



# Financial Aid Basics 2.0: The College Years



# Objectives

- **Review financial aid** available and learn about requirements for **maintaining eligibility**.
- Consider strategies for **managing and/or reducing** student loan borrowing.
- **Discover resources available** to help manage student loan debt. Participants will learn about resources for **managing debt**, repayment plans, and **options for deferment and forbearance**.
- Understand the **protections** available on federal student loans.
- Receive information about **financial aid available for graduate studies**.

# Financial Aid Recap

	Grants	Scholarships	Work Study	Loans
Sources	<ul style="list-style-type: none"> <li>Federal               <ul style="list-style-type: none"> <li>Pell</li> <li>FSEOG</li> </ul> </li> <li>State*</li> <li>Institutional**</li> <li>Private</li> <li>Charitable Organizations</li> </ul>	<ul style="list-style-type: none"> <li>National</li> <li>Local</li> <li>Institutional</li> <li>Organizations</li> <li>Corporations</li> </ul>	<ul style="list-style-type: none"> <li>Federal, state, and local</li> <li>Institutional</li> <li>Local (e.g., community organizations)</li> </ul>	<ul style="list-style-type: none"> <li>Federal               <ul style="list-style-type: none"> <li>Subsidized Loans                   <ul style="list-style-type: none"> <li>Stafford</li> <li>Perkins</li> </ul> </li> </ul> </li> <li>Unsubsidized Stafford</li> <li>Parent Loan for Undergraduate Students (PLUS)</li> <li>Private Banks</li> <li>Charitable Organizations</li> </ul>
Considerations	<ul style="list-style-type: none"> <li><b>Need or merit-based aid</b></li> <li>Does not need to be repaid</li> <li>Some may be first-come, first-served</li> <li>Apply by completing <a href="#">FAFSA</a></li> </ul> <p>*Check with your state. **Vary from one college to another.</p>	<ul style="list-style-type: none"> <li><b>Need or merit-based aid</b></li> <li>Does not need to be repaid</li> <li>NO COST: Never pay to apply</li> <li>RENEWABLE: Is it renewable? What are the requirements?</li> <li>PORTABLE: Can you take it to other schools?</li> <li><i>Separate application</i>, but many require <a href="#">FAFSA</a></li> <li>Many are one-time awards</li> </ul>	<ul style="list-style-type: none"> <li><b>Self-help aid</b></li> <li>First-come, first-served</li> <li>Does not need to be repaid</li> <li>Need-based</li> <li>Apply by completing <a href="#">FAFSA</a></li> <li>Requires time and stress management skills</li> </ul>	<ul style="list-style-type: none"> <li><b>Self-help aid</b></li> <li>Must be repaid</li> <li>Most accrue interest</li> <li>May require parent/cosigner</li> <li>May require credit history and/or credit check</li> <li>Cannot be discharged in bankruptcy</li> <li>Apply by completing <a href="#">FAFSA</a></li> <li>Entrance counseling and promissory note required at <a href="http://www.studentloans.gov">www.studentloans.gov</a>.</li> </ul>

<b>Federal Grants</b>	<b>State Grants</b>
<p><b>Pell Grant</b></p> <ul style="list-style-type: none"> <li>○ Federal grant</li> <li>○ Current maximum award: \$6,195</li> <li>○ Need-based aid</li> <li>○ <b>FAFSA required</b></li> <li>○ May receive for up to 12 semesters or the equivalent.</li> <li>○ EFC Cutoff: \$5,486</li> </ul>	<p><b>Access Missouri</b></p> <ul style="list-style-type: none"> <li>○ State grant; attend Missouri school</li> <li>○ Current maximum award varies by school type (2 year, public 4 year, or private 4 year)</li> <li>○ Need-based aid</li> <li>○ <b>FAFSA Required</b></li> <li>○ EFC Cutoff: \$12,000</li> <li>○ Must complete FAFSA by February 1<sup>st</sup>; filing between Feb 1-March 1 allows for possible consideration, if funds are available.</li> </ul>
<p><b>Federal Supplemental Educational Opportunity Grant (FSEOG)</b></p> <ul style="list-style-type: none"> <li>○ Federal grant</li> <li>○ Current maximum award: \$4,000</li> <li>○ Need-based aid</li> <li>○ <b>FAFSA required</b></li> <li>○ First-come, first-serve</li> <li>○ Awarded to students with lowest EFCs.</li> </ul>	<p><b>A+</b></p> <ul style="list-style-type: none"> <li>○ State grant</li> <li>○ Students at approved high schools who have completed necessary requirements.</li> <li>○ <b>FAFSA required</b></li> <li>○ Covers tuition and fees at any Missouri community college (after Pell eligibility applied).</li> <li>○ Funding limited to 6 semesters.</li> <li>○ Must be used within 4 years of graduation from high school.</li> </ul>

<b>Work-Study</b>
<ul style="list-style-type: none"> <li>○ Provides part-time jobs for undergraduate and graduate students with financial need.</li> <li>○ <b>FAFSA required</b></li> <li>○ Paid by the hour.</li> <li>○ Wages must equal at least current federal minimum wage.</li> <li>○ Amount earned cannot exceed Federal Work Study (FWS) award.</li> <li>○ Award amount, class schedule, and academic progress are considered when assigning work hours for work study.</li> </ul>

# Student Loans

Good or Better Loans	“Be Cautious”: Limit or Avoid Loans
<p><b>Subsidized Stafford</b></p> <ul style="list-style-type: none"> <li>○ Federal loan</li> <li>○ Students with financial need</li> <li>○ Government pays interest</li> <li>○ <b>FAFSA required</b></li> <li>○ The interest rate on subsidized loans first disbursed to undergraduate students between July 1, 2019 and June 30, 2020 will be fixed at <b>4.529%<sup>1</sup></b></li> <li>○ Students have 6 months after graduation, leaving school, or dropping below half-time before repayment begins.</li> </ul>	<p><b>Unsubsidized Stafford</b></p> <ul style="list-style-type: none"> <li>○ Federal loan</li> <li>○ NOT need-based.</li> <li>○ Government does NOT pay interest, which means interest accrues immediately.</li> <li>○ <b>FAFSA required.</b></li> <li>○ The interest rate on unsubsidized loans first disbursed to undergraduate students between July 1, 2019 and June 30, 2020 will be fixed at <b>4.529%<sup>2</sup></b></li> <li>○ Students have 6 months after graduation, leaving school, or dropping below half-time before repayment begins.</li> </ul>
<p><b>Scholarship Foundation Interest-Free Loan</b></p> <ul style="list-style-type: none"> <li>○ Private loan</li> <li>○ Students with financial need</li> <li>○ Maximum award is \$11,000 per academic year.</li> <li>○ 2- and 4-year schools around the country; must be accredited and nonprofit</li> <li>○ Academic: minimum 2.0 cumulative GPA</li> <li>○ Character: Demonstrate honesty, good judgment, forthrightness</li> <li>○ Financial need</li> <li>○ <b>FAFSA required</b></li> <li>○ Students have 12 month grace period</li> </ul>	<p><b>PLUS Loan</b></p> <ul style="list-style-type: none"> <li>○ Student must be dependent</li> <li>○ Biological or adoptive parent borrows for the student’s education.</li> <li>○ Credit-based</li> <li>○ Annual limit is equal to the student’s cost of attendance minus any other financial aid the student receives.</li> <li>○ The interest rate on PLUS loans first disbursed between July 1, 2019 and June 30, 2020 will be fixed at <b>7.079%<sup>3</sup></b>.</li> <li>○ Repayment begins when loan is fully disbursed. First payment is 60 days after final disbursement.</li> <li>○ <b>FAFSA NOT required, but advised.</b></li> </ul>
	<p><b>Private Loan</b></p> <ul style="list-style-type: none"> <li>○ Institutional</li> <li>○ Bank</li> <li>○ May have credit requirements</li> <li>○ <b>May require cosigner</b></li> <li>○ <b>High and/or variable interest rate</b></li> <li>○ Limited, if any, options for deferment or forbearance</li> <li>○ <b>FAFSA required: all private bank loans must be certified by financial aid administrator.</b></li> </ul>

<sup>1</sup> Interest on this loan is recalculated and adjusted each year on July 1<sup>st</sup>; the interest rate is not to exceed 8.25%. Rate is set based on 10-year Treasury note +2.05% for this loan.

<sup>2</sup> Interest on this loan is recalculated and adjusted each year on July 1<sup>st</sup>; the interest rate is not to exceed 8.25%. Rate is set based on 10-year Treasury note +2.05% for this loan.

<sup>3</sup> Interest on this loan is recalculated and adjusted each year on July 1<sup>st</sup>; the interest rate is not to exceed 10.5%. Rate is set based on 10-year Treasury note +4.60% for this loan.

# NEED

## Cost of Attendance (COA)

*(Cost of Attendance is the total cost of attending a particular college for a year. Colleges and universities add up: tuition, books, fees, supplies, room (i.e., housing costs), board (i.e., food), transportation, and loan fees to determine COA.)*

-EFC

*(The Expected Family Contribution, or EFC, is an indicator of a student and family's ability to pay for the student's cost of attendance. It is the one piece that determines eligibility for need-based aid such as Pell grant. This amount is an out-of-pocket expense.)*

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= NEED

-GRANT AID

*(This is can be in the form of federal, state, institutional or private sources)*

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= **UNMET NEED**

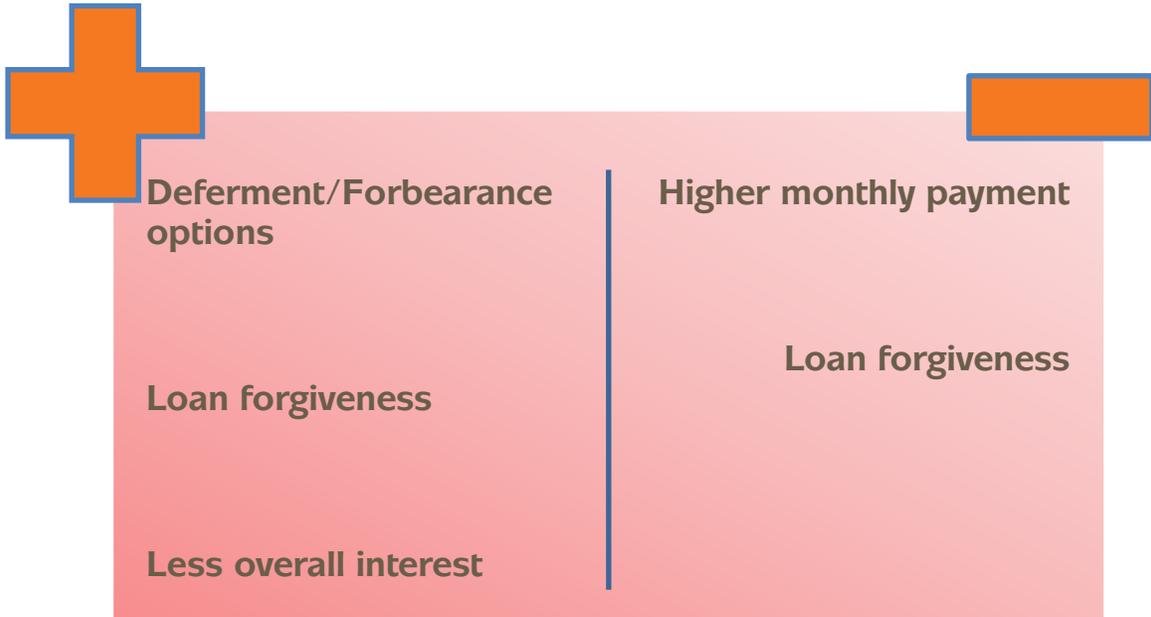
**(LOANS!)\***

*\*Paid out of pocket in addition to EFC!*

# Top 10 Borrowing Tips

1. **You have the right to determine how much you borrow.** No one can make you borrow—and no one can make you borrow more than you need or want. Decline any loans you do not need or want and/or accept only as much of a loan as you need. Remember, the loans will be in your name—you are the one obligated to repay!
2. **Debt grows!** Interest rates on loans mean you will repay more than what you borrow. **Unsubsidized** loans accrue interest while you are in school, but the subsidized does not until you enter repayment. **Limit (or avoid!) unsubsidized loans if possible.**
3. **Interest rates vary each year—and they are likely to increase.** Each year you accept a loan, you accept a loan with a new interest rate, which is fixed for the life of the loan. As interest rates potentially increase, what you repay in total will grow.
4. **Unmet need, or the gap between cost and financial aid, can mean higher borrowing or the possibility of a back balance.** Do you have a gap? If so, first contact your school to ask about the availability of additional financial aid. Continue to apply for scholarships—focus on awards that are renewable! If you are unable to secure additional aid, consider a back-up school. Starting the semester without a confirmed plan to pay a balance may result in ending the semester with a balance owed, which then becomes a back balance. Students cannot enroll for a future semester and cannot obtain official transcripts, making a transfer hard.
5. **Consider the return on your investment.** Do you know your projected salary? It is estimated that for every \$10,000 borrowed in federal loans, a borrower will pay approximately \$100 a month. The more you borrow, the more your monthly payment. Don't forget, you will have other necessities—housing, utilities, groceries, etc.
6. **Be active in your investment!** Visit the financial aid office and speak with your advisor—ask questions, advocate for yourself, and continue to learn. When you enter repayment, do the same with your loan servicers. Don't ignore communications from either office.
7. **Graduate on time!** Taking 12 credits or less per term can add a year to a four-year degree. Save your money and your time by taking at least 15 credit hours a semester or summer classes. **An additional year could cost \$50,000. More time in school leads to more debt, more tuition, and less income from working full time.**
8. **Try not to live off student loans.** Easier said than done, but remember that using student loan refund checks to pay for rent, groceries, and other items means you are paying interest on all those items. Some alternatives include working a part-time job, living at home, and/or attending a more affordable school.
9. **Don't share your loans.** Your heart is in the right place, but using loans to help a family member with a bill, support a friend going through a tough time, or otherwise assist someone with a financial obligation isn't helpful to your financial future. Remember, you are the one obligated to repay loans and interest.
10. **Repayment on student loans will begin six-nine months after leaving college. Here are some repayment tips.**
  - a. Use the avalanche method. The avalanche method prioritizes your payments based on interest rate. Attacking higher-interest loans first will save you the most money because you end up paying less interest in the long-term.
  - b. **Communicate** if you cannot pay. Not communicating with your loan servicer could lead to a loan default.
  - c. There are interest rate discounts for using ACH debit; the discount ranges from 0.25%- 2.5%

# Loan Repayment: 10YR



# Loan Repayment: 25YR



# Loan Repayment Cont'd.

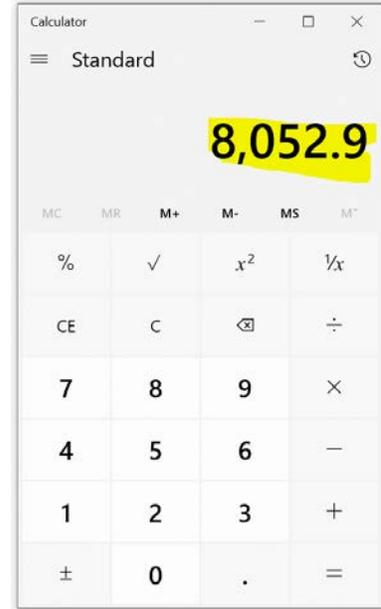
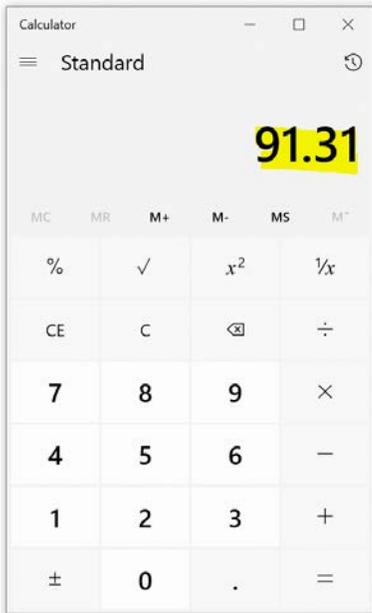
If you borrowed \$19,000 in subsidized direct/Stafford loans, with a 4.5% interest rate, over a 10-year repayment plan you will pay \$196.91 per month. Your total interest paid is \$4,629.55.

Principal Amount of Loan	19000
Number of Monthly Payments	120
Simple Interest Rate	4.5
<input type="button" value="Reset"/> <input type="button" value="Compute Payment and Cost"/>	
Your Monthly Payment Will Be	196.91
Your Total Interest Cost Will Be	4629.55
Minimum annual salary to handle these payments:	29536.00

If you borrowed that same \$19,000 in subsidized direct/Stafford loans, with the same 4.5% interest rate, but took a 25-year repayment plan, you would pay \$105.60 per month. Your total interest paid is \$12,682.45.

Principal Amount of Loan	19000
Number of Monthly Payments	300
Simple Interest Rate	4.5
<input type="button" value="Reset"/> <input type="button" value="Compute Payment and Cost"/>	
Your Monthly Payment Will Be	105.60
Your Total Interest Cost Will Be	12682.45
Minimum annual salary to handle these payments:	15841.00

# Loan Repayment Cont'd.



Your monthly payment would decrease...

...but the total amount of interest repaid would greatly increase!

	Repayment Period	
	10 Years	25 Years
Subsidized Loans	\$240	\$659
Unsubsidized Loans	\$476	\$974
PLUS Loans	\$601	\$1,437

# Student Loan Management: National Student Loan Database (NSLDS)



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National Student Loan Data System (NSLDS) for Students

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## NSLDS STUDENT ACCESS

National Student Loan Data System

### Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

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# NSLDS: Financial Aid Review

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	STAFFORD SUBSIDIZED	\$8,500	07/18/2008	\$8,500	\$0	\$6,819	\$37
2	STAFFORD SUBSIDIZED	\$8,500	08/25/2007	\$8,500	\$0	\$6,781	\$13
3	STAFFORD SUBSIDIZED	\$5,500	07/26/2005	\$5,500	\$0	\$4,230	\$7
4	STAFFORD SUBSIDIZED	\$2,000	11/10/2004	\$2,000	\$0	\$1,538	\$3
5	STAFFORD SUBSIDIZED	\$3,500	11/10/2004	\$3,500	\$0	\$2,692	\$5
6	FEDERAL PERKINS	\$250	09/28/2004	\$250	\$0	\$250	\$0
7	STAFFORD SUBSIDIZED	\$2,000	08/26/2004	\$0	\$2,000	\$0	\$0
8	STAFFORD SUBSIDIZED	\$3,500	08/24/2004	\$0	\$3,500	\$0	\$0
9	STAFFORD SUBSIDIZED	\$3,500	07/18/2003	\$3,500	\$0	\$2,692	\$5
10	FEDERAL PERKINS	\$5,000	09/27/2002	\$5,000	\$1,500	\$2,221	\$0
11	STAFFORD SUBSIDIZED	\$2,625	09/03/2002	\$2,625	\$0	\$2,019	\$3
<b>Total STAFFORD SUBSIDIZED</b>						<b>\$26,771</b>	<b>\$73</b>
<b>Total FEDERAL PERKINS</b>						<b>\$2,471</b>	<b>\$0</b>
<b>Total All Loans</b>						<b>\$29,242</b>	<b>\$73</b>

By viewing this page, students can view the following information:

- Types of loans borrowed
- Loan amounts
- Disbursement dates and amounts
- Canceled amounts (if applicable)
- Outstanding principal
- Outstanding interest
- Total of all federal loans in borrower's (i.e., student) name

# NSLDS: Financial Aid Review Cont'd.

Loan Amount	Outstanding Principal Balance	Outstanding Principal Balance As of Date	Outstanding Interest Balance	Outstanding Interest Balance As of Date	Interest Rate	Canceled Amount	Canceled Date
\$8,500	\$6,819	05/31/2012	\$37	05/31/2012	FIXED	\$0	

## Disbursement(s) and Status(es)

Disbursement Date	Disbursement Amount	Loan Status	Status Description	Status Effective Date
01/02/2009	\$4,250	RP	IN REPAYMENT	11/05/2009
08/15/2008	\$4,250	IG	IN GRACE PERIOD	05/05/2009
		IA	LOAN ORIGINATED	07/18/2008

## Servicer/Lender/Guaranty Agency/ED Servicer Information

Contact Type	Contact
Current Servicer:	DEPT OF ED/FEDLOAN SERVICING(PHEAA) P.O. BOX 69184  HARRISBURG PA 171069184 800-699-2908 Ext: accountinfo@myfedloan.org www.myfedloan.org
Current Lender:	U.S. DEPT OF ED/2008-2009 LPCP 830 FIRST ST., NE  WASHINGTON DC 202020000 Ext:
Current ED Servicer:	DEPT OF ED/FEDLOAN SERVICING(PHEAA) P.O BOX 69184  HARRISBURG PA 171069184 800-699-2908 Ext: accountinfo@myfedloan.org www.myfedloan.org

By viewing the detailed information page, students can view the following information, above and beyond the main page:

- Interest rate information (is it fixed or variable)
- Status Description—and when that status took effect<sup>4</sup>
- Loan Servicer Information
- Lender Information

<sup>4</sup> This is important for borrowers to check the status of their loans to ensure that they do not end up in default. Knowing when a borrower began repayment is important to avoid defaulting on any federal loans.

# NSLDS: Financial Aid Review Cont'd.

## Grants

Pell Lifetime Eligibility Used: 200.000%

Please click on numbers in first column to see details including point of contact.

	Award Year	Type Of Grant:	School	Disbursed Amount
<a href="#">1</a>	2005 - 2006	FEDERAL PELL GRANT	LOYOLA UNIVERSITY CHICAGO	\$800
<a href="#">2</a>	2004 - 2005	FEDERAL PELL GRANT	LOYOLA UNIVERSITY CHICAGO	\$700
Total All Grants				\$1,500

**IMPORTANT:** You need to be responsible for keeping track of your Pell Grant; the school may not give you adequate warning to create a backup plan. You have 12 semesters maximum or 6 years of eligibility.

# Loan Repayment

- All borrowers are eligible for the **Standard Repayment Plan**, which is up to 10 years. Under this plan, you will pay less than any other plan.
- Under some payment plans, such as Graduated Repayment Plan or Extended Repayment Plan, payments may be graduated—they start lower and then increase, usually every two years. **You will pay more over time than under the standard plan.**
- There are many **income-driven repayment plans**:
  - Revised Pay As You Earn Repayment Plan (REPAYE)
  - Pay As You Earn Repayment Plan (PAYE)
  - Income-Based Repayment Plan (IBR)
  - Income-Contingent Repayment Plan (ICR)
  - Income-Sensitive Repayment Plan
- All income-driven plans differ, but monthly payments are capped at a certain percentage **based on income**. Monthly payments decrease, but total amount paid over the life of the loan may increase.
- In some circumstances, after a set period of repayment, the **balance of loans may be canceled or forgiven**. In that case, sometimes **income tax is owed on the amount forgiven**.
- To learn more about student loan repayment plans, visit <https://studentaid.ed.gov/sa/repay-loans/understand/plans>.

# Consequences of Student Loan Default

- National credit bureaus can be notified of your default, which will harm your credit rating, making it hard to buy a car or a house.
- You will be ineligible for additional Federal Student Aid if you decided to return to school.
- Loan payments can be deducted from your paychecks.
- State and federal income tax refunds can be withheld and applied toward the amount you owe.
- You will have to pay late fees and collection costs on top of what you already owe.
- You can be sued.

# Suggestions for Graduate Funding:

## How to Minimize Debt

- Do your research and be open-minded. ***Consider all of your options for a graduate program.***
- Just as when you applied to undergrad, ***apply to a range of schools.***
- Look for ***assistantships and fellowships***. These are great ways to have partial tuition covered, receive a stipend, and/or have health benefits paid for.
- Research ***graduate scholarships***; they are extremely competitive, but there are opportunities out there for graduate students.
- If at all possible ***live at home*** or ***share housing with roommates!*** This will help reduce costs!
- ***Only borrow what you absolutely need!*** Many graduate students live off of student loans; remember, you are paying interest for years on things like rent, groceries, and other expenses.

# Web Resources

Considering graduate schools? These websites may offer good information about many colleges around the country!

[collegescorecard.ed.gov](http://collegescorecard.ed.gov)

[www.collegeresults.org](http://www.collegeresults.org)

[www.csocollegecenter.org](http://www.csocollegecenter.org)

[www.collegeview.com](http://www.collegeview.com)

[www.campustours.com](http://www.campustours.com)

Do you have questions about federal aid? Are you concerned about debt management? Do you still have to complete a FAFSA?

[fafsa4caster.ed.gov](http://fafsa4caster.ed.gov)

<https://fsaid.ed.gov>

[fafsa.ed.gov](http://fafsa.ed.gov)

[nslds.ed.gov](http://nslds.ed.gov)

<http://studentaid.ed.gov>

<http://studentloans.gov>

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Teresa Steinkamp, LMSW  
(314) 932-6932  
[teresa@sfstl.org](mailto:teresa@sfstl.org)

The Scholarship Foundation of St. Louis  
6825 Clayton Ave, Suite 100, St. Louis, MO 63139  
main: 314.725.7990  
fax: 314.725.5231  
[sfstl.org](http://sfstl.org)

*Teresa Stock Steinkamp, LMSW  
Revised October 2019*