

## STUDENT LOANS – CONNECTING THE PIECES

PRESENTED BY: TRICIA POPLICEAN COLLEGE COUNSELOR STUDENT CHOICE SCHOLARHELP@STUDENTCHOICE.ORG



## **DISCUSSION TOPICS**

- Department of Ed update
  - o FAFSA

## • Where it all begins

- Financial aid process
- Free money
  - Scholarships and grants
- Federal Student Loans
- Private Student Loans
- Connecting the Pieces



## FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) UPDATE

- Completed reprocessing 2024–25 FAFSA online forms impacted by known issues with IRS data, which should enable all institutions to package financial aid offers
- Applicants and contributors without a Social Security number (SSN) have immediate access and can submit the online form
- Applicants' ISIRs are now being sent to schools and states within one to three days of submission.
- Emailing applicants and their contributors who still need to make corrections or have started but not completed their form.
- Paper forms will be processed by the end of June.
- Interest rates



Learn more....

Home | Federal Student Aid

Home | U.S. Department of Education

## **FINANCIAL AID PROCESS** THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

## Apply or Learn More studentaid.gov

#### Who can apply?

- Dependent students with parents
- Independent students

#### After you complete the FAFSA:

- Student receives Student Aid Report (SAR)
- School receives Institutional Student Information Record (ISIR)
- School creates financial aid award letter
  - Student compares letters from any/all schools
  - o Determine if there is an unmet need
    - Cost of Attendance (COA)
    - Fixed vs. Flexible Costs
  - Compare funding options



## FINANCIAL AID PROCESS UNDERSTAND THE UNMET NEED BEFORE STUDENT LOANS

#### Cost of Attendance

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

#### Fixed Costs

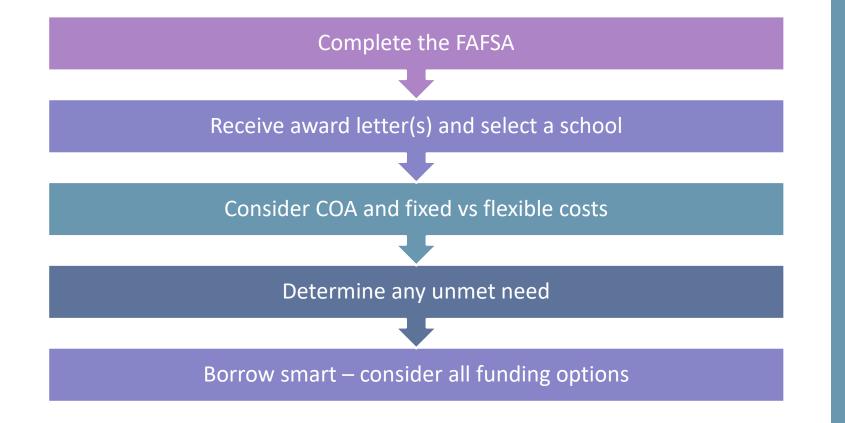
- o Tuition and fees
- Housing and meal plans *sometimes*

#### Flexible Costs

- Housing and meal plans
- o Institutional Insurance
- o Books
- Transportation
- Appeals/Special Circumstances
- Tuition Payment Plans



## FINANCIAL AID PROCESS RECAP



#### Important Note

**Be sure to apply for student loans early!** 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.

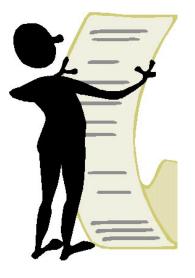
## PAYING FOR COLLEGE FREE MONEY: SCHOLARSHIPS

## A payment made to support a student's education. Usually paid directly to the school.



## PAYING FOR COLLEGE FREE MONEY: SCHOLARSHIPS

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



## 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**

\$7395 max for 2024-2025 award year

### Federal Iraq and Afghanistan Service Grant

Suspended in 2024-2025

#### **Federal Supplemental Educational Opportunity Grant**

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

#### **Federal TEACH Grant**

\$4000 max for 2024-2025 award year



#### Grants

- Free money from the government, state, school foundation
- May have obligations
- Does not have to be repaid
- 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

Apply or Learn More <u>studentaid.gov</u> Master Promissory Note Entrance Counseling Exam (first time borrowers)

#### Benefits

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

## FEDERAL STUDENT LOANS LIMITS: FEDERAL DIRECT LOAN PROGRAM

## Apply or Learn More <u>studentaid.gov</u>

#### **Undergraduate - Dependent**

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

#### **Undergraduate – Independent**

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



#### Undergraduate

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

### Graduate

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



© Credit Union Student Choice 2022. Confidential and Proprietary.

## SUBSIDIZED VS UNSUBSIDIZED

## SUBSIDIZED

Awarded to eligible students based on financial need

Government pays interest during school and some deferment periods

Fixed interest rate of 6.53%\* 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 6.53%\* plus loan fee of 1.057%\*\*

\*First Disbursement between July 1, 2024 and June 30, 2025 \*\*First Disbursement between October 1, 2020 and September 30, 2024

© Credit Union Student Choice 2022. Confidential and Proprietary.

## 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) in-school deferment available
  - 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

Apply or Learn More <u>studentaid.gov</u> Master Promissory Note Entrance Counseling (*first time borrowers*)

#### 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 07/01/2024 06/30/2025: 8.08%
- Parent PLUS 07/01/2024 06/30/2025: 9.08%

#### Origination Fee

- o 10/01/2023 09/30/2024: 4.228%
- Annual Limit
  - o Cost of attendance minus financial aid

## Apply or Learn More studentaid.gov



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 halftime status or separates from school
- Repayment term determined by lender: 10 25 years

## Apply or Learn More cuselect.com

#### Benefits

- Determined by the selected lender
- Flexible repayment options
- Competitive rates
- Refinance options
- Co-borrower release

## PRIVATE STUDENT LOANS RATES/LIMITS

## Apply or Learn More <u>cuselect.com</u>

#### Interest Rates

- Fixed and variable
- Varies by lender

## Annual Limit

o 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



## Apply or Learn More cuselect.com

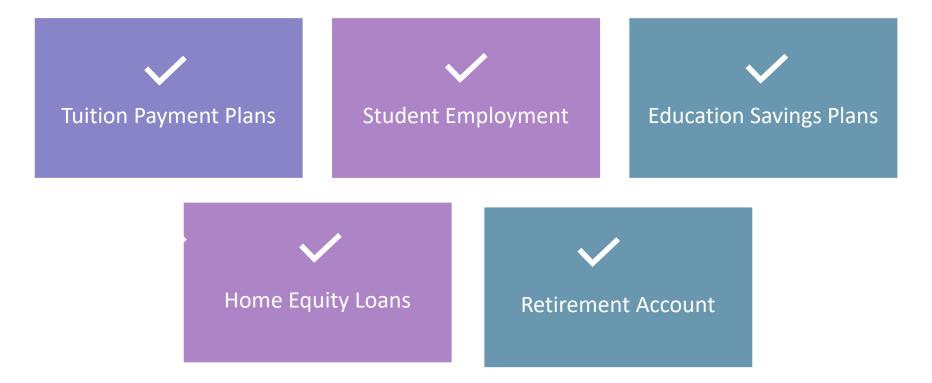
## Why choose a credit union?

Credit unions are not-for-profit organizations focused on serving their communities. As memberowned 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



© Credit Union Student Choice 2022. Confidential and Proprietary.

## BEHIND THE SCENES: WHAT HAPPENS AFTER APPROVAL

- The certification process
- Disbursement
  - Funds disbursed to the school
- Refunds
  - Direct deposit or check
  - o Return to lender
- Loan servicing
  - Manage your loan



## UNDERSTANDING HOW TO PAY FOR COLLEGE TIPS AND TRICKS

#### **Know Your School Resources Borrow Smart News Alert** -Attend Orientation Compare Awards Communication • Cost of Attendance **Financial Aid Office** Dept. of Education • Fixed vs. Flexible Costs Bursar's Office Schools • • Loan Terms Lenders/Loan Servicers **Financial Aid Process Miscellaneous** Be Mindful of Deadlines Is Payment Due Before **Apply Early** • FAFSA – Renew Each Year Loan is Funded? June Loan Applications • Refunds – Direct Deposit Understand Schools Process or Checks

# THANK YOU FOR ATTENDING!

#### **Tricia Poplicean**

- College Counselor
- Student Choice

### Please contact us with any additional questions:

scholarhelp@studentchoice.org