

# 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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# Financial Aid Award Letters

- **What are they?**
  - An offer of financial aid, including federal and institutional aid
  - Data-driven process, systematic formulas
- **Who gets one?**
  - All *accepted* students to a college who have completed all required financial aid forms and paperwork
- **What do you do with it?**
  - Families should review and compare all award letters received to determine the total family cost for one year of college



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**4 Simple Steps  
to Understanding  
YOUR**

**Financial Aid Award Letter(s)**



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# Step 1: Do you see the word “Grant”?

Grants are FREE money awarded based on “Financial Need”

- It can be awarded by the Federal Government (**Pell Grant**) or the college itself
- It is money that DOES NOT need to be paid back
- Your finances are assessed EACH school year (by filing the FAFSA) to determine eligibility



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## Step 2: Do you see the word “Scholarship”?

Scholarships are FREE money awarded based on “Merit”

- It is awarded by the college itself
- It is money that DOES NOT need to be paid back
- Your student will probably need to maintain a pre-determined academic (GPA) standard in order to ensure eligibility each school year



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# Step 3:

## Do you see the words “Work Study”?

This amount DOES NOT come off the tuition bill

- It is awarded by the college based on “financial need”
- Students are responsible for searching and applying for these jobs. So, they **ONLY** receive this money **IF** they get a job AND work the hours. **THEN** they will **EARN** the money, in the form of a paycheck



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## Step 4:

# Do you see the words “Federal Direct Stafford Loan”?

Loans are money that that the *student* BORROWS and PAYS BACK with INTEREST

- In student’s name with **NO** co-signer (*currently at 5.04%*)
  - **Subsidized**: no interest accruing while in school
  - **Unsubsidized**: interest accruing while in school
- No payments while in-school or enrolled at least half-time
- 6 month grace period before starting repayment



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# Federal Direct Stafford Loan

## Annual Loan Limits

Dependent Students	Subsidized & Unsubsidized	Additional Unsubsidized	Maximum Amount (per year)
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior	\$5,500	\$2,000	\$7,500
Senior	\$5,500	\$2,000	\$7,500
			<b>\$27,000</b>



GURU  
TIPS

Refer to page 6 in the Financial Aid Insider



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# Calculating YOUR Bottom Line



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- **Start with: Cost of Attendance** **\$32,140**
  - Billable expenses (Tuition, Fees, R & B) **+ \$13,026**

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**\$45,166**
- **Subtract: All grants** - \$1,000
- **Subtract: All scholarships** - \$16,000
  - \$2,000
- **Subtract: Federal Student Loans** - \$3,500
  - \$2,000

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- **Bottom Line: Total amount family needs to either pay up front OR finance for ONE year** **\$20,666**



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# Additional Options for Managing Costs

- Savings or 529 College Savings
- Current Cash and Income
- Tuition Payment Plans
- Direct PLUS Loans  
(Parent Loan for Undergrad Student)
- Private Loans

## Help Manage the Costs:

- Explore schools that are affordable for your family
- Consider applying to be an Resident Assistant (RA) – if hired, you will receive money towards room and board



Check out:

[NHTransfer.org](http://NHTransfer.org) or [DualNH](http://DualNH)

You can start at a NH community college then transfer to a NH 4-year college



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# Federal/Direct PLUS Loan

- **Who's name is on the loan:**
  - In parent's name for life of loan
- **Interest Rate:**
  - Fixed interest rate of 7.59%
  - 4.248% origination fee
- **Repayment:**
  - 10 year repayment; payments *can* be deferred while student is enrolled at least half-time as an undergraduate
- **Pre-payment:**
  - No pre-payment penalties
- **Accruing Interest:**
  - Will accrue interest while student is in school
- **Deferment & Forbearance**
  - Options available

# Private Student Loan

- **Who's name is on the loan:**
  - In student's name with a creditworthy co-signer
  - Some offer a co-signer release
- **Interest Rate:**
  - Fixed or variable interest rate based on co-signer's credit score
- **Repayment:**
  - 10-20 year repayment; payments *may or may not* be deferred while student is enrolled at least half-time as an undergraduate
- **Pre-payment:**
  - Possible pre-payment penalties (must check)
- **Accruing Interest:**
  - Will accrue interest while student is in school
- **Deferment & Forbearance**
  - Very limited options available



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# Calculating 4 Years of Repayment

	Year ONE you need to borrow...	Your FOUR year total borrowed will be....	Your MONTHLY payment for 15 years will be...
Scenario One	\$5,000	\$20,000	\$186
Scenario Two	\$10,000	\$40,000	\$373
Scenario Three	\$15,000	\$60,000	\$559
Scenario Four	\$20,000	\$80,000	\$746
Scenario Five	\$25,000	\$100,000	\$932

\*Based on Federal Direct PLUS Loan 7.59% interest with a 15 year repayment term – Amounts DO NOT INCLUDE the student's Federal Direct Loan amounts

**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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# 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 (i.e. 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?



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# Questions?

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