



Wednesday Webinar: Resources to Help Families Make Informed Decisions About Paying the Remaining Balance

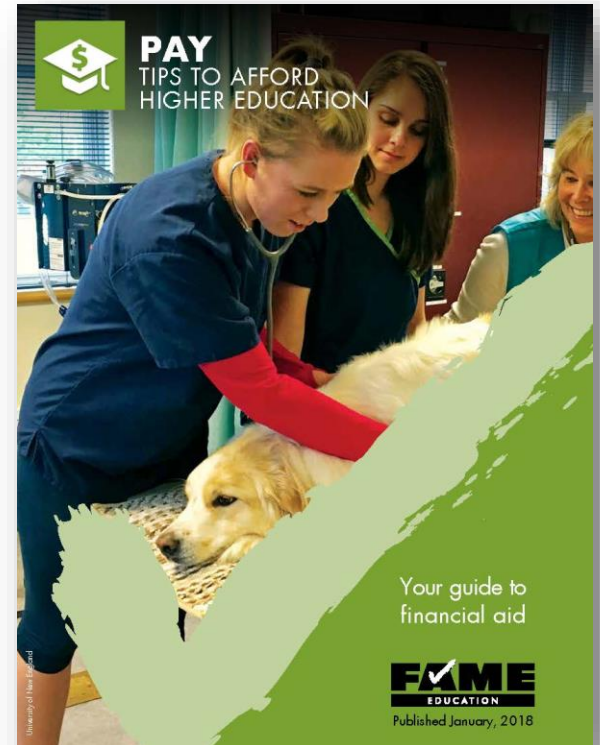
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- Today We'll Discuss:
 - The piecemeal approach to paying for higher education
 - Before borrowing
 - Federal loan programs
 - Private loans
 - FAME loan programs
 - Supporting loan repayment and financial wellness



Paying for College A Piecemeal Approach

- Rarely is the bill covered all from one source!
- Start by making sure all the basics have been covered.
 - Maximize financial aid
 - Has the FAFSA been completed?
 - Students need to complete the FAFSA on-time, EVERY year
 - Has the student talked with a financial aid counselor?
 - Particularly important if there are special circumstances or a decrease in income.

■ Covering the Basics

- Apply for scholarships
 - Not just for seniors in high school – available for returning students as well
 - Check with the college to see if there are additional scholarships that require a separate application.
 - If awarded merit scholarship, make sure student understands what's needed, if renewable.

■ Covering the Basics

- Every little bit of savings helps!
 - Very helpful if families have been saving.
 - Continuing to save is important – discuss summer earnings, part-time work during the school year, and repairing spending leaks to free up money – even small amounts add up!
 - Explore programs that have matching grants.



- Covering the Basics
 - Cut expenses where possible
 - Have roommates to share expenses – singles are expensive!
 - Explore meal plan options
 - Limit eating out
 - Don't bring a car unless absolutely necessary
 - Purchase used books or consider rentals

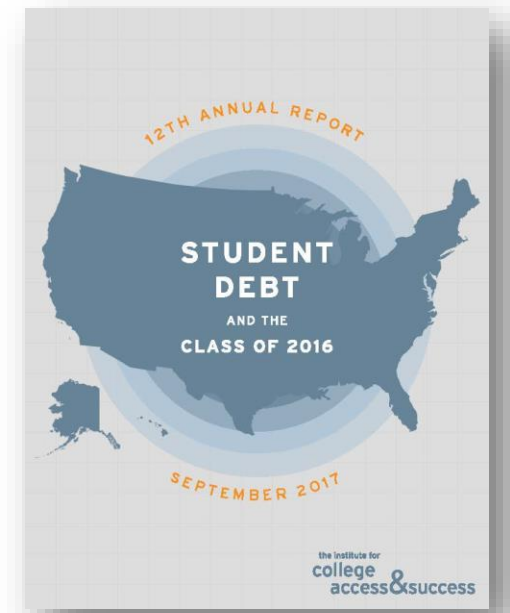


■ Covering the Basics

- Consider a tuition payment plan
 - Payment plans can be used to cover a portion or all of the remaining balance
 - No interest is charged – just a small enrollment fee
 - Spreading payments out over a period of time (like we do for insurance and heating oil) can make it easier
 - Small amounts make a difference and can reduce borrowing

Before Borrowing – Some Fact About Student Loans

- Many students still need to borrow and here are some important facts that you might not hear on the news:
 - Average student loan debt for four year degree holders in Maine (public and private) was \$31,295 (8th highest in nation)
 - Withdrawn students often become defaulted borrowers
 - Most have minimal debt, but no degree
 - The loan crisis is not about six figure debt, it's about persistence and completion



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Before Borrowing – The Role of ROI

- **Determine** future earnings:
 - Find expected income at [Careeronestop.org](https://www.careeronestop.org)
 - Use FAME's Student Loan/Salary Calculator
 - Borrow no more than 8 to 10% of available income, or no more than 1st year salary
- **Consider** future earning when determining how much debt is reasonable.
- **Focus** on the return on investment – borrowing is not inherently bad – it is about how much is borrowed and for what purpose.

EDUCATION QUICK LINKS

STUDENT LOAN / SALARY CALCULATOR

Visit [CareerOneStop.org](https://www.careeronestop.org) to get an estimate of your annual salary. Once you have that, use the calculator below to calculate the maximum amount of student loan debt that is reasonable for your circumstances.

Interest rate: %

Repayment Period: (years)

| How much should I expect in student loans? | What salary would I need to support this debt? |
|---|--|
| Expected salary: <input type="text" value="0"/> | Current Debt: <input type="text" value="0"/> |
| Hourly <input type="text"/> | Future Borrowing Needs: <input type="text" value="0"/> |

When Borrowing

- Borrow federal student loans first!
 - More on the why in the next slide.
- Only borrow what is needed
 - Students can decline or return loan refunds if able to get by with less than offered.
 - Avoid borrowing the full cost of attendance – pay for as much as possible out of pocket.



Why Federal Student Loans First?

- Flexible Repayment Options
 - Standard
 - Graduated
 - Extended
 - Income-Based (IBR, REPAYE, PAYE)
- Deferment options
- Public service loan forgiveness
- Cancellation due to death or disability
- Fixed and possibly lower interest rates
- No credit check or co-signer required for students



Federal Student Loan Programs

- **William D. Ford Federal Direct Loan Program –** available to undergraduate and graduate students attending college at least half time
 - No credit check required
 - One of the lowest-cost loan options
 - Direct Subsidized Loans
 - Need-based, included on award letter
 - Interest (5.045%) does not accrue while the student is in school
 - Direct Unsubsidized Loans
 - Not need-based, included on award letter
 - Interest (5.045% undergrad, 6.595% grad) accrues while the student is in school

Federal Parent Loan Program

- **Federal Direct PLUS Loans** – available to parents and graduate students
 - Credit check required
 - Can help pay for expenses not covered by other financial aid
 - Interest rate is 7.6%

- Can help bridge gap between cost of education and financial aid
- Offered by private lenders
- Separate from the financial aid process and generally not included on award letter
- Credit-based, co-signer usually required
- Both national and Maine-based lenders exist

Private Loans – Things to Consider

- **Eligibility criteria**
- **Interest rates and fees – *fixed or variable?***
 - **Fixed**
 - Rate may be higher than variable rate student loans
 - Not impacted by interest rate changes in the market
 - Provides consistent monthly payments for the life of the loan
 - **Variable**
 - Impacted by interest rate changes and can change throughout the repayment period
 - May be less expensive than a fixed rate loan depending on the interest rate environment

Private Loans – Things to Consider

- **Annual percentage rate (APR)** – cost of interest and fees expressed over time
- **Repayment and deferment options**
- **Quality of customer service, lender experience and reputation**
- **Additional considerations:**
 - Application process
 - Minimum, maximum, and aggregate loan amounts
 - Repayment term, borrower benefits, deferment and repayment options
 - Prepayment penalties, if any
 - Co-signer release

■ Maine Private Education Loan Network

- Powered by FAME and offered through multiple Maine lenders
- Includes both private loans and loan refinance options
- FAME also administers The Maine Loan



Financial Education & Responsible Borrowing

- Required financial education modules through iGrad[®] as part of the application process
- Learning objectives include:
 - Things to consider before borrowing
 - Making the decision
 - Understanding credit reports, money management, and debt reduction strategies
- Access to additional financial education modules on topics such as budgeting, saving, taxes, minimizing debt and repayment strategies
- Private Loan Repayment Counseling

Supporting Loan Repayment & Financial Wellness

■ Opportunity Maine State Tax Credit

- Tax benefit for Maine residents paying back eligible student loans
- Degree completion on or after January 1, 2008
- Employed in Maine
- Apply annually for Credit for Educational Opportunity at Maine.gov/revenue/forms
- liveandworkinmaine.com/opportunity-maine/

■ Alfond Leaders Program

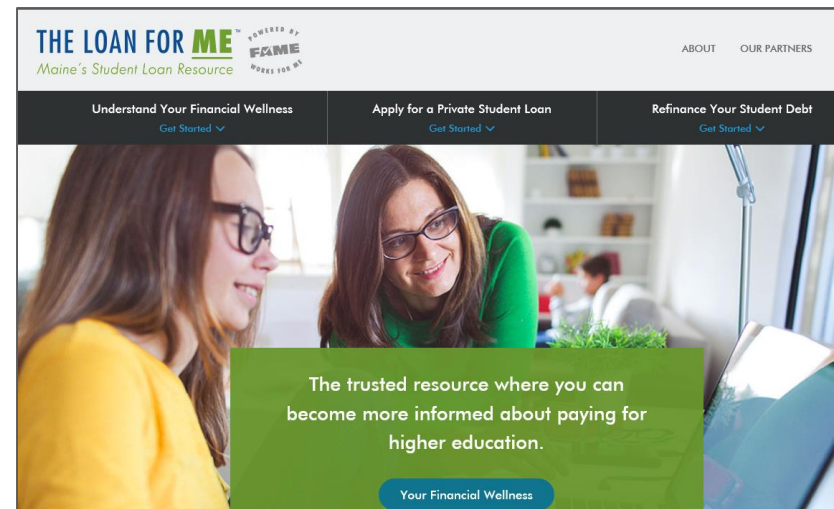
- Launched February 21, 2017 in partnership with FAME and the Harold Alfond Foundation
- Student loan repayment assistance to people who live and work in Maine in a STEM-designated occupation at a Maine-based employer (STEM – Science, Technology, Engineering and Math)
- Debt reduction payments paid in two disbursements of up to \$60,000 in aggregate per recipient
- alfondleaders.org/

■ Federal Education Tax Credits and Deductions

- American Opportunity Tax Credit
- Lifetime Learning Tax Credit
- Student Loan Interest Deduction
- **IRS Publication 970**

Supporting Loan Repayment & Financial Wellness

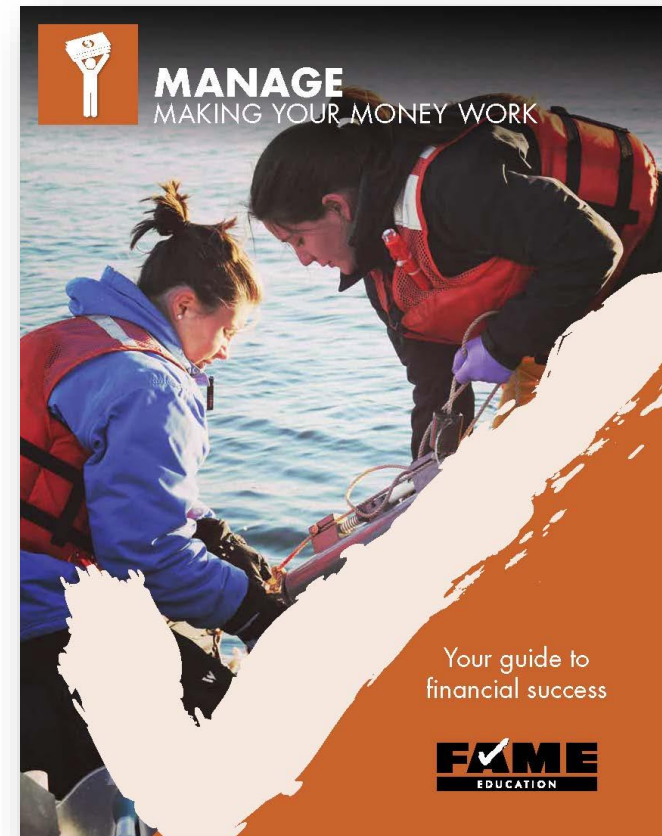
- [TheLoanforME.com](https://www.theloanforme.com) was created to help Maine families become informed borrowers
- Primary audiences:
 - families who need to close the gap between college costs and financial aid
 - individuals seeking to refinance existing student loan debt
- Provides helpful information through FAQ's, videos, tools and calculators





Supporting Loan Repayment & Financial Wellness

Visit [FAMEMaine.com](https://www.famemaine.com) for free tools, calculators, and resources to help you on your path to financial wellness.



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Word of Caution

- Beware of Student Loan Debt Relief Offers and Credit Repair “Deals”
- Debt relief companies charge fees for services that you can get for free
- Contact FAME or your loan servicer instead

- You are the key influencers and can help by:
 - Providing financial education
 - Encouraging sound financial decision making
 - Stressing the importance of dealing with the debt
 - Encouraging your students to utilize free resources
 - Don't go it alone – we're here to help!



FAME Financing Specialists

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Questions?

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