Department of Veterans Affairs and the Offices of Veterans Affairs on the campuses of the law schools to which you are applying.

NOTE: All figures and calculations are based on current interest rates, loan terms, and fees, and are subject to change.
The law school’s financial aid office will review your financial aid application materials and calculate your eligibility for the various forms of financial aid from all sources. It is important to carefully review your package and to understand the terms and conditions of all aid offered to you.

Here is a list of steps you must take to apply for financial aid.

**IF YOU ARE APPLYING FOR FEDERAL AID**

1. The financial aid process begins with the gathering of information about the specific financial aid application procedures and deadlines for the schools that you are interested in attending. You should not wait until you receive admission to begin the process. In fact, you should be investigating the financial aid procedures and deadlines as you are investigating the admission application requirements.

2. Prepare your federal income tax returns as early as possible after the first of the year. Schools may want to see a copy of your actual tax return, so be sure to keep a photocopy for your files. The FAFSA requires information that is requested directly from your tax return. While financial aid information packets may be available from some law school financial aid offices in the fall, the FAFSA cannot be filed until after January 1. (It will not be accepted if received before the first of the year.) However, you can file any time after the first of the year—the earlier, the better.

3. Complete the Free Application for Federal Student Aid (FAFSA) online at fafsa.gov. FAFSA is a need-analysis tool developed by the US Department of Education. As the name implies, there is no charge for the collection and processing of data or the delivery of financial aid through this form. Do not pay to process your free application.

   - When completing the FAFSA form, you will designate the names and school codes of up to 10 law schools to which you are applying. Additional schools may be added once the FAFSA is processed. Information on school codes is available from any law school financial aid office or at fafsa.gov.
• The FAFSA form asks for information about your income, assets, and other financial resources. Be sure to answer “yes” to the following two questions:
  • Are you a graduate or professional student?
  • Have you completed a bachelor’s degree by July 1 of the year you will be attending law school?

All graduate/professional students are considered financially independent of their parents for the federal loan programs.

4. The law schools to which you apply will determine your eligibility for federal financial aid. The amount offered by each law school will vary, and each student’s financial need will be assessed individually because costs vary from school to school. You will receive notification of your financial aid package once all information has been received, if you have been offered admission to the school.

5. Once you determine the school that you will attend, you will need to apply for any loan funding you need to borrow. Follow the instructions provided by the school to complete the required loan application materials. Remember, you cannot borrow more than what the financial aid staff has determined you are eligible to borrow. Also, you should borrow the minimum amount possible to attend the school you have chosen.

IF YOU ARE APPLYING FOR INSTITUTIONAL AID
Call, write, e-mail, or visit the website of the financial aid office of the law schools to which you are applying. Some schools may require you to submit information in addition to the FAFSA. You may be asked to complete an institutional financial aid application or an additional form such as Need Access or CSS Profile. It is important to know which schools require additional information. Many schools have very early filing deadlines. ■
Plan a financial strategy before you enter law school. If possible, pay off any outstanding consumer debt. Save as much money as you can to reduce the amount you will borrow. Have a plan for meeting the expenses of your legal education and anticipate what portion of the plan will be based on borrowing. It is also important that you have a good credit history.

Because most of your financial aid is likely to come from loans, you are likely to graduate from law school with debt to repay. Therefore, it is important to borrow wisely.

Because most of your financial aid is likely to come from loans, you are likely to graduate from law school with debt to repay. Currently, the average law school debt exceeds $100,000. Keep accurate records of all loans you receive during your enrollment in law school; this will help you manage your repayments when you complete your education. A good resource for tracking all your federal student loans is the National Student Loan Data System (NSLDS), created by the US Department of Education. You can view a complete history of your federal student loans at nslds.ed.gov.

You are required to complete entrance counseling prior to the first disbursement of a Federal Direct or Graduate PLUS loan in a new degree program. You also are required to complete exit counseling prior to leaving school. The financial aid staff will instruct you on how to complete these loan-counseling requirements. You may need to do so online or during in-person meetings at the law school. Information about the loan terms, repayment obligation, payment options, sample payment schedules, and other important information about managing loan repayment will be provided to you.
WHILE IN LAW SCHOOL: LIVING ON A BUDGET

Since loans often are the primary funding source students use to pay for law school, it is important to think about how much you should borrow. It should be the minimum amount you need to attend the law school you choose. Determining that amount requires that you estimate your in-school budget to determine how much law school will cost for you. Then you need to estimate how much you will be able to contribute from your own resources (and from your family) as well as any scholarship or grant funding you expect to receive. The difference between what it will cost and what you have from other sources should represent the amount you will need to borrow. And hopefully it is less than what the school has indicated you are eligible to borrow. The amount of loan funding included on your financial aid notice from the school is not prescriptive—it is not what you should borrow—but rather, it represents the maximum amount you are eligible to borrow based on the information you provided in your financial aid application materials, the Cost of Attendance for the school you choose, current federal regulations, and school policies.

The maxim “Live like a student now or you will live like a student later” is a good one to remember. Consult an individual school’s Cost of Attendance (COA) for estimates of living expenses and budget accordingly. Track your current spending habits and compare them to the COA at schools of your choice. Share housing; learn to cook. Food expenses are often budget busters. Bring a lunch rather than buying one. While law school may be an excellent long-term investment, paying loans in the short term can be a real burden. Remember, not all lawyers will earn the highest salaries.

Interest on federal unsubsidized, Graduate PLUS, and private loans accrues from the date they are disbursed. Be aware that the Cost of Attendance does not allow the use of federal education loan funds to pay for prior consumer debt.

You will not have to start repaying the federal loans you borrow to attend law school until at least six months after you leave school. You also may be able to postpone repayment of any federal (and perhaps, private) student loans you borrowed prior to enrolling in law school. Contact the loan holder or servicer of any prior student loan to investigate your deferment or forbearance options and to learn how to pursue those options.
Your income after law school is an important factor in determining what constitutes manageable payments on your education loans. Although it may be difficult to predict what kind of job you will get (or want) after law school, or exactly what kind of salary you will receive, it is important that you make some assessment of your goals for the purpose of sound debt management. The money you borrow will be paid out of your future earnings and may have a significant impact on your lifestyle. In addition to assessing expected income, you must also create a realistic picture of how much you can afford to pay back on a monthly basis while maintaining the lifestyle that you desire.

You may have to adjust your thinking about how quickly you can pay your loans back, how much money you can afford to borrow, or how extravagantly you expect to live in the years following your graduation from law school.

Your education loan debt represents a serious financial commitment that must be repaid. A default on any loan engenders serious consequences, including possible legal action against you by the lender or the government, or both.

Law school graduate debt of $100,000 amounts to almost $1,187 a month on a standard 10-year repayment plan. Federal loans offer graduated, extended, and income-driven repayment plans that lower monthly payment amounts but increase the number of years of repayment. The Federal Direct Consolidation Loan allows students to refinance any of their existing eligible federal student loans on an extended repayment schedule, lasting up to 30 years.

As such, borrowers have quite a bit of flexibility in managing their loans, depending on their income and the loan amounts. The federal government has loan repayment and budget calculators at studentaid.gov.
STRATEGIES FOR GRADUATES SEEKING PUBLIC INTEREST CAREERS

Students who seek to work in public service or the public interest sector of the profession face special challenges in financing their legal educations because salaries for such jobs are often lower relative to comparable work in the private sector. Students graduating from law school with the average amount of indebtedness may find that the average entry-level public service or public interest salary will not provide the resources needed to repay their law school loans and cover their basic living expenses.

Students can employ a number of strategies to make it easier (or possible) to pursue a career in government or public interest law. First, students can borrow less during law school (attend a lower tuition institution; follow some of the debt management strategies mentioned here). Students may also take advantage of programs developed at some law schools to relieve the debt burden for those interested in public interest careers, including fellowships, scholarships, and loan repayment assistance programs (LRAPs). LRAPs provide financial assistance to law school graduates working in the public interest sector, government, or other lower-paying legal fields. In most cases, this aid is given to graduates in the form of a forgivable loan to help them repay their annual educational debt. Upon completion of the required service obligation, schools will forgive or cancel these loans for program participants. The number of law schools sponsoring LRAPs is limited. Most schools are unable to provide assistance to all applicants. LRAPs are also administered by state bar foundations, public interest legal employers, and federal and state governments to assist law graduates in pursuing and remaining in public interest jobs.

The federal government offers some options to assist graduates seeking legal careers in public service, including the new income-driven repayment options, such as Income Based Repayment (IBR) and Pay As You Earn (PAYE) for federal loan repayment and the Federal Loan Forgiveness Program. IBR and PAYE will allow federal education loan borrowers the opportunity to make lower monthly payments on their federal loans (including, but not limited to, those employed in public service positions), provided that income qualifications are met. Monthly payments under these repayment plans are based on a percentage of your household’s adjusted gross income (AGI) and your household size rather than on the amount of your federal student loan debt. The Federal Loan Forgiveness Program allows borrowers who work in government or nonprofits the opportunity to make payments under IBR or PAYE, then have their outstanding balances forgiven on their Federal Direct loans after 120 months of qualifying employment and qualifying payments. Please check with your schools or directly with the Department of Education at studentaid.ed.gov/publicservice for details on these programs.

NOTE: All figures and calculations are based on current interest rates, loan terms, and fees, and are subject to change.
QUESTIONS TO ASK ABOUT FINANCIAL AID

As you speak with representatives from law schools, here are some of the questions you should ask as a prospective law student:

- Are there forms in addition to the FAFSA that I must complete for your school?
- Does your school have a priority deadline for the FAFSA?
- How is eligibility for financial aid determined at your school?
- Does your school consider parental income information?
- What does your cost of attendance include?
- What kinds of scholarships are available? Specifically, ask about merit- and need-based scholarships.
- What types of loans are available? What is your average loan debt?
- Will I be able to work during law school? Are there any on-campus jobs or work-study positions available?
- What is the job placement rate at your law school, and what is the salary range for its graduates?

Keep in mind that the law school is the primary source of information regarding money for legal education.

In addition to the websites of the individual law schools (which can be accessed through LSAC.org), the following US Department of Education sites may prove helpful.

- fafsa.gov
  Free Application for Federal Student Aid
- nslds.ed.gov
  National Student Loan Data System
- studentaid.ed.gov/parservice
  Information and resources regarding the Public Service Loan Forgiveness program
- studentaid.gov
  Primary source of federal financial aid information and resources
- studentloans.gov
  Information and tools for managing federal student loans