

**Tips for Paying the Tuition Bill** 

For audio dial (866) 820-9684 access code 3613515137

for weekly scholarship and financial aid information Copyright © 2017 Finance Authority of Maine



### Welcome

Nikki Vachon

#### College Access Counselor



#### Who Is FAME?

FAME helps Maine students reach their higher education goals by providing free information on planning, saving and paying for college.

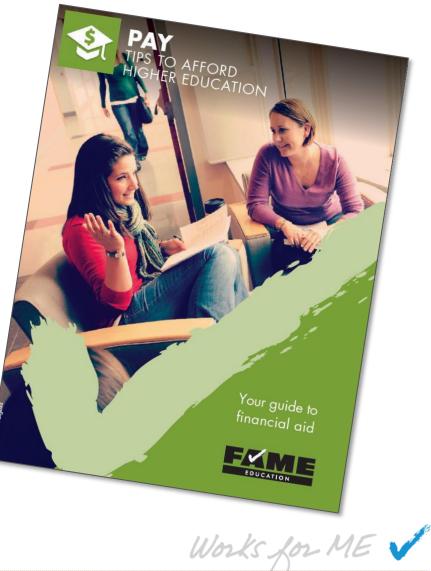
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#### Pre-payment activities

- Finishing Financial Aid Process
- Reduce your bill
- Payment options
  - Tuition Payment Plan
  - Loans
    - Federal
    - Private





# **Pre-payment Activities**

#### Finalize financial aid paperwork

- Finish it
  - Finalize the FAFSA
  - Accept (or reject some/all of) your aid
  - Complete required documents
  - Know what all your aid is are you receiving renewable scholarships? Are they dependent on receiving a GPA or being in a certain major?
- Complete verification, if selected



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# Should you appeal your financial aid?

Report any special circumstances to the Financial Aid Office?

Do you have a family circumstance that is affecting the ability to pay for college?

- Parent became unemployed
- Parents divorce or separation
- Loss of income (pay cut)
- Unusual medical expenses
- Parent(s) attending college



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# **Scholarships**



April 20, 2017

Jennifer Kiwanian 1371 6th Street East Augusta ME 04332

Dear Jennifer,

Thank you for your recent application for a scholarship from the Kiwanis. We received many outstanding applications and equally exceptional recommendations making the selection process very competitive.

Your devotion to serving others and strong commitment to improving the lives of children mirrors our Kiwanis mission. Additionally, your academic excellence and involvement in the performing arts program at your school make you an ideal candidate for our scholarship award.

The Kiwanis District is pleased to recognize your excellence in service with a \$700 academic scholarship to assist you in reaching your goals.

A check will be mailed to the University of Maine financial aid office at the address provided on your scholarship application. The check will be mailed on May 2, 2017, for disbursement of the full amount in the fall semester. Please check with your university to see if there are any special requirements for students receiving private scholarships.

Please feel free to contact our office with any questions regarding your scholarship payment.

Congratulations, Jennifer!

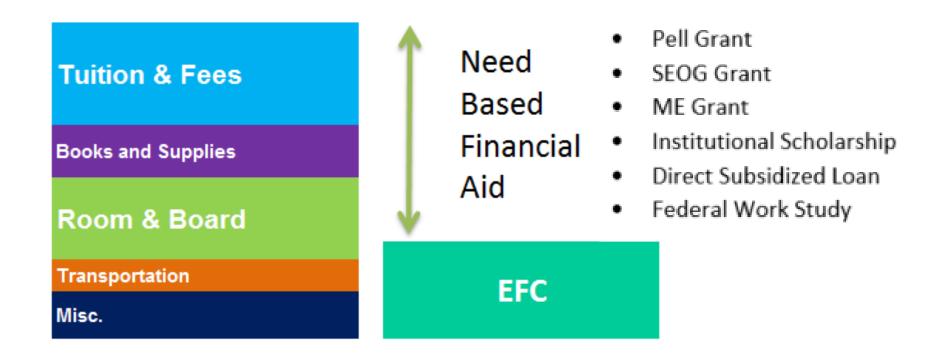
Sincerely, Kiwanis 347766

- Outside scholarships
  - Submit transcripts and/or enrollment verification to scholarship organization
  - Send a copy of any scholarships received from outside the college to the Financial Aid Office ASAP

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### **Treatment of outside scholarships**



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Continue to look for scholarships:
 Ask at the Financial Aid Office
 Online Scholarship search Engines
 FAMEmaine.com/Scholarships



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# **Finishing Financial Aid Process**

- Requirements for the Direct Loan
  - Accept the loan (online or paper form)
  - Complete online
    "documents" at

https://studentloans.gov

- Master Promissory Note (MPN)
- Entrance counseling



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# **Review the bill**

#### Review the bill, thoroughly

- Can they waive student health insurance?
- Double check loan amounts
- Are they being charged for a parking decal for their car but they aren't brining one to campus?
- Are they paying for the premium meal plan?
- Rent books or buy used books

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# **Pre-payment Activities**



- Did your AP/Dual
  Enrollment courses
  transfer in?
- Continue the hunt for scholarships
- Apply for military benefits, ROTC, national guard if applicable

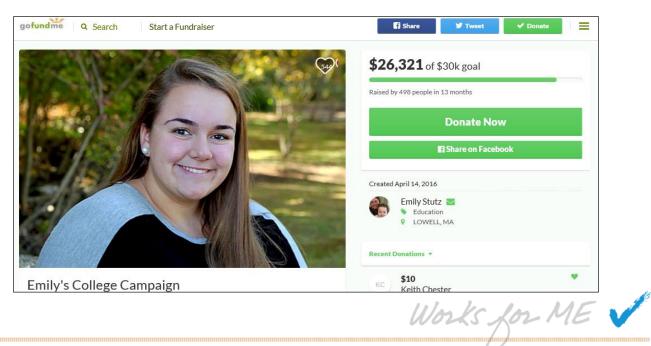
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http://www.famemaine.com/education/audiences/military/military-education-benefits



# **Pre-payment Activities**

- Crowdsource: Advertise on social media that you are saving for college
- Sell unwanted items





### **Financing Options – Payment Plans**

#### **Payment Example:**

Cost of Attendance	\$ 35,000
Financial Aid & Scholarships	-\$ 10,500
Student Savings	-\$ 2,000
Parent Savings	-\$ 2,000
Other Family Contributions	-\$ 1,000
Parent PLUS Loan	-\$ 10,000
Remaining Balance	\$ 9,500

\$9500 divided by 12 months

#### Monthly Tuition Payment: \$792

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# **Financing Options**

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### Federal loan in the student's name

Two types: Direct <u>Subsidized</u> and Direct <u>Unsubsidized</u>

- Not credit based
- Government does not cover interest on unsubsidized loan
- 4.45% Interest rate for 2017-2018
- 1.069% Origination Fee as of 10/1/2016
- 6 month grace period before goes into repayment
- Available at all Title IV schools must file the FAFSA



# **Financing Options**

#### Parent PLUS Ioan

- Available to:
  - Parent of a dependent student fixed interest rate of  $7\%^*$
  - Graduate/professional student fixed interest rate of 6%\*
- Origination fees of 4.276%\*
- FAFSA required
- Must be a credit-worthy borrower
- Biological/Adoptive parents and stepparents (on the FAFSA) can apply for the Parent PLUS loan

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#### \*Interest rates for 2017-18 year and origination fees for 2016-17 academic year



- Amount you can borrow = Cost of Attendance other aid
- Has the option to defer payments while the student is in school
- Interest rate fixed for the life of that year's loan at the time the loan is made
- Rate is reset annually each July 1 for upcoming academic year loans
- Program cap of 10.5%

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- Credit Review Includes
  - Unpaid collection accounts and charge-offs
  - Delinquencies 90 days or greater
  - And within the last five years
    - Bankruptcy discharges
    - Default on a debt
    - o Tax Lien
    - Foreclosures
    - Wage garnishments
    - Write-off of FSA Debt



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More info at https://studentaid.ed.gov/sa/types/loans/plus



- Borrowers cannot have adverse credit, but if they have no credit they can be approved
- If denied the borrower can:
  - Get an endorser (co-signer) Cannot be the student in the case of a parent borrower. The borrower will be required to complete mandatory loan counseling if approved w/endorser
  - Appeal the denial
- Or Student can receive increase Direct Unsubsidized loan (\$4000 maximum for first year student)

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- Has deferment options
  - In-school (student or parent's  $\frac{1}{2}$  time enrollment)
  - Fellowship or rehabilitation training
  - Military or post-military service
  - Economic hardship or unemployment
- If no deferment is selected, loan begins repayment 60 days after disbursement

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- Cancellation
  - Death
  - Partial or total disability (PTD)
  - Bankruptcy (rare)
  - Closed school, false certification, or unpaid refund
- Repayment Options Standard, Graduated and Extended

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- Requirements for the Direct Loan
  - Accept the loan (online or paper form)
  - Complete online
    "documents" at

https://studentloans.gov

- Master Promissory Note (MPN)
- Complete credit check





# **Private Education Loans**

- Funded through private lenders
- NOT a federal program
- Student is almost always the borrower and must be 18 years of age
- Co-signer with good credit history and low debt-toincome ratio is required
- Co-signer is just as responsible as the student for repayment
- FAFSA may be required

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# **Private Education Loans**

Questions to ask when borrowing a private education loan:

- How much can I borrow?
  - Loan Amount = Cost of attendance Other Aid
- What are the interest rates, fees, repayment terms
  - Often, Lower credit score = higher interest rates
- What are the payment options?
  - Immediate repayment
  - Defer principal but pay interest
  - Defer principal and interest
- Are there benefits?
  - Grace period
  - Hardship or in School deferment?
  - Interest rate discounts?



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# **Private Education Loans**

GO 🚹 🖸 Search the Site ... FINANCE AUTHORITY OF MAINE NEXT EDUCATION TOPICS EDUCATION: TOPICS **PRIVATE STUDENT LOANS** LOOKING FOR Money Management » SCHOLARSHIPS? If you still have a gap between what you can pay and your financial aid package (including all federal loan options) and you can afford to borrow more, you may want to Find Maine-Based Saving for College » consider a private education loan. START SEARCHING » Private student loans are credit-based loans offered through a bank or credit union. Choosing a College » Usually, the student is the borrower and will need a creditworthy cosigner like a parent or grandparent Paying for College » Since federal student loans have many benefits, private student loans should be • Maine Grants & Loan Programs considered only after other federal financial aid has been exhausted. College Net Price Calculator **PLUS V PRIVATE?** 

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- Maine options
- National options
- <u>TheLoanForME.com</u>



# **Other Financing Options**

- Secured Loans: Taking out a loan using existing asset as collateral. Example-Borrowing against a life insurance plan
- Asset Sales: Selling personal property and using to pay tuition (piece of land, boat, etc.)
- Rental income: Consider renting out camp or your house while you are on vacation





# **Education Tax Credits**

- Allows taxpayers to deduct educational expenses from their federal income tax, not just from taxable income
- Must pay post-secondary tuition and certain related expenses for yourself, your spouse or your dependent
- Often underutilized
- Could use the increased tax refund to pay for next year

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# **Education Tax Credits**

- Educational Opportunity Tax Credit Maine tax credit for student loan payments made by degree earners who live, work, and pay taxes in Maine after graduation <u>www.opportunitymaine.org</u>
- American Opportunity Tax Credit Federal income tax credit of up to \$2,500 per student
- Lifetime Learning Tax Credit Federal income tax credit of up to \$2,000 per taxpayer
- Student Loan Interest Deduction Federal tax deduction of up to \$2,500 in interest as an adjustment to income

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For more information, see Publication 970, Tax Benefits for Education





- Can you attend a lower-cost school (even if only for the first year)?
- What about a gap year, or deferring admission?
- Could you live at home, or with a relative?
- Can you get a roommate?
- Can your parents rent a room?







#### **Finance Authority of Maine**

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