UNDERSTANDING HOW TO PAY FOR COLLEGE

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DISCUSSION TOPICS

- Financial Aid Process
- Scholarships and Grants
- Federal Student Loans
- Alternative Funding
- Private Student Loans
- Connecting the Pieces
FINANCIAL AID PROCESS
THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

Who can apply?
- Dependent students and parents
- Independent students

After you complete the FAFSA:
- Student receives Student Aid Report (SAR), which provides basic information about your eligibility for federal student aid
- School receives Institutional Student Information Record (ISIR), which help financial aid admins interpret your information
- School creates financial aid award letter
  - Student compares letters from any/all schools
  - Determine if there is an unmet need
    - Cost of Attendance (COA)
    - Fixed vs. Flexible Costs
  - Compare funding options

Deadlines: Federal – State - School
FINANCIAL AID PROCESS – HOW MUCH DO YOU REALLY NEED?

- **Cost of Attendance**
  - Maximum amount college will cost for one academic year
  - Includes tuition, fees, housing, meal plans, and indirect costs

- **Fixed Costs**
  - Tuition and fees
  - Housing and meal plans – *sometimes*

- **Flexible Costs**
  - Housing and meal plans
  - Institutional Insurance
  - Books
  - Transportation

- **Appeals**

- **Tuition Payment Plans**
FINANCIAL AID PROCESS
OVERVIEW

Complete the FAFSA

Receive award letter(s) and select a school

Consider COA and fixed vs flexible costs

Determine any unmet need

Borrow smart – consider all funding options

Important Note

Be sure to apply for student loans in May and June!
Depending on your school, it can take up to 6 weeks after your completed loan application is approved for funds to be disbursed to your school.
A grant or payment made to support a student’s education. Usually paid directly to the school.

- Typically merit or needs based
- May have specific obligations
- Could be awarded one-time or renewable
- Doesn’t have to be repaid
- Eligibility may vary
PAYING FOR COLLEGE
FREE MONEY: SCHOLARSHIP RESOURCES

- High school guidance counselor
- Colleges
- County, city and state
- Employers
- Extra-curricular – clubs, sports, volunteer work, organizations, community and charity work
- Fastweb
- CollegeBoard
- RaiseMe

Tips

- Get in the mindset: TEE – time, energy, effort
- Start early
- Collect letters of recommendation
- Follow instructions
- Apply for many scholarships – big and small
# PAYING FOR COLLEGE
## FREE MONEY: GRANTS

<table>
<thead>
<tr>
<th>Grant</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal Pell Grant</strong></td>
<td>$7359 max for 2023-2024 award year</td>
</tr>
<tr>
<td><strong>Federal Iraq and Afghanistan Service Grant</strong></td>
<td>$6,502 max 10/1/22 – 10/1/23</td>
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<tr>
<td><strong>Federal Supplemental Educational Opportunity Grant</strong></td>
<td>Ranges between $100 to $4,000/year</td>
</tr>
<tr>
<td><strong>Federal TEACH Grant</strong></td>
<td>$3,772 max for 2022-2023 award year</td>
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- Free money from the government, state, school foundation
- May have obligations
- Does not have to be repaid if obligations are met
- Award based on need or merit
PAYING FOR COLLEGE
FEDERAL DIRECT LOAN PROGRAM

Federal Direct Loan Program
- Administered by The Department of Education (ED)
- Undergraduate and graduate students
- Free Application for Federal Student Aid (FAFSA) required
- US Government is the lender
- Student’s loan – no cosigner – no credit check
- Subsidized vs. unsubsidized (subsidized not available for graduate students)
- In-school repayment
  - Full deferral – interest-only payments – immediate repayments
  - Repayment begins six months after separation from school
- 10-year repayment term with additional repayment options

Benefits
- Additional deferment
- Flexible repayment options
- Forgiveness programs
- Discharge
- Consolidation and refinance options

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SUBSIDIZED VS UNSUBSIDIZED

**SUBSIDIZED**
Awarded to eligible undergraduate students based on financial need

- Government pays interest during school and some deferment periods
- Fixed interest rate of 4.99%* plus loan fee of 1.057%**

**UNSUBSIDIZED**
Awarded to all eligible students, not based on financial need

- Student pays interest, may defer
- Fixed interest rate of 4.99%* plus loan fee of 1.057%**

*First Disbursement between July 1, 2022 and June 30, 2023
**First Disbursement between October 1, 2020 and September 30, 2023
FEDERAL STUDENT LOANS
LIMITS: FEDERAL DIRECT LOAN PROGRAM

Undergraduate - Dependent
- Annual Limits Unsubsidized
  - Freshman $5,500
  - Sophomore $6,500
  - Junior and Senior $7,500

Undergraduate Only
- Annual Limits Subsidized
  - Freshman $3,500
  - Sophomore $4,500
  - Junior and Senior $5,500

Undergraduate – Independent
- Annual Limits Unsubsidized
  - Freshman $9,500
  - Sophomore $10,500
  - Junior and Senior $12,500

Graduate
- Annual Limits Unsubsidized
  - Med School $40,500
  - Does not qualify for subsidized

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Federal Direct Parent/Graduate PLUS Loan Program

- Administered by The Department of Education
- Free Application for Federal Student Aid (FAFSA) required
- Parent of the undergraduate student or the graduate student
- Unsubsidized
- Repayment
  - In-school: full deferral – interest-only payment – immediate repayments
  - Parent PLUS: repayment begins immediately (within 60 days of final disbursement)
  - Graduate PLUS: repayment begins six months after graduation, a student drops below half-time status or separates from school
- 10-year standard repayment term with additional options

Benefits

- Additional deferment
- Flexible repayment options
- Forgiveness programs
- Discharge
- Consolidation and refinance options

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FEDERAL STUDENT LOANS
RATES/LIMITS: FEDERAL DIRECT PARENT/GRADUATE PLUS LOAN PROGRAM

- **Fixed Interest Rate**
  - Graduate PLUS 07/01/2022 – 06/30/2023: 6.54%
  - Parent PLUS 07/01/2022- 06/30/2023: 7.54%

- **Origination Fee**
  - 10/01/2022 – 09/30/2023: 4.228%

- **Annual Limit**
  - Cost of attendance minus financial aid

Interest rates on federal loans are fixed, but each year’s new loans have a new fixed rate. Interest rates on new federal education loans reset each July 1.

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PAYING FOR COLLEGE
PRIVATE STUDENT LOANS

Before You Borrow
- Free Application for Federal Student Aid (FAFSA) recommended but not required
- Fills funding gaps after other sources of aid have been exhausted

Private Student Loans
- Borrower selects lender
- Student’s loan and may require a co-signer
- Unsubsidized
- Repayment
  - Full deferral of payment until six months after graduation, student drops below half-time status or separates from school
- Repayment term determined by lender: 10 - 25 years

Benefits
- Determined by the selected lender
- Flexible repayment options
- Competitive rates
- May include student loan refinance options

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PRIVATE STUDENT LOANS
RATES/LIMITS

- **Interest Rates**
  - Fixed and variable
  - Varies by lender

- **Annual Limit**
  - Cost of attendance minus financial aid

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PRIVATE STUDENT LOANS
THE DECISION PROCESS

What to Ask:

- Interest rates
- Repayment terms
- Eligibility requirements
- Application process and timeline
- Member service
- Benefits

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- Great rates
- Unique line of credit
- Convenient repayment terms
- A life-long relationship with a lender you can trust
BEHIND THE SCENES: WHAT HAPPENS AFTER APPROVAL

- The certification process
- Disbursement
  - Funds disbursed to the school
- Refunds
  - Direct deposit or check
  - Return to lender
- Loan servicing
  - Manage your loan
UNDERSTANDING HOW TO PAY FOR COLLEGE
TIPS AND TRICKS

**Know Your School Resources**
- Attend Orientation
- Financial Aid Office
- Bursar’s Office

**Borrow Smart**
- Compare Awards
- Cost of Attendance
- Fixed vs. Flexible Costs
- Loan Terms

**Financial Aid Process**
- Be Mindful of Deadlines
- FAFSA – Renew Each Year
- Loan Applications
- Understand Schools Process

**Miscellaneous**
- Is Payment Due Before Loan is Funded?
- Refunds – Direct Deposit or Checks

**News Alert - Communication**
- Dept. of Education
- Schools
- Lenders/Loan Servicers

**Apply Early**
May - June
THANK YOU FOR ATTENDING!

Tricia Poplicean
- College Counselor
- Credit Union Student Choice

Please contact us with any additional questions:
- scholarhelp@studentchoice.org