



Financial Aid Basics 2.0: The College Years

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

Federal Grants	State Grants
<p>Pell Grant</p> <ul style="list-style-type: none"> ○ Federal grant ○ Current maximum award: \$6,345 ○ Need-based aid ○ FAFSA required ○ May receive for up to 12 semesters or the equivalent. ○ EFC Cutoff: \$5,711 	<p>Access Missouri</p> <ul style="list-style-type: none"> ○ State grant; attend Missouri school ○ Current maximum award varies by school type (2 year, public 4 year, or private 4 year) ○ Need-based aid ○ FAFSA Required ○ EFC Cutoff: \$12,000 ○ Must complete FAFSA by February 1st; filing between Feb 1-March 1 allows for possible consideration, if funds are available.
<p>Federal Supplemental Educational Opportunity Grant (FSEOG)</p> <ul style="list-style-type: none"> ○ Federal grant ○ Current maximum award: \$4,000 ○ Need-based aid ○ FAFSA required ○ First-come, first-serve ○ Awarded to students with lowest EFCs. 	<p>A+</p> <ul style="list-style-type: none"> ○ State grant ○ Students at approved high schools who have completed necessary requirements. ○ FAFSA required ○ Covers tuition and fees at any Missouri community college (after Pell eligibility applied). ○ Funding limited to 6 semesters. ○ Must be used within 4 years of graduation from high school.

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

Student Loans

Good or Better Loans	“Be Cautious” : Limit or Avoid Loans
<p>Subsidized Stafford</p> <ul style="list-style-type: none"> ○ Federal loan ○ Students with financial need ○ Government pays interest ○ FAFSA required ○ The interest rate on subsidized loans first disbursed to undergraduate students between July 1, 2020 and June 30, 2021 will be fixed at 2.75%.¹ ○ Students have 6 months after graduation, leaving school, or dropping below half-time before repayment begins. 	<p>Unsubsidized Stafford</p> <ul style="list-style-type: none"> ○ Federal loan ○ NOT need-based. ○ Government does NOT pay interest, which means interest accrues immediately. ○ FAFSA required. ○ The interest rate on unsubsidized loans first disbursed to undergraduate students between July 1, 2020 and June 30, 2021 will be fixed at 2.75%.² ○ Students have 6 months after graduation, leaving school, or dropping below half-time before repayment begins.
<p>Scholarship Foundation Interest-Free Loan</p> <ul style="list-style-type: none"> ○ Private loan ○ Students with financial need ○ Maximum award is \$11,000 per academic year. ○ 2- and 4-year schools around the country; must be accredited and nonprofit ○ Academic: minimum 2.0 cumulative GPA ○ Character: Demonstrate honesty, good judgment, forthrightness ○ Financial need ○ FAFSA required ○ Students have 12-month grace period 	<p>PLUS Loan</p> <ul style="list-style-type: none"> ○ Student must be dependent ○ Biological or adoptive parent borrows for the student’s education. ○ Credit-based ○ Annual limit is equal to the student’s cost of attendance minus any other financial aid the student receives. ○ The interest rate on PLUS loans first disbursed between July 1, 2020 and June 30, 2021 will be fixed at 5.3%³. ○ Repayment begins when loan is fully disbursed. First payment is 60 days after final disbursement. ○ FAFSA NOT required but advised.
	<p>Private Loan</p> <ul style="list-style-type: none"> ○ Institutional ○ Bank ○ May have credit requirements ○ May require cosigner ○ High and/or variable interest rate ○ Limited, if any, options for deferment or forbearance ○ FAFSA required: all private bank loans must be certified by financial aid administrator.

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

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

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

Calculating Financial Need

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.)

= NEED

-GRANT AID

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

= UNMET NEED
(LOANS!)*

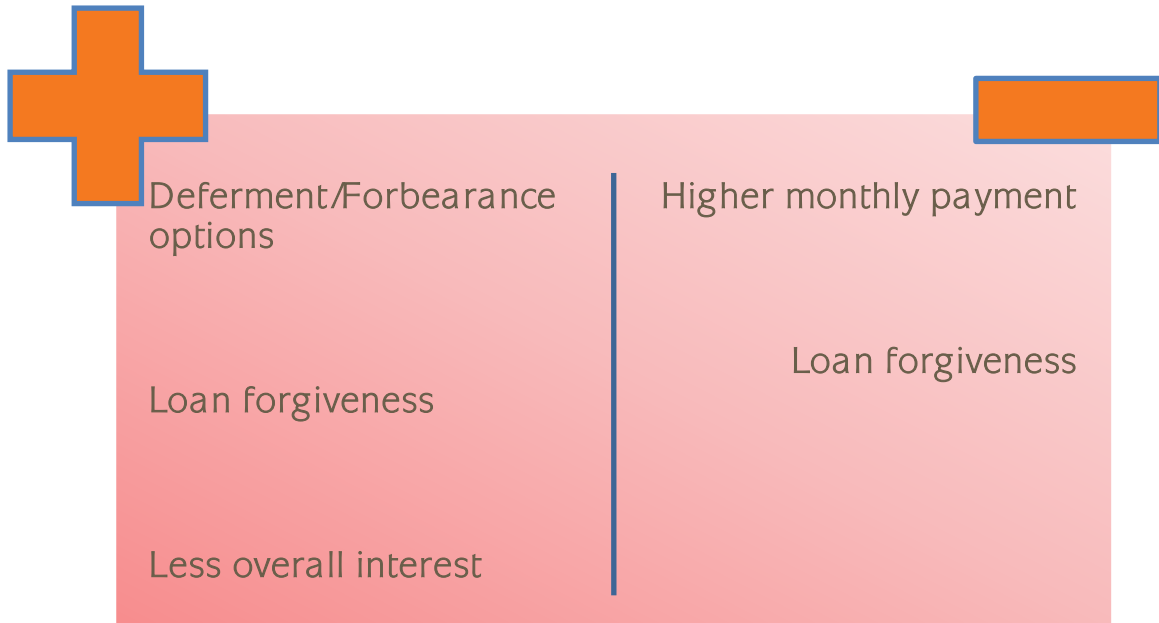
**Paid out of pocket in addition to EFC!*

Top 10 Borrowing Tips

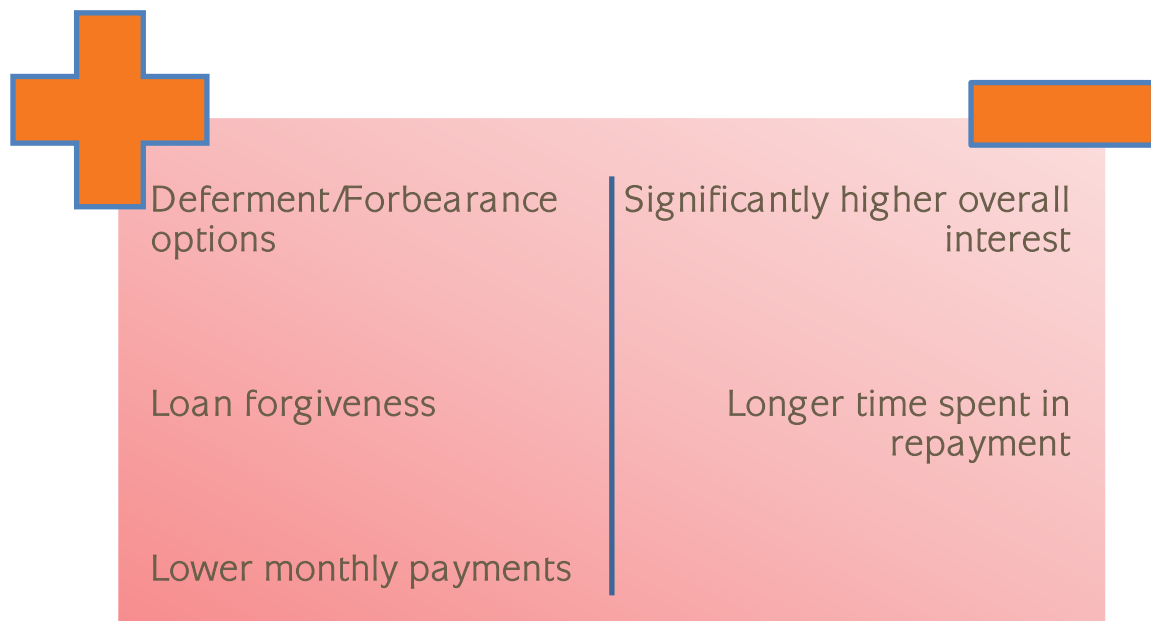
1. **You have the right to determine how much you borrow.** No one can make you borrow—and no one can make you borrow more than you need or want. Decline any loans you do not need or want and/or accept only as much of a loan as you need. Remember, the loans will be in your name—you are the one obligated 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

Loan Repayment: 10YR



Loan Repayment: 25YR



If you borrowed \$19,000 in subsidized direct/Stafford loans, with a 2.75% interest rate, over a 10-year repayment plan you will pay \$181.28 per month. Your total interest paid is \$2,753.71.

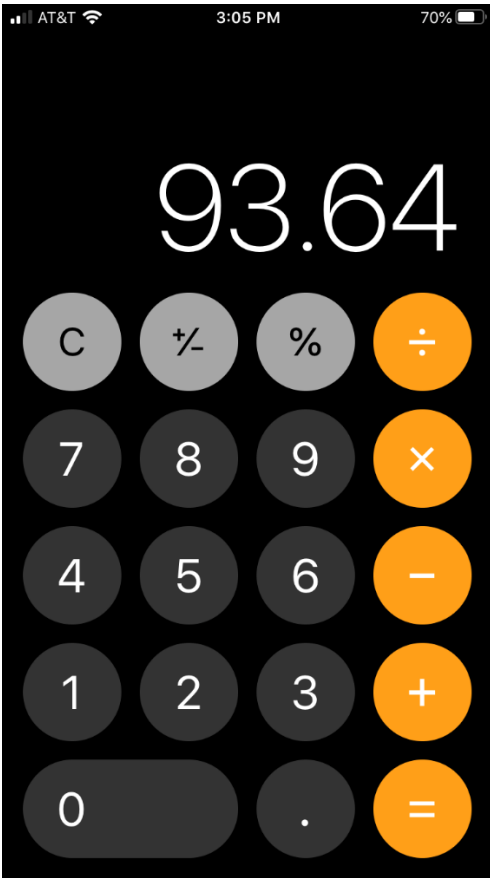
A screenshot of a loan calculator interface. The input fields are: Principal Amount of Loan (19000), Number of Monthly Payments (120), and Simple Interest Rate (2.75). Below the inputs are two buttons: 'Reset' and 'Compute Payment and Cost'. The results are displayed in a dark grey box: 'Your Monthly Payment Will Be' (181.28), 'Your Total Interest Cost Will Be' (2753.71), and 'Minimum annual salary to handle these payments:' (27192.00).

Field	Value
Principal Amount of Loan	19000
Number of Monthly Payments	120
Simple Interest Rate	2.75
Your Monthly Payment Will Be	181.28
Your Total Interest Cost Will Be	2753.71
Minimum annual salary to handle these payments:	27192.00

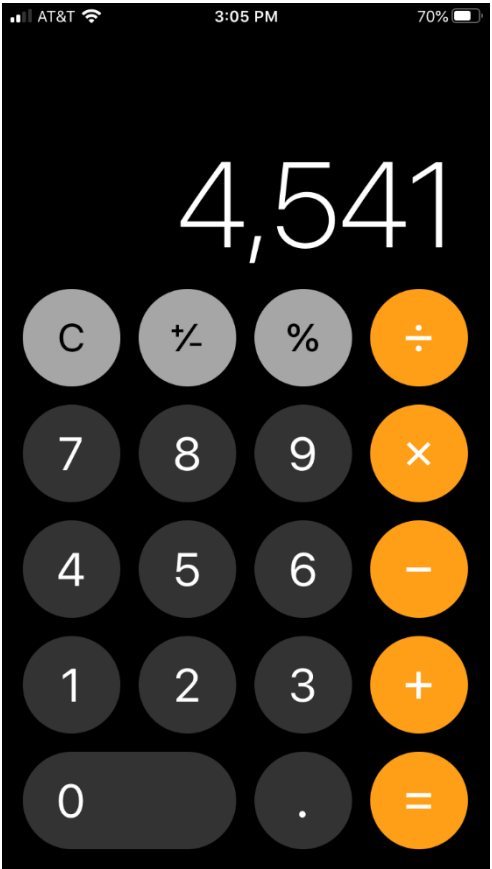
If you borrowed that same \$19,000 in subsidized direct/Stafford loans, with the same 2.75% interest rate, but took a 25-year repayment plan, you would pay \$87.64 per month. Your total interest paid is \$7,294.71.

A screenshot of a loan calculator interface. The input fields are: Principal Amount of Loan (19000), Number of Monthly Payments (300), and Simple Interest Rate (2.75). Below the inputs are two buttons: 'Reset' and 'Compute Payment and Cost'. The results are displayed in a dark grey box: 'Your Monthly Payment Will Be' (87.64), 'Your Total Interest Cost Will Be' (7294.71), and 'Minimum annual salary to handle these payments:' (13147.00).

Field	Value
Principal Amount of Loan	19000
Number of Monthly Payments	300
Simple Interest Rate	2.75
Your Monthly Payment Will Be	87.64
Your Total Interest Cost Will Be	7294.71
Minimum annual salary to handle these payments:	13147.00



Your monthly payment would decrease...



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

Student Loan Management: National Student Loan Database (NSLDS)

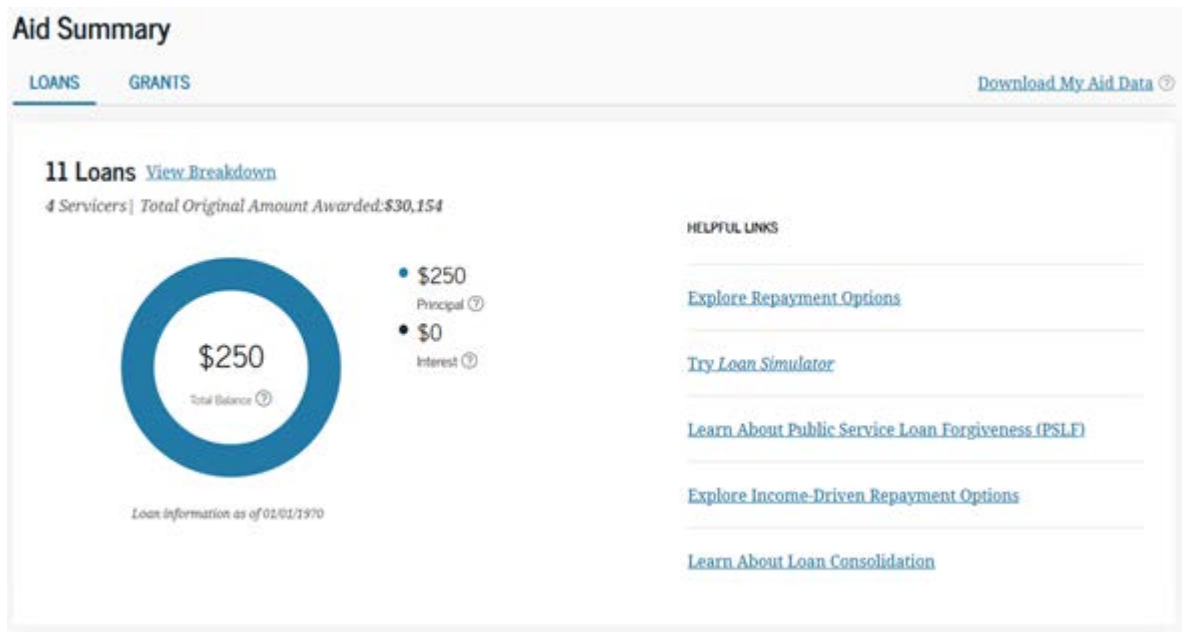
The screenshot shows the homepage of the Federal Student Aid website. At the top left is the logo for Federal Student Aid, an office of the U.S. Department of Education. To the right of the logo are four navigation menus: UNDERSTAND AID, APPLY FOR AID, COMPLETE AID PROCESS, and MANAGE LOANS, each with a dropdown arrow. Further right are links for Log In and Create Account, and a search icon.

The main content area has a dark teal background. On the left, the headline reads "You Are America's Smartest Investment" in white. Below it, a paragraph states: "The U.S. Department of Education's office of Federal Student Aid (FSA) provides more than \$120 billion in financial aid to help pay for college or career school each year." To the right of this text is a white button labeled "Log In" and a link labeled "Create Account".

At the bottom, there are four teal-colored boxes with white text, each representing a user role:

- Considering School**: *I'm thinking about going to college or a career school.*
- In School**: *I'm in the process of earning a degree or certificate.*
- Parent**: *I want to help my child pay for college.*
- In Repayment**: *I have loans I need to repay.*

StudentAid.gov: Aid Summary



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

- Total number of loans borrowed
- Number of loan servicers
- Total amount borrowed
- Remaining principal
- Outstanding interest

LOANS SERVICED BY
AMERICAN EDUCATION SERVICES

REPAYMENT PLAN: TOTAL BALANCE: \$0 NEXT PAYMENT ON: N/A
[HIDE DETAILS](#)

Sort By: Select

Subsidized Loan	LOAN DATE	LOAN STATUS	REPAYMENT PLAN	INTEREST RATE	TOTAL BALANCE
SAINT LOUIS UNIVERSITY	8/25/07	Paid-in-Full		6.80%	\$0
VIEW LOAN DETAILS					
Subsidized Loan	LOAN DATE	LOAN STATUS	REPAYMENT PLAN	INTEREST RATE	TOTAL BALANCE
LOYOLA UNIVERSITY CHICAGO	7/26/05	Paid-in-Full			\$0
VIEW LOAN DETAILS					
Subsidized Loan	LOAN DATE	LOAN STATUS	REPAYMENT PLAN	INTEREST RATE	TOTAL BALANCE
LOYOLA UNIVERSITY CHICAGO	11/10/04	Paid-in-Full			\$0
VIEW LOAN DETAILS					
Subsidized Loan	LOAN DATE	LOAN STATUS	REPAYMENT PLAN	INTEREST RATE	TOTAL BALANCE
LOYOLA UNIVERSITY CHICAGO	11/10/04	Paid-in-Full			\$0

FFELP Stafford Subsidized SAINT LOUIS UNIVERSITY OPE ID: 00250600

Loans: \$0 Principal, \$0 Interest, Total Balance: \$0

LOAN PERIOD: 08/27/2007 - 05/10/2008
 LOAN STATUS: Paid In Full
[View loan status history](#)
 INTEREST RATE: 6.80% (fixed)

REAFFIRMATION DATE: N/A
 PLUS QUALIFYING PAYMENTS: N/A
[Learn more about loan forgiveness](#)

Loan Information as of 06/06/2018

Repayment Details

NEXT PAYMENT DUE DATE: N/A
 LAST PAYMENT MADE ON: N/A
 ENTERED REPAYMENT: N/A
 REPAYMENT PLAN: N/A
 IDR RECERTIFICATION DATE: N/A
[Lower my payment](#)
[Explore different repayment options](#)

Disbursements

Disbursement Date	Amount
01/14/2008	\$4,250
08/29/2007	\$4,250
TOTAL AMOUNT DISBURSED	\$8,500

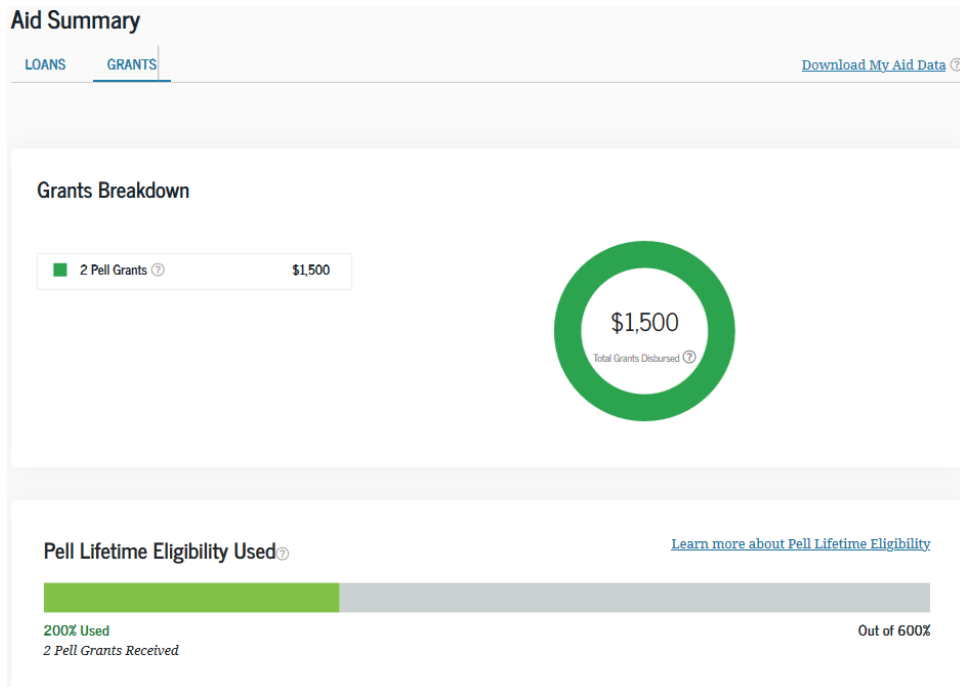
Out of \$8,500

Contact Your Servicer
 AMERICAN EDUCATION SERVICES
 WEBMASTER@PHEAA.ORG | PO BOX 2461
 HARRISBURG, PA 171052461
 800-233-6637

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

- o Interest rate information (is it fixed or variable)
- o Status Description—and when that status took effect⁴
- o Loan Servicer Information
- o Lender Information

⁴ 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.



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.

Federal 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

www.collegeresults.org

www.csocollegecenter.org

www.collegeview.com

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

<https://fsaid.ed.gov>

fafsa.ed.gov

nslds.ed.gov

<http://studentaid.ed.gov>

<http://studentloans.gov>

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