

Paying for College 101:

Understanding Financial Aid Award Packages & Financing Options

Presented by:

The NHHEAF Network Organizations'
Center for College Planning

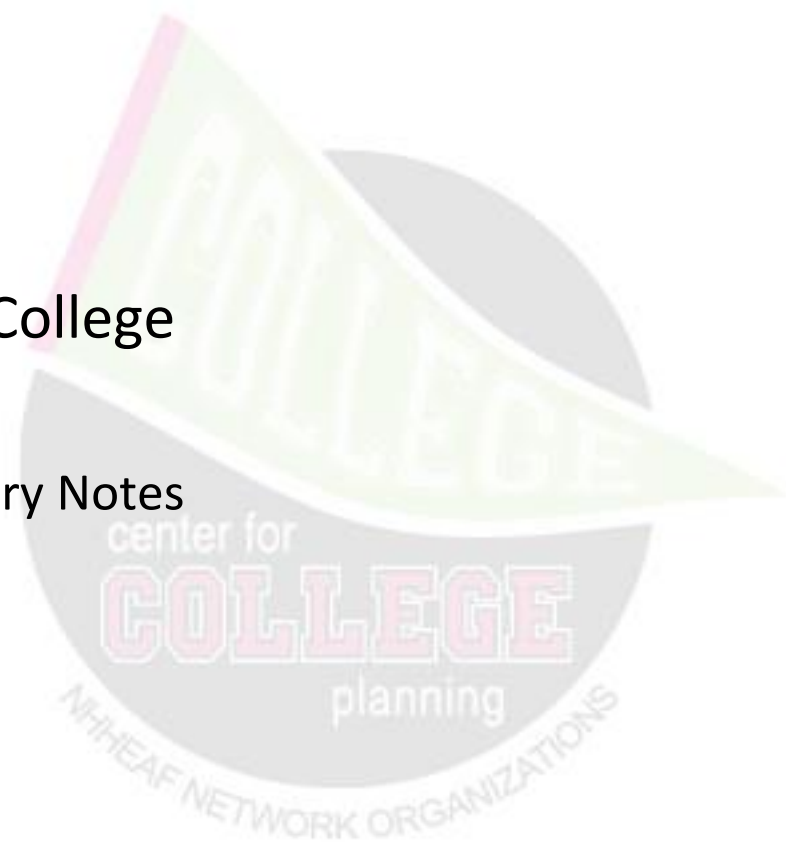


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Agenda

- Review of Financial Aid Basics
 - What is a Financial Aid Award Letter?
 - Types of Aid
 - Need-Based Aid
 - Self-Help Aid
- How Families Manage the Cost of College
- Finishing The Financial Aid Process
 - Timeline For Signing Master Promissory Notes

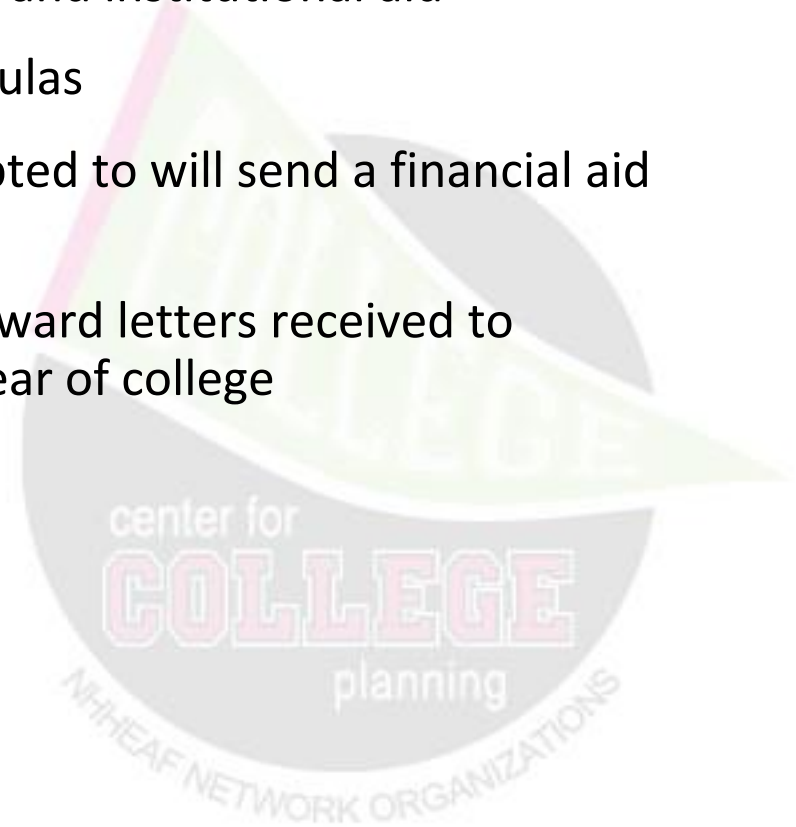


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Financial Aid Award Letters

- An offer of financial aid, including federal and institutional aid
 - Data-driven process, systematic formulas
- Each college your student has been accepted to will send a financial aid award letter
- Families should review and compare all award letters received to determine the total family cost for one year of college



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Types of Aid

- **Gift Aid**

Scholarships and Grants

- **Scholarships (Merit-Based)**

Academic, artistic, athletic talent, community service, leadership

- **Grants (Need-Based)**

Based on the family's finances

- **Self-Help Aid**

Federal loans and work-study



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Need-Based Aid

- **Pell Grant**

- Awarded to students with exceptional financial need
- Award amount is based on the Cost of Attendance, Expected Family Contribution (EFC), and enrollment status of student
- **Annual Limits:** Up to \$5,920

- **Federal Supplemental Education Opportunity Grant (FSEOG)**

- A federal grant program for undergraduate students with exceptional need. FSEOG grants are awarded by the school's financial aid office
- **Annual Limits:** Up to \$4,000

- **Institutional Grant**



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Refer to page 6
in the Financial
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Federal Self-Help Aid



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Federal Direct Loan

- Available through the Federal Direct Loan Program (FDLP) with funds provided directly by the federal government
- School determines loan eligibility and delivers loan proceeds to the student
 - **Subsidized**: must demonstrate “need” (*fixed interest rate of 3.76% and 1.069% origination fee for 2016-2017 academic year*)
 - **Unsubsidized**: need not considered (*fixed interest rate of 3.76% and 1.069% origination fee for 2016-2017 academic year*)
- No payments while in-school or enrolled at least half-time
- 6 month grace period
- 10-30 year repayment period, various repayment terms, deferments and forbearances available



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Direct Loan – Annual Loan Limits

Dependent Undergrad Students	Subsidized & Unsubsidized (Maximum amount based on need)	Additional Unsubsidized	Maximum Amount of Award
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior or Senior	\$5,500	\$2,000	\$7,500

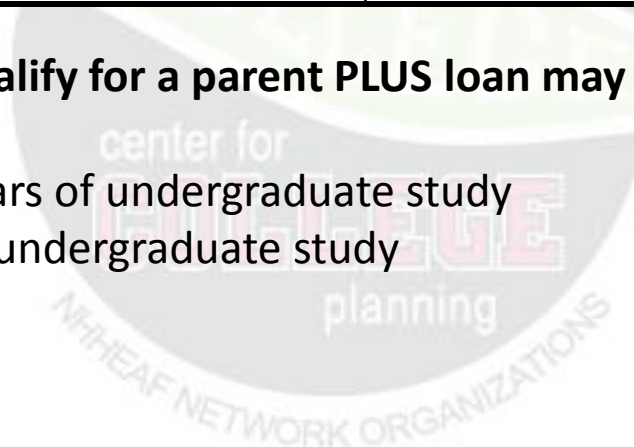
In addition, students with parents who do not qualify for a parent PLUS loan may qualify for additional unsubsidized loans:

- \$4,000 per year for first and second years of undergraduate study
- \$5,000 per year for remaining years of undergraduate study



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Refer to page 6 in the Financial Aid Insider



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Federal Perkins Loan

- Fixed 5% interest rate loans for undergraduate and graduate students with exceptional financial need
- School acts as the lender
- Repayment starts 9-months after graduation
- 10 year repayment period, deferments available
- Some loan forgiveness available based on career
- Student is the borrower, no cosigner required
- **Subsidized** – interest does not accrue while in-school

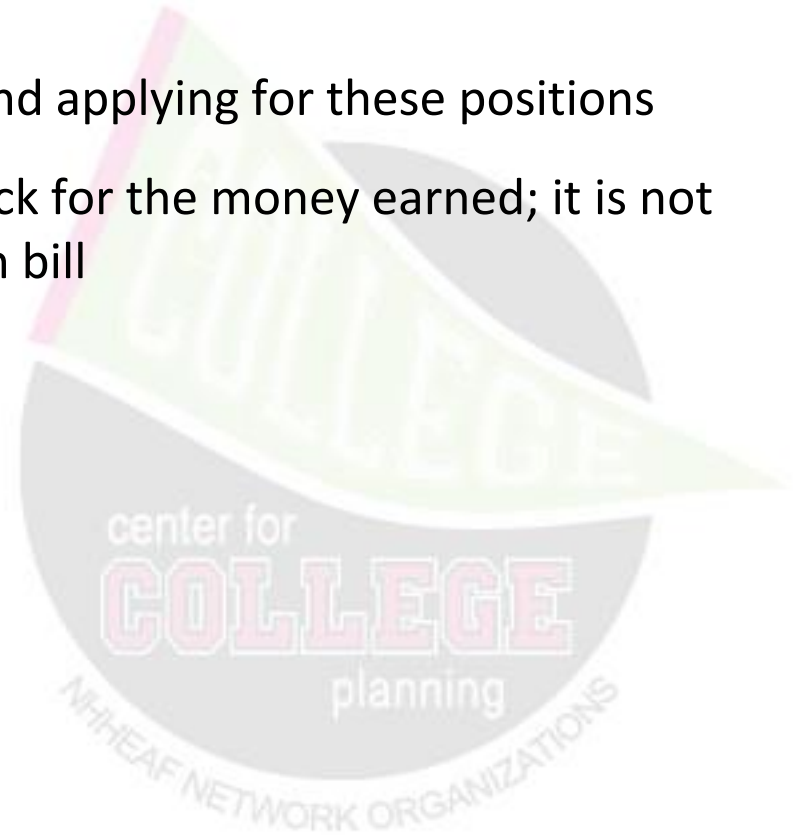


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Federal Work-Study

- Students may be awarded work-study by the college based on their “financial need”
- Students are responsible for searching and applying for these positions
- Students will receive a bi-weekly paycheck for the money earned; it is not money that comes directly off the tuition bill



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Additional Options for Managing Costs

- Current Cash, Savings, and Income
- Tuition Payment Plans
- Direct PLUS Loans (Parents)
 - **6.31%** fixed interest rate;
 - **4.276%** origination fee
- Institutional Loans
- Private Loans

Help Manage the Costs:

- Explore schools that are affordable for your family
- Consider beginning with community college



Refer to pages 9 and 10 in the Financial Aid Insider for more information about NH Transfer, DualNH and college payment options.



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Federal/Direct PLUS Loan

- Fixed interest rate of 6.31%
- In parent's name for life of loan
- 10 year repayment; payments can be deferred while student is enrolled at least half-time as an undergraduate
- Can borrow up to the COA minus aid awarded
- 4.276% origination fee
- No pre-payment penalties
- Will accrue interest while student is in school
- Deferment & forbearance options available

Private Student Loan

- Variable or fixed interest rate tied to credit score(s) and Prime/LIBOR
- In student's name with a creditworthy co-signer
- 10-20 year repayment; payments may or may not be deferred while student is enrolled at least half-time as an undergraduate
- Depending on program, can borrow up to the COA minus aid awarded
- May or may not have pre-payment penalties
- Will accrue interest while student is in school
- Very limited deferment & forbearance options available



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Financial Aid Award Worksheet

Financial Aid Award Worksheet

HOW MUCH WILL COLLEGE COST? Write in the Total Cost of Attendance for each college for the coming year. The Total Cost of Attendance includes tuition and fees, room and board if living on campus, books, transportation and all other expenses needed for the year.

		Sample A	Sample B	School #1	School #2	School #3
College Name		College #1	College #2			
Total Cost of Attendance	\$	20,000	40,000			

WHAT IS OFFERED? List all of the financial aid offered. Separate grants and scholarships from loans.

Federal Pell Grant	\$	5,550	5,550			
Federal SEOG Grant	\$	1,000	2,000			
College Grants/Scholarships	\$	3,500	15,000			
Private Scholarships	\$	1,000	1,000			
A.Total Grants & Scholarships =	\$	11,050	23,550			



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Chart available on nhheaf.org and on page 8 of the Financial Aid Insider



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Calculating One Year of Repayment

Federal Direct Stafford Loan

*Assumes a freshman student will borrow \$5,500 in an Unsubsidized loan with an interest rate of 3.76% and will complete their payments in 10 years



Student Loan Calculator

Calculator Inputs

This calculator helps borrowers understand the financial commitments involved in a particular loan based on the initial amount of the loan, the interest rate and the loan term. By entering this information, you will receive an estimated monthly payment amount that you must pay each month in order to fully satisfy your loan.

When borrowing for college, it is important to know if you are financially able to handle the monthly payments that are required to pay off the loan within the term of the loan. This calculator allows you to determine what the minimum monthly payment will cost you.

Amount of Loan (Principal):	\$	<input type="text" value="5500"/>
Annual Interest Rate:		<input type="text" value="3.76"/> %
Term of Loan:		<input type="text" value="10"/> years
Minimum Monthly Payment:	\$	<input type="text" value="0"/>

Results

You would need to make **120** payments of **\$55**. You will have paid a total of **\$6,607** and of this amount, the **\$1,107** or the **16.8%** is the amount of interest paid.



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Calculating One Year of Repayment

Federal Direct PLUS Loan

*Assumes parent will borrow \$10,000 for the benefitting student's freshman year in a PLUS loan with a fixed interest rate of 6.31%, and will complete their payments in 10 years



Student Loan Calculator

Calculator Inputs

This calculator helps borrowers understand the financial commitments involved in a particular loan based on the initial amount of the loan, the interest rate and the loan term. By entering this information, you will receive an estimated monthly payment amount that you must pay each month in order to fully satisfy your loan.

When borrowing for college, it is important to know if you are financially able to handle the monthly payments that are required to pay off the loan within the term of the loan. This calculator allows you to determine what the minimum monthly payment will cost you.

Amount of Loan (Principal):	\$	<input type="text" value="10000"/>
Annual Interest Rate:		<input type="text" value="6.31"/> %
Term of Loan:		<input type="text" value="10"/> years
Minimum Monthly Payment:	\$	<input type="text" value="0"/>

Results

You would need to make **120** payments of **\$113**. You will have paid a total of **\$13,510** and of this amount, the **\$3,510** or the **26.0%** is the amount of interest paid.



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Calculating One Year of Repayment

Private Loan

*Assumes student will borrow \$7,500 in their name (with a credit-worthy co-signer), and will receive a 10 year loan with a variable interest rate (for the purposes of these calculations, 7.5% was used)



Student Loan Calculator

Calculator Inputs

This calculator helps borrowers understand the financial commitments involved in a particular loan based on the initial amount of the loan, the interest rate and the loan term. By entering this information, you will receive an estimated monthly payment amount that you must pay each month in order to fully satisfy your loan.

When borrowing for college, it is important to know if you are financially able to handle the monthly payments that are required to pay off the loan within the term of the loan. This calculator allows you to determine what the minimum monthly payment will cost you.

Amount of Loan (Principal): \$

Annual Interest Rate: %

Term of Loan: years

Minimum Monthly Payment: \$

Results

You would need to make **120** payments of **\$89**. You will have paid a total of **\$10,683** and of this amount, the **\$3,183** or the **29.8%** is the amount of interest paid.



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Calculating 4 Years of Repayment

Years in College	Amount Borrowed	Payment Per Month (10 years)
Freshman Year*	\$23,000	\$257
Associate Degree*	\$46,000	\$514
Bachelor Degree*	\$92,000	\$1,028

*Amount does not include increased borrowing in Direct Stafford Loans or increased costs of college. Combined Direct Stafford Loan, Direct PLUS loan and private loan amounts from previous slides used to determine the above per month payment.

REMEMBER: College is a multi-year investment and the amount owed needs to be multiplied by the number of years in college.



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Calculating 4 Years of Repayment

Annual Net Price After Financial Aid

\$18,658

\$23,800

Four-Year Net Price

\$79,229

\$101,066

Actual Price Difference

\$107,039

\$136,541

\$29,502

"It's worth an extra \$5,142 to go there."

*If financed for 10 years at 6.31%

Considering borrowing? Remember - college is a multi-year investment.



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Federal Direct Loan Forgiveness Programs

	Federal Direct Loan*	Federal Direct Consolidated Loan*	Federal Perkins Loan
Law Enforcement			✓
Nurse or Medical Technician			✓
Public Service	✓	✓	
Teacher Loan Forgiveness	✓	✓	✓
Vista or Peace Corps Volunteer			✓

***All loans must be part of the Federal Direct Loan program. No private loans are included.**

<http://www.mappingyourfuture.org/paying/forgiveness.cfm>

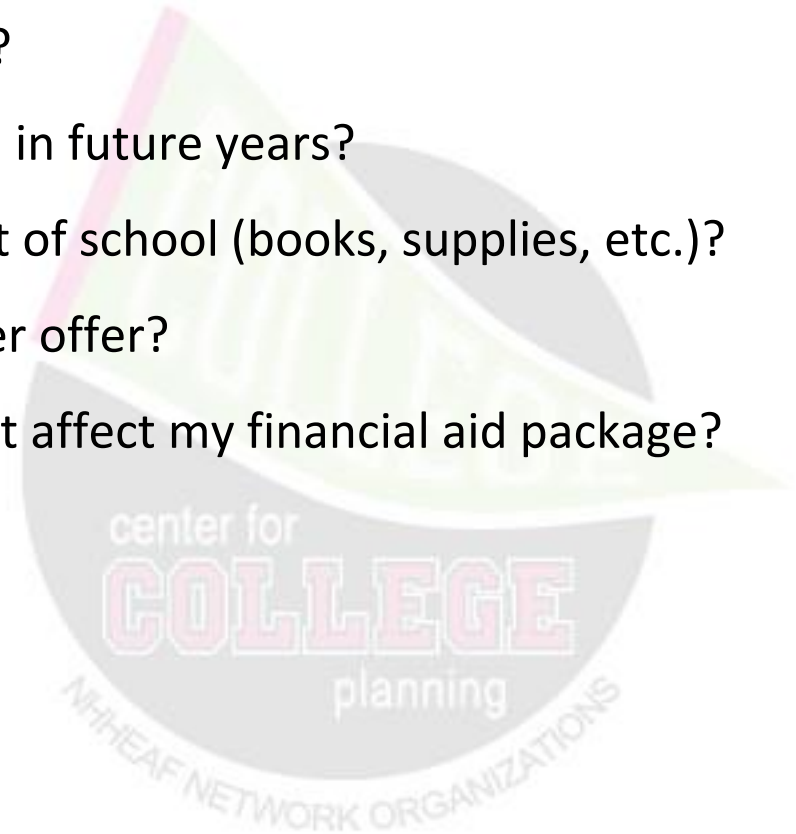


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General Questions

- Q. Do I have to pay my admission deposit before I return my award letter?
- Q. When will I receive a bill from the college?
- Q. What can I expect in terms of financial aid in future years?
- Q. Can I borrow for more than the direct cost of school (books, supplies, etc.)?
- Q. Can I negotiate an award letter for a better offer?
- Q. If I win private scholarships, how does that affect my financial aid package?

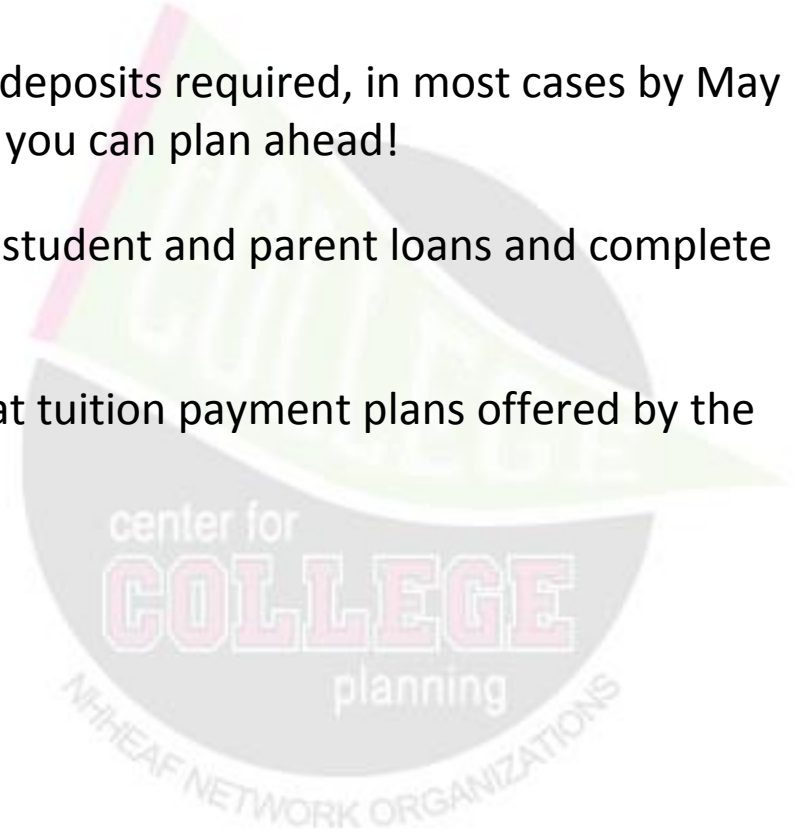


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More Things To Do

1. Respond promptly to all mail and e-mail from the schools as they may be requesting more information to process/verify your financial aid application.
2. Know that there will be admissions and housing deposits required, in most cases by May 1st. Ask the school now how much is required so you can plan ahead!
3. In June/July/August, sign Promissory Note(s) for student and parent loans and complete entrance counseling – www.studentloans.gov.
4. Finalize funding plan for year; including looking at tuition payment plans offered by the school.

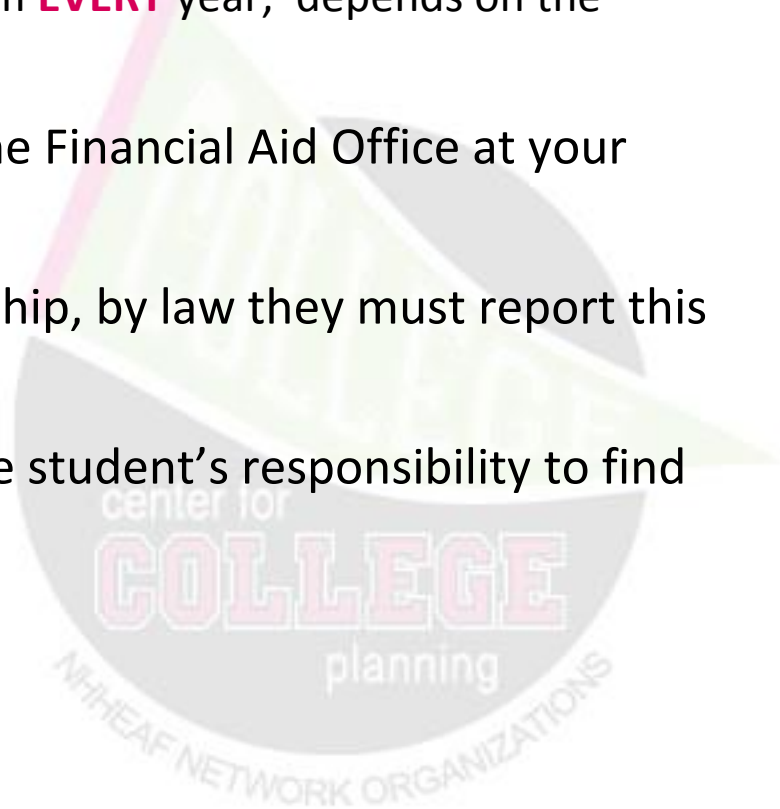


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For Future Years

- Financial aid is awarded based on your circumstances in the prior year.
 - It is necessary to complete the FAFSA form **EVERY** year.
 - It may be necessary to file the CSS Profile form **EVERY** year; depends on the school's requirement.
- If your financial situation changes, contact the Financial Aid Office at your school.
- If the student is awarded an outside scholarship, by law they must report this amount to the Financial Aid Office.
- If the student is awarded work-study, it is the student's responsibility to find their own job on campus.

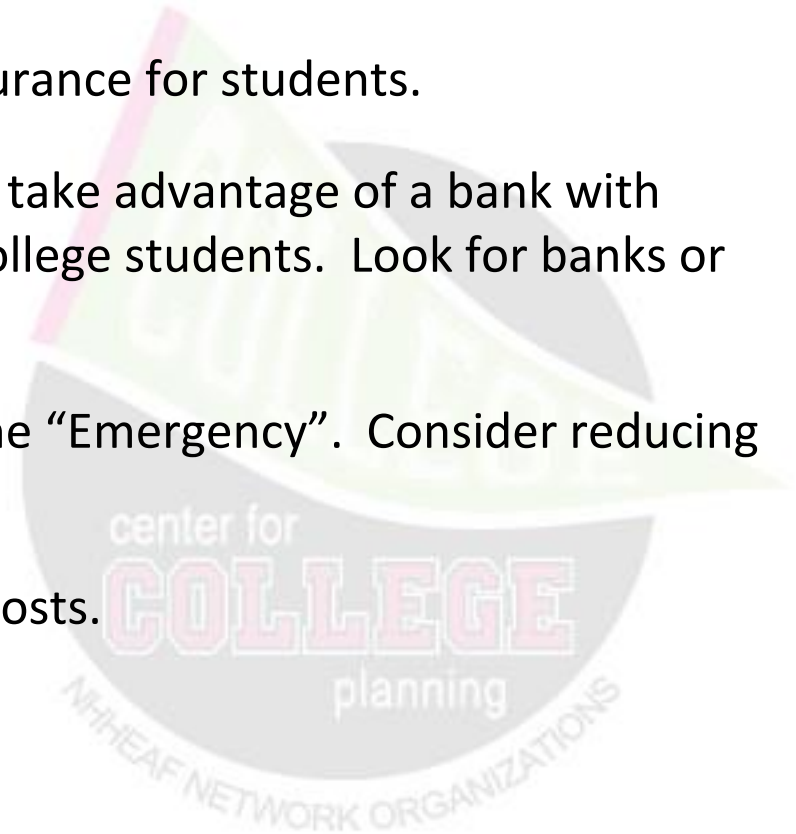


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Tips for First Year Students

- Consider how much money you will need for the first week of school for things like books, a parking permit, etc.
- Ask about your school's policy on health insurance for students.
- Ask about the banking services on campus – take advantage of a bank with special checking and savings programs for college students. Look for banks or credit unions with no ATM fees!
- Be cautious with credit cards. Parents: define “Emergency”. Consider reducing the limit; consider secured credit cards.
- Buy used books or shop online for reduced costs.



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NH Charitable Foundation

www.nhcf.org

Awarded over \$5 million in 2016

Statewide Student Aid Program

Enrolling in 4 year degree program (4/14 deadline; 5 p.m. prompt)

Average award = \$4,600

Total dollars awards = Approximately \$3 million

(Roughly 1 in 4 applicants receive an award)

Career Aid to Technical Students Program

Enrolling in 2 year degree program (6/15 deadline; 5 p.m. prompt)

Awards range = \$100 - \$3,500



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“Enter To Win” Scholarships



**EDvestinU™ National Monthly
Scholarship Giveaway**

Enter each month to win one of
three (3) \$1000 scholarships

NO OBLIGATION. NO PURCHASE OR CREDIT
APPLICATION NECESSARY.

NO PURCHASE NECESSARY. AN EXISTING RELATIONSHIP WITH
EDVESTINU™ DOES NOT INCREASE THE CHANCE OF WINNING.

Enter to win one of three (3) \$1000 scholarships by completing the entry from below.

The *EDvestinU™* private student loan program is committed to helping you achieve your higher education goals. The *EDvestinU™ National Monthly Scholarship Giveaway* is one more way we hope to encourage and support students. Enter to win the \$1,000 drawing today! Winners will be notified in compliance with the terms and conditions. Please review the terms and conditions before entering. **Good luck!**

www.nhstudentloans.com



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Questions?

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