

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

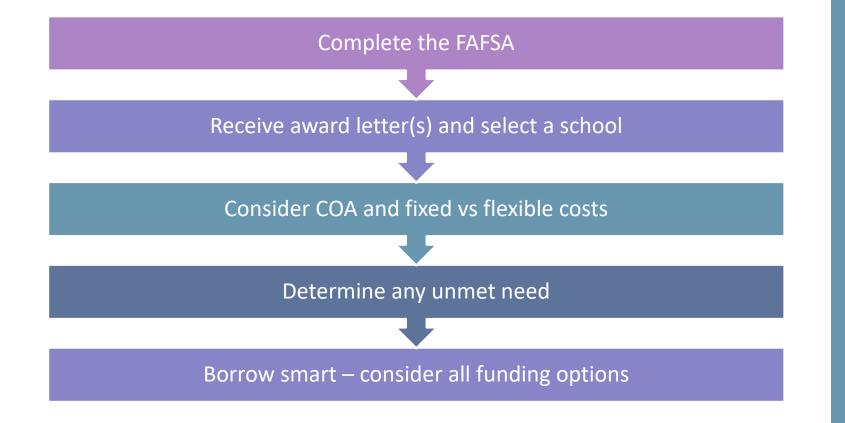
- o Tuition and fees
- Housing and meal plans *sometimes*

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.

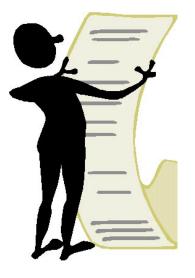
PAYING FOR COLLEGE FREE MONEY: SCHOLARSHIPS

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

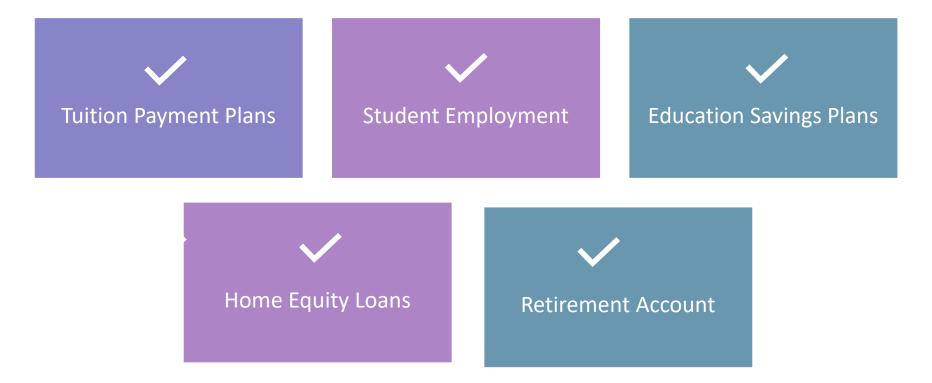
Why choose a credit union?

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