



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)

Apply or Learn More
studentaid.gov

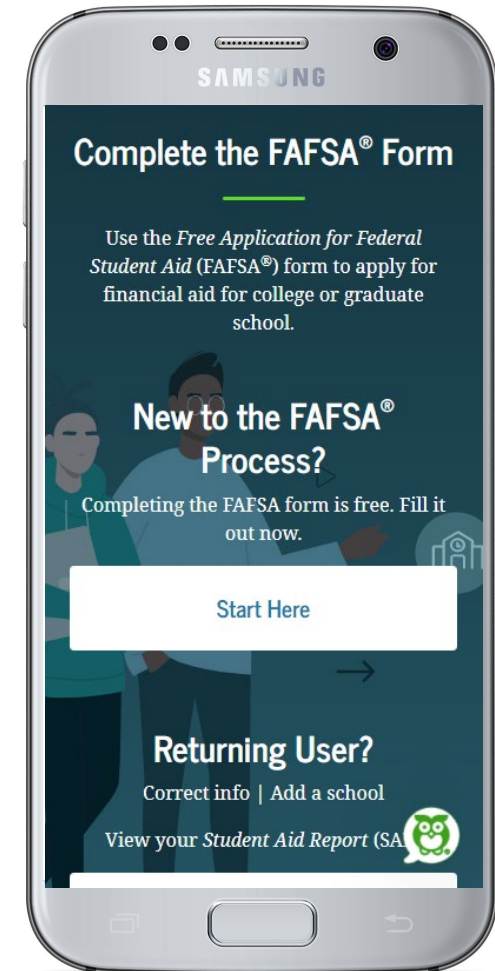
Who can apply?

- 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.

PAYING FOR COLLEGE

FREE MONEY: SCHOLARSHIPS

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

Federal Pell Grant

- \$7359 max for 2023-2024 award year

Federal Iraq and Afghanistan Service Grant

- \$6,502 max 10/1/22 – 10/1/23

Federal Supplemental Educational Opportunity Grant

- Ranges between \$100 to \$4,000/year

Federal TEACH Grant

- \$3,772 max for 2022-2023 award year

Grants

- 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

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Benefits

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

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

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Undergraduate - Dependent

- Annual Limits **Unsubsidized**
 - Freshman \$5,500
 - Sophomore \$6,500
 - Junior and Senior \$7,500

Undergraduate – Independent

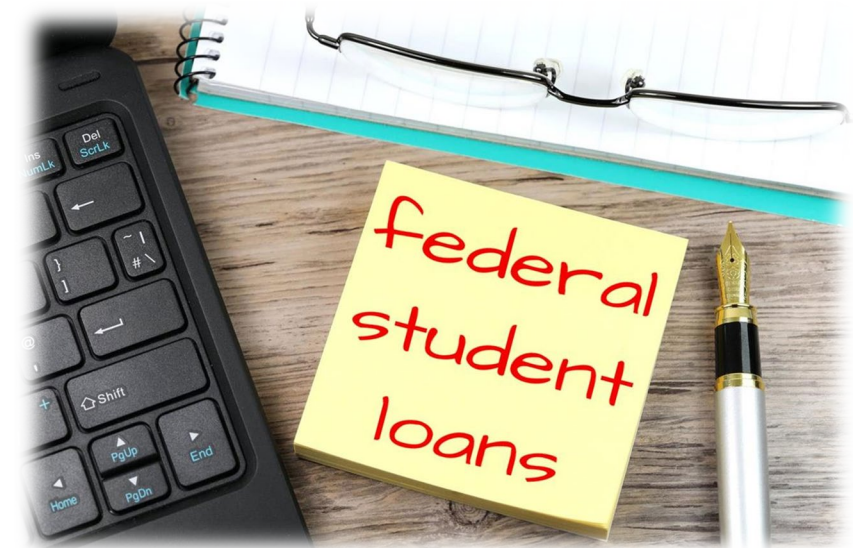
- Annual Limits **Unsubsidized**
 - Freshman \$9,500
 - Sophomore \$10,500
 - Junior and Senior \$12,500

Graduate

- Annual Limits **Unsubsidized**
 - \$20,500
 - Med School \$40,500
 - Does not qualify for subsidized

Undergraduate Only

- Annual Limits **Subsidized**
 - Freshman \$3,500
 - Sophomore \$4,500
 - Junior and Senior \$5,500



PAYING FOR COLLEGE

FEDERAL DIRECT PARENT/GRADUATE PLUS LOAN PROGRAM

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

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Benefits

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

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

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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.

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

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Benefits

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

PRIVATE STUDENT LOANS

RATES/LIMITS

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- **Interest Rates**
 - Fixed and variable
 - Varies by lender
- **Annual Limit**
 - Cost of attendance minus financial aid



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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Why choose a credit union?

Credit unions are not-for-profit organizations focused on serving their communities. As member-owned cooperatives, they have your best interests in mind.

When you choose your credit union, you'll enjoy:

- Great rates
- Unique line of credit
- Convenient repayment terms
- A life-long relationship with a lender you can trust

ALTERNATIVE FUNDING



Tuition Payment Plans



Student Employment



Education Savings Plans



Home Equity Loans



Retirement Account

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

News Alert - Communication

- Dept. of Education
- Schools
- Lenders/Loan Servicers

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

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