



Financing Options

Congratulations on your college acceptance letters! It is now time to analyze the award letters before making your final decision by May 1. Which college has offered more grant and scholarship aid? How much will you need to finance? Were you offered work study? In other words, what are your options to cover the cost of attendance at the school of your choice? In this issue, we will cover financing options that you and your family may consider when deciding how you can afford to go to your first choice college. Ultimately, you may discover that using a combination of funding sources is the best way to manage the expense.

Utilize Student Savings

As your senior year winds down, make a concerted effort to save as much as possible from your part-time or summer employment. These savings can be used to purchase books, supplies and class materials. If you are able to earn a considerable amount of money this summer, you may also be able to use some of your savings to pay a portion of your tuition costs. A college work study job can also help you with either your personal expenses during the school year or, at some colleges, you can choose to apply your earnings directly towards your tuition. Remember, any portion that you are able to pay now decreases the amount that you may need to borrow later. Also consider that you will most likely need money during your first week of school to pay for parking passes, dorm essentials and phone and cable set-up. Set some of your earnings aside to help pay these expenses. If you have questions about how much money you may need for the first few weeks of school, contact the school directly and ask what extra fees and costs may arise.

Tuition Payment Plans

Ask the college's financial aid office about participating in a tuition payment plan. This plan provides you with the ability to make monthly payments directly to the college, interest free. While there is usually a minimal set-up charge, this option is helpful to students and families who are able to manage additional monthly costs and would like to spread these costs throughout the year. A typical payment plan schedule begins in August and continues through May. Families do not need to pay the entire bill with a tuition payment plan. Instead they are able to set the amount of the tuition payment plan to a monthly payment that works for their budget.

Federal Student Loans

By filing the FAFSA (Free Application for Federal Student Aid), every student is eligible for a Federal Direct Loan. This loan is typically included in the college's award letter. Evaluate your offer of aid carefully and remember that any amount you borrow now will need to be paid back, with interest, later. If you choose, you will need to notify the college that you want to accept this loan. You also have the right to decline this loan or to request a reduced

Center for College Planning at the NHHEAF Network Organizations

The Center for College Planning at the **NHHEAF Network Organizations** is dedicated to providing students and families with valuable information about the college planning process—from savings options and college admissions requirements, to applying for financial aid and scholarships. We serve all student populations: traditional, continuing education, graduate and adult learner. We offer college planning materials and coordinate speakers for schools, businesses and community organizations free of charge. We provide dynamic small group workshops in our Concord, New Hampshire office. We also provide a toll free college planning hotline and comprehensive Web site. Our goal is to promote higher education as the means to achieving personal, career and life goals.

The NHHEAF Network Organizations

The **NHHEAF Network Organizations** are comprised of four independent nonprofit organizations dedicated to streamlining the student loan process:

New Hampshire Higher Education Assistance Foundation (NHHEAF) guarantees, originates and disburses your loan.

New Hampshire Higher Education Loan Corporation (NHHELCO) funds your loan.

Granite State Management & Resources (GSM&R) services your loan.

NHHEAF Network Educational Foundation (NNEF) administers charitable giving.



The NHHEAF Network Organizations
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Upcoming:
**May: Congratulations on
Your Decision!**

amount. Every freshman student is eligible to receive \$5,500 in a Federal Direct Loan. While this amount may seem minimal, remember that the student's eligibility increases each year and by graduation, you could have incurred a considerable amount in Direct Loans. To get an estimate on your monthly payments upon graduation, use this [repayment calculator](#). You may have noticed that you have received two different types of Direct Loans in your award letters: Subsidized and Unsubsidized. Subsidized portions have a fixed interest rate of 4.5% and no interest is charged while the student is in school. Unsubsidized portions have interest accruing over the full life of the loan and a fixed interest rate of 6.8%. Repayment on a Federal Direct Loan begins six months after you leave college or drop to less than half-time status. For more details on Federal Direct Loans, [click here](#).

Federal Direct Parent PLUS Loan

The Federal Direct Parent PLUS Loan is taken solely in a parent's name for the benefit of the student. A parent can apply for the amount needed to cover the gap between the cost of attendance (COA) and the financial aid awarded. For example, if the COA is \$20,000 and the student is awarded \$9,000 in financial aid, the parent can apply for an \$11,000 Federal PLUS loan. These loan payments traditionally begin 60 days after the second disbursement, usually in February of the student's freshman year; however parents may defer payments while the benefitting student is enrolled at least half-time and for an additional six months after the benefitting student ceases to be enrolled at least half-time. They continue for a standard 10-year term. The interest rate is fixed at 7.9% for Direct PLUS Loans. Remember that with the PLUS loan, you are applying for the amount needed for one year of your student's education.

Note: Federal Direct Parent PLUS loans require a credit check. If you are denied for a PLUS loan based on your credit, your student will be eligible to receive \$4000 of additional Unsubsidized Stafford loans. If you are divorced, both parents are eligible to apply for a PLUS loan in their own names. The PLUS loan is not limited to the parent who filed the FAFSA with the student.

Private or Alternative Loan Options

If a student needs additional funding above and beyond what is offered in the award letter, private or alternative loans are one option. Private loans are offered through private lending sources, and are based on a student and/or co-borrower's credit score or credit history. Most private loans feature a variable interest rate that is tied to the Prime or LIBOR index. Please note that it is not likely that a first-year undergraduate student will qualify for a private loan without a creditworthy co-signer. A co-signer does not have to be the student's parent. It can be any creditworthy borrower willing to assume the responsibility of the loan.

The Center for College Planning always recommends accepting the Direct Student Loan for \$5,500 before considering a private loan. When evaluating private loans, here are some items to consider:



- Origination and Repayment Fees
- Repayment Options (When does repayment begin? Does interest accrue while I am in school, or am I required to pay it while I am in school?)
- Interest Rate (How high can I expect this rate to go?)
- Annual Limits (How do they determine the amount you can borrow?)
- Co-Borrower (Is a Co-Borrower required? Do they evaluate the Co-Borrower based on debt-to-income ratio, credit score or credit history?)
- Repayment Benefits

Web sites like www.simpltuition.com may offer useful information about private loan options but, for the best assistance in finding a private loan provider, contact your Financial Aid Office.

Borrowing from a Retirement Plan

Many families look to this as an option to finance their students' education. Borrowing from retirement plans can be an attractive option if you are able to borrow penalty-free. However, we encourage families to remember that while your student's education is very important to his or her future; a parent's retirement plan is their future. While you can borrow for college, you can't borrow for retirement. Carefully weigh the pros and cons to balance future financial well-being with current obligations.

Let Us Answer Your Questions!

Counselors at the Center for College Planning are available to help you better understand your financing options. Please call 888-7-GRADUATE x119 to schedule a one-on-one counseling appointment at our Concord office. Our counselors can provide you with the resources and information to help you make appropriate funding decisions.

And, be sure to register for our free "Before You Step Foot on Campus" webinar on Wednesday, May 26 from 6:15 to 7:15 p.m. This informational webinar will walk you and your family through what things you need to do as you prepare to head to campus later this summer. [Click here](#) to register.

Higher Education Incentives

And you thought paying high priced tuition costs and borrowing with student loans came without any perks?

Visit www.irs.gov to learn more:

- American Opportunity Tax Credit
- Tuition and Fees Deduction
- Lifetime Learning Credit
- Student Loan Interest Deduction

Did you Know?

Campus Highlight

PSU Students Travel to Taiwan for World Model UN Conference

More than 1,800 students from 50 countries around the world participated in the World Model UN Conference in Taipei, Taiwan recently. Among the participants were eight Plymouth State University (PSU) students from Dr. Fili Otucu's Model United Nations Lab course. The experience offered the student delegates a chance

to debate, problem-solve and negotiate on the world's most pressing issues like terrorism, health care, refugee protection, disarmament and human rights. Reuben Fuchs, a junior Social Science education major said, "I will be able to relate to my class the experience and knowledge I gained there. Getting to talk with people from all over the world who have a different government and way of life, knowing people from Pakistan, Columbia, Egypt, Australia and Venezuela, I can bring that into my work later on." Last year, PSU students travelled to the Model UN event in Amsterdam. Otucu's students have also travelled to Mexico, London, Ecuador, New York City and Boston for Model UN events. Dr. Fili Otucu is a professor of political science at Plymouth State University and believes that the international experience prepares students for a successful future.



News Around the Nation

Slashing Prices at Private Institutions

Tuition discounting has become an increasingly common practice at private institutions. This discounting means that families will not pay the "sticker price" for tuition, room and board, but rather will receive institutionally funded financial aid to help cover a percentage of the costs. According to a report by the National Association of College and University Business Officers (NACUBO), tuition discounting reached record high levels at private colleges and universities in 2008 and the largest share of that aid was awarded without consideration of students' financial need. Some interesting facts included:

- The average discount rate for full-time freshmen reached 42 percent in fall 2008 and the average award was more than half of the "sticker price" (the discount rate represents the percentage of tuition and fee revenues colleges use to award institutionally funded aid)
- 41.5 percent of the discounting - the largest percentage share of dollars - was given based on non-need criteria like academic merit
- Need-based aid made up 35 percent, and 22.5 percent was awarded on a combination of need and non-need criteria
- On average, 12.1 percent of the funds for discounting came from endowments

"Discounting in the form of institutional grants is on the rise," said John Walda, NACUBO president. "I think this is likely to continue, as long as family wealth is down [compared to] historic levels, and as long as institutions can afford the effect on net tuition." (from *Inside Higher Ed* March 31, 2010)

Scholarship Corner

www.Dosomething.org has teamed up with Six Flags Friends to award college scholarships to young leaders who are taking action to make their community a better place. Scholarships will be awarded based on past, current and planned action in the community as well as the applicant's passion, commitment and proven leadership skills.



Six \$1,500 scholarships will be awarded. The application deadline is April 30, 2010. Applicants must create a project posting for their existing project or past volunteer experience and fill out an online application. A letter of recommendation from a non-family member is required. Photos and video of the project are optional. For more information and to access the online application, [click here](#).

CSO Opportunity Scholarship

The Center for Student Opportunity (CSO) Opportunity Scholarship is a \$1,000, four-year renewable scholarship awarded to first-generation, low-income, and/or minority high school seniors (class of 2010; entering the college class of 2014) enrolling at a four-year college or university. Scholarship winners are also given the opportunity to serve as student bloggers on the Center for Student Opportunity's [web blog](#) to share their college journeys and offer advice to younger students like them on how to make it to college. The [deadline](#) to apply is May 28, 2010.

Ask Joe College

Don't forget to stop by the [Ask Joe College blog](#) to check in with Val and all our bloggers to see what topics are being covered this week. What are the hottest career fields today? Have you been to an Accepted Students Day? Fifty thousand dollars for one year of college? Join us to discuss some of the hottest topics in college admission, financial aid, financing your education and college life. www.joecollegeblog.com



May 1st is the national candidate reply date for college admissions. By the time you receive your next Dean's List, you will have already selected a campus to attend. Good luck with your decision!

The NHHEAF Network Organizations are comprised of four 501(c)(3) nonprofit organizations that provide students and families with the resources and funding to pursue higher education aspirations. Funds generated by the Organizations make their charitable mission possible as student loan earnings are reinvested in programs and services that benefit citizens of New Hampshire. For more information, visit www.nhheaf.org.