



# **PAY**

## TIPS TO AFFORD HIGHER EDUCATION



Your guide to  
financial aid



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# FINANCIAL AID

**PAY: TIPS TO AFFORD HIGHER EDUCATION** was designed to help you through the financial aid process, covering everything from how to prepare, when to apply for financial aid, what types of financial aid exist, to reducing college costs and understanding your financial aid offer.

Throughout this guide, we use the words “college” and “school” to refer to a wide variety of post-secondary educational institutions, including both public and private, two-year and four-year institutions, community colleges, and trade schools. Typically, financial aid is available at schools that are approved by the U.S. Department of Education. If you are unsure whether the school you are planning to attend offers federal or other types of financial aid, please contact the school directly.

## FINANCE AUTHORITY OF MAINE

FAME EDUCATION helps families afford higher education through financial planning tools and programs. No matter where you are on your path to higher education, FAME-Ed has the team and the resources to help you be successful.

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### SOCIAL

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# FINANCIAL AID

Financial aid helps students and families pay for college expenses and can bridge the gap between family resources and college costs. Financial aid may be need- or merit-based.

## BASIC TYPES OF FINANCIAL AID:

- 1 GRANTS** are aid that you are given by the federal or state government or your college, that you will not need to repay.
- 2 SCHOLARSHIPS** are aid that you are given, sometimes from private institutions or community organizations, that you will not need to repay.
- 3 WORK-STUDY** is aid granted through the federal government or through your college that provides an opportunity for you to work part-time on or off campus. While not applied to your tuition bill, money earned throughout the course of the semester can be used toward college expenses, like textbooks or other supplies.
- 4 LOANS** are aid that you borrow from the federal government, the state or a private institution and will need to be repaid.







## MERIT-BASED vs NEED-BASED

### **MERIT-BASED AID**

is based on academic, athletic, artistic or other talent, not on financial need. Generally speaking, scholarships are merit-based aid.

### **NEED-BASED AID**

is based on family financial circumstances. All federal grants, work-study, and many federal student loans are need-based aid.

This guide will focus on helping you navigate the process of need-based financial aid, but be sure you seek out merit-based aid as appropriate.



# SHOULD I APPLY FOR FINANCIAL AID?

**YES! EVERYONE SHOULD APPLY FOR FINANCIAL AID**, regardless of income. File the Free Application for Federal Student Aid (FAFSA), and complete any other financial aid applications and paperwork required by your school(s).

**THE FAFSA IS REQUIRED** to access many types of financial aid. Some scholarship programs and most grant programs, including the Maine State Grant Program, require students to complete the FAFSA in order to determine need before you can be considered for financial aid. Additionally, all federal loans and some state loan programs require students to complete the FAFSA.

**REAPPLY EACH YEAR.** You must reapply for financial aid by filing a FAFSA each year that you plan to attend school.

**CONSIDER THE RETURN ON INVESTMENT** of the schools you are interested in and your field of study to ensure that the education you receive is worth the financial investment. To research schools and majors and to find information about financial aid, check out **CollegeNavigator.gov** and the College Board's BigFuture™ website: **BigFuture.CollegeBoard.org**. To research schools' graduation rates and starting salaries, visit **CollegeScorecard.ed.gov**. To research careers and salaries check out **CareerOneStop.org**.

## THREE STEPS TO APPLYING FOR FINANCIAL AID:

**1 GET READY**

**2 APPLY**

**3 FOLLOW UP**





## HAVE QUESTIONS ABOUT THE FAFSA? GET HELP FROM FAME:

### CONTACT US

1-800-228-3734  
[Education@FAMemaine.com](mailto:Education@FAMemaine.com)

### ONLINE

[FAMemaine.com](http://FAMemaine.com)

### AT AN EVENT

FAME hosts FAFSA completion events across the state. Find an event near you at [FAMemaine.com/FAFSA](http://FAMemaine.com/FAFSA).

# STEP 1

## GET READY

To make the process of applying for financial aid as easy as possible, get ready before senior year.

**RESEARCH YOUR ESTIMATED NET PRICE** of each school you are interested in by using Net Price Calculator. This tool can be found on each school's website.

**RESEARCH FINANCIAL AID DEADLINES** and requirements for each school you are interested in attending.

**DETERMINE IF ANY OTHER APPLICATIONS ARE REQUIRED.**

Some schools require additional applications, such as the CSS Profile or other institutional forms.

**TRACK DEADLINES** using the School Requirements Tracking Sheet on page 25.

**RESEARCH AND APPLY FOR SCHOLARSHIPS.** Scholarships can help bridge the gap between the cost of school and your financial aid package and reduce the amount you have to borrow.

**GET AN FSA ID** at [fsaid.ed.gov](https://fsaid.ed.gov).

## ABOUT THE FSA ID:

**THE FSA ID IS A USERNAME AND PASSWORD**

used to access Federal Student Aid websites, including FAFSA on the Web. It also serves as your legal electronic signature. We recommend you create an FSA ID prior to filing the FAFSA, as it will make completing the FAFSA easier and quicker.

**WHO NEEDS AN FSA ID?**

- All students who plan to file a FAFSA.
- One parent of a dependent student if parent information is required on the FAFSA.

**CREATE YOUR FSA ID AT FSAID.ED.GOV.**

Students and parents can create an FSA ID online anytime. When creating your FSA ID, you must have access to your mobile phone number or your email address.

**FSA ID TIPS** Enter information carefully and use FAME's FSA ID Information Tracking Sheet (**Find it on FAMEmaine.com/FAFSA on the "What You Need to File" page**) and record your FSA ID information. Keep this information confidential and stored in a safe location. You will use your FSA ID information for multiple purposes in the coming years.

**AN EMAIL ADDRESS/MOBILE PHONE NUMBER CAN ONLY BE ASSOCIATED WITH ONE FSA ID.** Each student and parent must create their own FSA ID. Students and parents cannot use the same email address or mobile phone number.

**USE AN EMAIL ADDRESS OTHER THAN YOUR HIGH SCHOOL EMAIL.** Your high school email will expire after graduation, and you will need access to the email associated with your FSA ID for years to come.

**NET PRICE CALCULATOR** is a tool that provides an estimate of what a particular school will cost you! Net Price Calculator is student- and school- specific and calculates net price — the difference between the published price (full cost) and any grants or scholarships that you may be eligible to receive. Some of the most expensive schools offer the largest grants and scholarships, making them more affordable than you may think. Each school is required to have this tool on their website, and it can typically be found on the school's financial aid page.



# SCHOLARSHIPS

Scholarships come in various amounts and are offered by a variety of different organizations; some may even be in your own community. To begin your search, check out:

**LOCAL HIGH SCHOOL GUIDANCE OFFICE**

**COLLEGE FINANCIAL AID OFFICE**

**EMPLOYER/PARENTS' EMPLOYER(S)**

**FAITH-BASED INSTITUTIONS**

**LOCAL SERVICE ORGANIZATIONS OR TOWN OFFICES**

## FREE SCHOLARSHIP SEARCHES:

Only use free scholarship searches. You should never have to pay for a search or to apply for a scholarship.

### MAINE

- Finance Authority of Maine: [FAMEmaine.com](http://FAMEmaine.com)
- Maine Community Foundation: [MaineCF.org](http://MaineCF.org)

### NATIONWIDE

- [BigFuture.CollegeBoard.org/scholarship-search](http://BigFuture.CollegeBoard.org/scholarship-search)
- [Cappex.com](http://Cappex.com)
- [fastweb.com](http://fastweb.com)
- [goingmerry.com](http://goingmerry.com)
- [Petersons.com](http://Petersons.com)
- [StudentScholarships.org](http://StudentScholarships.org)
- [Unigo.com](http://Unigo.com)

**SCHOLARSHIPS** are for students of all ages, including adult and graduate students. It's important to continue searching and applying for scholarships even after your freshman year.

# STEP 2

## APPLY

Completing the Free Application for Federal Student Aid (FAFSA) is the first step to accessing financial aid. Use FAME's checklist *Get Ready to File the 2021–2022 FAFSA* at [FAMEmaine.com/FAFSA](https://famemaine.com/FAFSA) on the "What You Need to File" page.

## GO TO **FAFSA.GOV**:

**USE YOUR (THE STUDENT) FSA ID** to start the FAFSA as this will pre-populate key pieces of information.

**SUBMIT THE FAFSA** as soon after October 1 as possible.

**SUPPLY 2019 INCOME INFORMATION** as required for the 2021–2022 FAFSA.

**USE THE IRS DATA RETRIEVAL TOOL** within the FAFSA to transfer 2019 income and tax information to the FAFSA. Using this tool will make completing the FAFSA easier and reduce follow-up after the FAFSA has been filed.

## ASSET REPORTING

### **NOT ALL ASSETS NEED TO BE REPORTED ON THE FAFSA.**

For example, these are not reportable:

- The home you live in
- The family farm (if parents participate in farming operations and the family's principal residence is part of the farm)
- Personal possessions, such as cars and boats
- Life insurance policies
- Any small, family-owned businesses with less than 100 full-time employees
- Retirement plans

### **Divorced or Separated Parents**

If your parents are divorced or separated, provide information about the parent that you lived with most during the last twelve months, regardless of who claimed you on a tax return.

If you did not live with one parent more than the other, provide information about the parent who provided most of your financial support during the last twelve months.

Have other questions about listing parent information on the FAFSA? Visit [FAMEmaine.com/FAFSA](https://famemaine.com/FAFSA) for more information.





## WHAT IS THE CSS PROFILE?

The CSS/Financial Aid PROFILE®, administered by the College Board, is an application used by nearly 400 colleges and scholarship programs to determine eligibility for their own financial aid dollars. Unlike the FAFSA, the CSS PROFILE asks for the value of the primary residence and often asks for noncustodial parent information in the case of divorce or separation.

Check with the schools you are interested in to see if they require the **CSS PROFILE**, as well as the related filing deadline.

For additional information, including the cost of submitting the CSS PROFILE and possible fee waivers, visit **CSS.CollegeBoard.org**.

## DEADLINES MATTER: DON'T MISS OUT.

Deadlines are important because some types of aid are limited and may only be awarded to those who meet their school's priority deadline. This example shows a student with a 0 (zero) Expected Family Contribution (EFC) for the 2020–2021 academic year.

FAFSA Submitted November 1		FAFSA Submitted after school's priority deadline		FAFSA Submitted during summer	
Pell Grant	\$6,345	Pell Grant	\$6,345	Pell Grant	\$6,345
State Grant	\$1,500	State Grant	\$1,500	Direct Loan	\$5,500
Supplemental Grant	\$2,000	Work-Study	\$1,000		
University Grant	\$3,500	Direct Loan	\$5,500		
Work-Study	\$1,600				
Direct Loan	\$5,500				
<b>Total Award</b>		<b>Total Award</b>	<b>\$14,345</b>	<b>Total Award</b>	<b>\$11,845</b>

**Find out (and meet) the deadlines at ALL of the schools you are applying to!**

# STEP 3

## FOLLOW UP WHAT HAPPENS NEXT?

**REVIEW YOUR STUDENT AID REPORT (SAR).** If you provided a valid email address, an email will be sent notifying you that your FAFSA has been processed and will include a link to your SAR. Review your SAR carefully to check for and correct any errors.

**MAKE CORRECTIONS OR ADD ADDITIONAL SCHOOLS, IF NECESSARY.**

To make corrections or add additional schools, go to **fafsa.gov** and click on "Login". You will need your (the student's) FSA ID (username and password). Click on "Make FAFSA Corrections" and add or correct any required information. Once complete, submit your updated FAFSA.

**WATCH FOR REQUESTS FOR INFORMATION FROM YOUR SCHOOL(S).**

Your school(s) may ask you to verify the information you provide on your FAFSA. This process is referred to as verification and does not mean you did anything wrong! Be sure to provide needed information to the school as soon as possible.

### WHAT IS MY EXPECTED FAMILY CONTRIBUTION (EFC)?

**YOUR EFC IS:**

- Calculated based on the information that you provide on the FAFSA and will be listed on your Student Aid Report.
- Used as a measure of your family's financial resources.
- Used by colleges to calculate financial aid.
- The same at each school that you apply to.

**YOUR EFC IS NOT:**

- The amount your family will have to pay for college.
- The amount of financial aid you will receive.

### LOOKING FOR MORE ANSWERS TO YOUR FINANCIAL AID QUESTIONS?

Visit **StudentAid.gov** to learn how to prepare and pay for college. Student financial aid history can also be found by logging in to **StudentAid.gov** with your FSA ID.

Visit **FinAid.org** to find information on loans, scholarships and other types of financial aid, as well as dozens of calculators.





## IMPORTANT INFORMATION IS COMING TO YOUR EMAIL INBOX.

Once you're offered admission, each school may ask you to create a school email address. Schools want to communicate and provide information using their own email system. **It's important to check all email accounts regularly, as information may be time-sensitive.** Respond promptly to requests, and share information with parents or guardians when appropriate.

# TYPES OF FINANCIAL AID

There are three types of federal aid that may be listed as part of your financial aid offer: grants, work-study and loans.

## FEDERAL GRANTS

Federal grants are considered “gift aid” and, unlike loans, do not need to be repaid. The most common types of federal grants are:

- **Federal Pell Grant** A need-based grant available to undergraduate students. The amount of the grant is based on the information provided on the FAFSA.
- **Federal Supplemental Educational Opportunity Grant (SEOG)** A need-based grant available at some colleges.

## FEDERAL WORK-STUDY

Federal Work-Study provides part-time employment for students to work on or off campus. Funds are not available at all colleges.

## FEDERAL LOANS

Federal loans are available to students and parents to help finance college. Loans must be repaid with interest.

- **Direct Subsidized Loan** is a need-based loan that does not accrue interest while the student is enrolled in college.
- **Direct Unsubsidized Loan** is a loan that is not based on need. Interest does accrue while the student is enrolled in college.
- **Direct PLUS Loan** for Parents and Graduate Students is a credit-based loan available to parents of dependent students and to graduate students.

For the most up-to-date information regarding federal loan and grant programs, visit [StudentAid.gov](https://studentaid.gov).

**INDIVIDUAL SCHOOLS** may also award their own scholarship, grant, work-study and loan funds. To learn more about what your school has to offer, contact the financial aid office.

## WORK-STUDY—DID YOU KNOW...

There are many benefits to work-study beyond the money. Research has shown that students who participate in the Federal Work-Study Program are more likely to graduate and be employed six years after college than similar students who don't participate in the program.\*

Work-study is earned throughout the course of the year, based on the student's rate of pay and number of hours worked. As a result, it isn't applied to and doesn't reduce the student's bill. Many students use work-study earnings to cover miscellaneous and travel expenses, or even books for an upcoming semester.

\*©2014 by Judith Scott-Clayton and Veronica Minaya. *Should Student Employment Be Subsidized?* Conditional Counterfactuals and the Outcomes of Work-Study Participation (2014 National Bureau of Economic Research Working Paper 20329).





# PROGRAMS FOR MAINE RESIDENTS

These programs are designed to support Maine students and help meet Maine's workforce needs. Find more information and program applications at [FAMEmaine.com](http://FAMEmaine.com).

## UNDERGRADUATE

**Maine State Grant Program** is a need-based grant for undergraduate students attending an eligible school. File the FAFSA by May 1 to be considered for the grant.

**Tuition Waiver Programs** provide free tuition to certain foster children, adopted children/wards under subsidy from the Maine Department of Health & Human Services, and spouses and children of firefighters, law enforcement officers or emergency medical services personnel killed in the line of duty. The student must be attending a Maine public college/university.

**Educators for Maine Program** is a renewable, merit-based loan for students pursuing careers in education, including speech pathology and child care. The loan is forgivable upon eligible employment in Maine. **This loan is also available to graduate students.**

## GRADUATE

**Doctors for Maine's Future Scholarship** provides scholarships for eligible students enrolled in a qualifying Maine-based medical school program.

**Maine Health Professions Loan Program** is a renewable, need-based loan for students pursuing eligible postgraduate medical, dental and veterinary education.

**Maine Medical Education Foundation Loan Program** is available to Maine residents enrolled in or accepted to approved medical schools.

**Maine Dental Education Loan Program** is a competitive, forgivable loan program for Maine students pursuing a career as a dentist and planning to work in Maine after graduation.

**Maine Veterinary Medicine Loan Program** is a renewable, need-based loan for students enrolled in a program of study leading to a Doctor of Veterinary Medicine degree. The loan is forgivable upon eligible employment in Maine.



## NEBHE TUITION BREAK

### REDUCED TUITION FOR MAINE STUDENTS

Some state universities in New England offer reduced tuition to Maine students pursuing a program that is not offered in Maine. For more information on reduced tuition at an out-of-state school, visit the New England Board of Higher Education at [NEBHE.org](http://NEBHE.org).

# FINANCIAL AID OFFERS

After you complete the financial aid application process and have been admitted to a school, you will receive a financial aid offer. Schools have different schedules for when they send (or email) financial aid notifications.

**CAREFULLY REVIEW YOUR NOTIFICATION**, including the types of financial aid that you are offered.

**COMPARE THE NET COST OF EACH SCHOOL** if you receive financial aid offers from multiple schools using the “Comparing Costs & Financial Aid Offers” worksheet on page 16.

**ACCEPT OR REJECT EACH TYPE OF AID** once you have compared all of your offers and decided which school to attend.

**RESPOND QUICKLY** to any request from each school and provide any additional forms, such as loan applications and student loan entrance counseling.

**CONTACT YOUR SCHOOL’S FINANCIAL AID OFFICE** if you have questions.

## QUESTIONS TO ASK ABOUT YOUR FINANCIAL AID OFFER

- Is your financial aid likely to stay the same for all of the following years (assuming the financial information doesn’t change dramatically)?
- Are there GPA requirements to maintain any of the types of aid?
- How will outside scholarships impact the financial aid offer? Can outside scholarships be in addition to the current financial aid? If aid has to be reduced, what type of aid is reduced first – grants, need-based loans, or work-study?



## SPECIAL CIRCUMSTANCES

### CONTACT THE FINANCIAL AID OFFICE DIRECTLY

to discuss special circumstances, such as:

- Unemployment
- Loss of income
- Parent(s) attending college
- Divorce or separation
- Unusual medical expenses
- Any financial change not reflected on the FAFSA



# COMPARING COSTS & FINANCIAL AID OFFERS:

Use this worksheet to compare estimated college costs and financial aid offers. Find the information you need to complete this worksheet in your financial aid notification or on your school's website. Costs and financial aid offers can vary significantly from one college or university to another.

COLLEGE NAME	Example	School 1	School 2	School 3
	School X			
<b>DIRECT COSTS TO ATTEND</b>				
Tuition & Mandatory Fees	\$10,600			
Room & Board	+ \$9,297	+	+	+
<b>DIRECT COSTS</b> (Billed by school)	= \$19,897	=	=	=
<b>FINANCIAL AID: GRANTS &amp; SCHOLARSHIPS</b>				
Grants & Scholarships	- \$8,730	-	-	-
<b>NET COST BEFORE LOANS</b>	= \$11,167	=	=	=
<b>FINANCIAL AID: FEDERAL STUDENT LOANS</b>				
Federal Direct Subsidized Loans	\$3,500			
Federal Direct Unsubsidized Loans	+ \$2,000	+	+	+
<b>TOTAL LOAN AMOUNT<sup>1</sup></b>	= \$5,500	=	=	=
<b>ESTIMATED TOTAL COST (OUT-OF-POCKET)</b>				
Balance Due (Direct Costs minus grants, scholarships and loans)	= \$5,667			
Indirect Costs (Books, supplies, travel)	+ \$1,500	+	+	+
<b>ESTIMATED TOTAL COST<sup>2</sup></b> (Out-of-pocket cost)	= \$7,167	=	=	=
<b>FINANCIAL AID: WORK-STUDY</b>				
<b>WORK-STUDY<sup>3</sup></b>	\$1,500			

<sup>1</sup> Most schools do not list Federal PLUS or private loan eligibility as part of the financial aid offer as these loans are credit-based and may not be approved for everyone. If PLUS or private loan eligibility is listed, please exclude for the purposes of comparing offers.

<sup>2</sup> Estimated Total Cost would be the amount paid by the student and/or the student's family using savings, outside scholarships and/or loans.

<sup>3</sup> Federal Work-Study funds are earned throughout the year so are not available to help pay the full balance.

# REDUCING COSTS

For most students, financial aid does not cover the entire cost of education. Before borrowing additional loans, consider the following cost-cutting measures.

## 1 ENROLLMENT COSTS

### See if you're eligible for reduced tuition.

Some state university systems have agreements with neighboring state university systems to offer reduced tuition rates, especially if you are majoring in a program not offered at your state school(s). Check out [nebhe.org](http://nebhe.org) for more information.

**Take advantage of schools with flat tuition rates** by taking extra classes to accelerate completing your degree without paying more money.

**Test out of college courses** by taking Advanced Placement (AP) classes in high school. Some colleges will grant you course credit for your high school AP classes if you receive high scores on the test. Additionally, some colleges will give you an opportunity to test out of general education classes.

**Enroll in summer courses at your local college or online** to fulfill general education requirements at a lower cost per credit hour.

## 2 LIVING EXPENSES

**Consider living at home**, if possible, and commuting to college.

**Get roommates** if you decide to live off campus. If you live on campus, skip the single room.

**Choose a meal plan** that works for you. More importantly, if you have a meal plan, use it!

## 3 TRAVEL EXPENSES

**Leave your car at home** to save on parking fees and gas.

**Consider commuting** with another student or use public transportation.

## 4 STUDENT DISCOUNTS

**Take advantage** of student discounts for computers, travel or entertainment.

## 5 BOOKS

**Utilize free resources** like Google Books and your school library to see if you can use a textbook for free.

**Consider renting** from a source like [Chegg.com](http://Chegg.com) or your school bookstore, or share a book with another student.

**Buy your books used and buy them early.** School bookstores and online sources like [Amazon.com](http://Amazon.com) and [bigwords.com](http://bigwords.com) have a limited supply of used books which tend to go first. Also consider selling books that you no longer need.

**Purchase digital books.** Downloadable textbooks are often cheaper than hard copies and are delivered on demand.





## WANT MORE MONEY \$MART?

Check out FAME's companion publication *Manage: Making Your Money Work* for more tips on reducing costs, budgeting, building savings and staying debt-free during college and beyond.

Request a copy from the Publications Page at [FAMEmaine.com](http://FAMEmaine.com).

## Invest in **STUDENT** **ME**<sup>®</sup> **FINANCIAL** **WELLNESS**

Invest in ME Student Financial Wellness, powered by FAME and iGrad<sup>®</sup>, provides online financial education to empower you to confidently manage your money and build financial skills for life.

### HOW TO GET STARTED:

- Visit **FAME.iGrad.com** to sign up for a free account.
- Complete your financial wellness assessment.
- Browse recommended videos, articles, infographics and more.
- Complete a financial wellness course. Topics include Smart Borrowing, Budgeting and more.

# IF THE FINANCIAL AID ISN'T ENOUGH

Colleges aren't always able to meet the full financial need of every student. What can you do if your financial aid isn't enough and you've already reduced all possible costs?

## CONSIDER THESE OPTIONS:

**Scholarships** are funds awarded by various organizations and don't have to be repaid. Be sure to research and apply for outside scholarships early and every year you are in school.

**Savings** may come from various sources. Any money available from savings is money that doesn't have to be borrowed and repaid with interest.

**Tuition Payment Plans** allow you to pay your tuition in installments over the semester or year and are typically offered through the college. Most plans are interest-free but may charge a small fee.

**Federal Direct PLUS Loan for Parents and Graduate Students** is a credit-based loan for parents and graduate students. Borrowers can request up to the cost of education minus any financial aid.

**Private Education Loans** are credit-based education loans offered through a bank, credit union or state agency. Usually the student is the borrower and will need a credit-worthy cosigner like a parent or grandparent. Since private loans lack the benefits of federal student loans, consider them after other federal financial aid has been exhausted.

## CONTACT YOUR FINANCIAL AID OFFICE

to discuss your situation if your aid isn't enough. The financial aid office only has the information that was provided through the financial aid process. If there are other special circumstances impacting your family's ability to pay for school, such as unemployment or high medical bills, report the additional information. They may be able to help. Even if you don't have special circumstances, ask if there is more aid available or ways to receive more aid in the future.

## BEFORE TAKING OUT ADDITIONAL LOANS,

take the time to answer the following questions to help you find the loan that is right for you.

- Who will be the primary borrower?
- What loan features are most important to you when you think about the cost of borrowing?
  - Fixed or variable interest rate?
  - No or low origination/loan fees?
  - Smallest monthly payment?
  - Length of repayment?
  - Lowest interest rate?
- Are you considering borrowing against the equity in your home?
- What are the various tax benefits of your borrowing options?
- Are you able to make payments while you are in school? Making any payments while in school can reduce the total amount you will repay.
- Do you know your and your cosigner's credit scores? (You can obtain credit scores at **AnnualCreditReport.com** for a fee.) Since private loans are credit based, typically the better the credit score of the borrower or cosigner, the lower the interest.
- How much student loan debt can you afford? Visit **CareerOneStop.org** to get an estimate of your annual salary. Once you have that, use FAME's Student Loan/Salary Calculator at **FAMEmaine.com** to calculate the maximum amount of student loan debt that is reasonable for your circumstances.



# COMPARING PLUS & PRIVATE LOANS:

	FEDERAL DIRECT PLUS LOANS	PRIVATE EDUCATION LOANS
<b>WHO MAKES THESE LOANS?</b>	Federal Direct PLUS Loans are offered by the federal government.	Private education loans are offered by banks, credit unions or state agencies.
<b>WHO CAN BE THE BORROWER?</b>	Only a biological or adoptive parent, or a step-parent on the FAFSA can be the borrower on behalf of an undergraduate student.	The student can be the borrower for a private education loan but may need a credit-worthy cosigner.
<b>WHAT ARE THE INTEREST RATES?</b>	All borrowers, regardless of credit quality, will pay the same fixed interest rate of 7.08% for the 2019–2020 academic year.	Interest rates can be fixed or variable and are generally determined by the credit quality of the applicant, and if applicable, cosigner. Chosen repayment term or other factors may also impact interest rate.
<b>ARE THERE FEES?</b>	All borrowers, regardless of credit quality, will pay the same origination fee of 4.236% for loans first disbursed between 10/1/2019 – 9/30/2020.	Fees vary by lender. However, in the current market, there are many zero/low-fee private education loan options.
<b>CAN YOU POSTPONE REPAYMENT?</b>	Deferments and forbearances are available through federal student aid regulations.	Deferments and forbearances will vary by lender.

## SELECTING A PRIVATE STUDENT LOAN LENDER

Lenders present the features and benefits of their student loans in different ways. When you compare student loans, make sure you are looking at what the loan will cost **YOU**. Pay particular attention to these features and benefits:

**ANNUAL PERCENTAGE RATE (APR)** The APR is the cost of interest and fees on a loan over time – how much the loan will cost you to repay. The APR is intended to assist you in comparing the cost of various loans that have different fees, rates and payback periods. Typically, APRs can be found on a lender’s website. If you have trouble finding an APR on the website, call the lender.

**FIXED OR VARIABLE INTEREST RATES** A fixed interest rate is set during the application process and does not change during the life of the loan. A variable interest rate (and your monthly payments) may increase or decrease if the base rate changes during the life of the loan.

**REPAYMENT AND DEFERMENT OPTIONS** Consider repayment options. Lenders may offer a variety of repayment options – immediate repayment, interest-only repayment, partial repayment or full deferment. If you are able to make payments while you are in school, look for a loan that offers that option. Also consider future deferment options that may be important in case you experience financial hardship while you are repaying your loan.

**THE LOAN FOR ME**<sup>™</sup>

Visit **TheLoanforME.com** for more information about some Maine private loan options.



## STUDENT LOAN BASICS

Many families borrow to pay for college. Successfully borrowing and paying back student loans can help build good credit and achieve other financial goals. Throughout the process, keep the following basics in mind:

**LOANS HAVE TO BE REPAYD\***, including any interest that accrues, even if you don't graduate.

**FORGIVENESS MAY BE GRANTED** to some eligible state and federal student loans under limited circumstances.

**UNDERSTAND THE LOAN RIGHTS & RESPONSIBILITIES** and repayment options before you borrow.

**NEVER BORROW MORE THAN YOU NEED** to pay for your direct education expenses.

**LIMIT YOURSELF TO FEDERAL STUDENT LOANS IF POSSIBLE** as the repayment and forgiveness terms are more flexible than with private student loans.

**RESEARCH YOUR FUTURE SALARY** when considering borrowing. It is recommended that student loan payments be no more than 8-10% of your gross earnings. We recommend your total debt not exceed the amount you can expect to earn in your first year of employment.

**VISIT STUDENTAID.GOV** to retrieve federal loan information.

### **YOUR LOAN SERVICER IS THERE TO HELP.**

Contact your loan servicer if you are unable to repay due to financial hardship.

**THE LOAN FOR ME**

Visit **TheLoanforME.com** —  
learn more about becoming an informed  
borrower and for more information about  
Maine-based private student loan options.

\*Student loans are typically not dischargeable in bankruptcy.



## EDUCATION TAX CREDITS & DEDUCTIONS:

**AMERICAN OPPORTUNITY TAX CREDIT\*** This federal tax credit is up to \$2,500 per student. It is available for the first four years of post-secondary education. To receive it, you need to show you paid for qualified education expenses. Be sure to keep your receipts. There is a maximum income limit for this tax credit.

**LIFETIME LEARNING CREDIT\*** You may be able to claim up to \$2,000 for qualified education expenses on your federal tax return with this credit. The number of years you can claim this credit is unlimited for eligible students. As of 2018, there is a maximum income limit for this tax credit.

\*A parent or student can only claim one of the two above credits for the same student.

**STUDENT LOAN INTEREST DEDUCTION** You may be able to deduct interest you paid on a qualified student loan, reducing your federal taxable income up to \$2,500. This deduction has an income limit.

For additional information on federal tax credits and deductions, including income and other limitations that apply, see IRS Publication 970 – Tax Benefits for Education at [IRS.gov](https://www.irs.gov) or consult a tax expert.

**EDUCATIONAL OPPORTUNITY TAX CREDIT** If you earned an associate or bachelor degree at an eligible post-secondary school and live and work in Maine after graduation, you may be eligible for an Educational Opportunity Tax Credit (also known as Opportunity Maine) on your Maine income tax return. For more information visit [OpportunityMaine.org](https://www.opportunitymaine.org).

## SAVING FOR HIGHER EDUCATION:

**REDUCE DEBT BY SAVING.** Using savings and investment plans for higher education may help reduce the need to borrow. Families who have college savings are always in a better position when it comes to paying for college. Remember, every dollar available from savings is a dollar that doesn't have to be borrowed and repaid with interest!

**A COVERDELL EDUCATION SAVINGS ACCOUNT (ESA)** is a tax-advantaged investment account designed to encourage education savings. Contributions are limited to \$2,000 per year, per child.

**A SECTION 529 PLAN** is a tax-advantaged investment plan to help students and families prepare for qualified education expenses. To learn more about NextGen 529™, Maine's Section 529 Plan, visit [NextGenforME.com](https://www.nextgenforME.com).

**EARLY TRADITIONAL AND ROTH IRA WITHDRAWALS**, before age 59½ are allowed without the 10% early withdrawal penalty if funds are used for qualified education expenses. These withdrawals may still be taxed as ordinary income. See IRS Publication 970 for more information.



# Junior Year Planning Checklist

## ALL YEAR

- ❑ Explore careers and their earning potential.
- ❑ Research schools using free, online search tools.
- ❑ Attend college fairs or open houses.
- ❑ Visit schools.
- ❑ Research higher education costs and financial aid using the Net Price Calculator tool on college websites.
- ❑ Save any money from working or gifts at birthdays and holidays for higher education.

## FALL

- ❑ Take the PSAT. You must take the test in 11th grade to qualify for certain scholarships.
- ❑ Create an email address to use specifically for scholarship searches and college applications. Be sure to choose an email address that makes a good first impression.
- ❑ Review some scholarship applications to see if you have "gaps" in your experiences. For example, do you need to perform some additional community service? Knowing what is expected now while you have more time will help you to be more successful with your scholarship search.
- ❑ Sign up for FAME's e-newsletters, tips and more at [FAMEmaine.com/join](http://FAMEmaine.com/join).

## SPRING

- ❑ Attend a financial aid information session.
- ❑ Register for and take exams for college admission and AP tests.
- ❑ Research scholarships using free, online searches.
- ❑ Line up your summer job to begin earning money for college expenses.

## SUMMER

- ❑ Narrow down the list of colleges you are considering attending. If you can, visit the schools that interest you.
- ❑ Contact colleges to request information and applications for admission.
- ❑ Research college admission and financial aid deadlines/requirements and develop a checklist.
- ❑ Continue researching and applying for scholarships.
- ❑ Save any money you earn over the summer.







## Senior Year Planning Checklist

### PRIOR TO OCTOBER 1

- ❑ Get an FSA ID at [fsaid.ed.gov](https://fsaid.ed.gov).
- ❑ Research admission and financial aid deadlines/requirements and develop a checklist.
- ❑ Begin college essays.
- ❑ Attend college fairs or open houses.
- ❑ Research scholarship opportunities using free, online searches.

### FALL

- ❑ Attend a FAME In-Person FAFSA Help Session.
- ❑ Sign up for FAME's e-newsletters, tips and more at [FAMEmaine.com/join](https://FAMEmaine.com/join).
- ❑ Submit your FAFSA at [fafsa.gov](https://fafsa.gov).
- ❑ Keep copies of all documents and forms.
- ❑ Ask teachers, coaches, or school counselors for letters of recommendation.
- ❑ Begin submitting your college admission applications.
- ❑ Continue researching scholarship opportunities.
- ❑ If required, submit the CSS Profile.

### LATE FALL/WINTER

- ❑ After you file your FAFSA, review your Student Aid Report (SAR) and make any necessary corrections.
- ❑ Confirm that financial aid offices received your FAFSA information.
- ❑ Submit any required documents to the financial aid office.

- ❑ Begin completing scholarship applications.
- ❑ Look for your financial aid notifications to begin arriving in the mail or by email.
- ❑ Respond quickly to all requests for information.
- ❑ Once accepted for admission, check your college-assigned email address frequently. Your college may be sending important notifications to this new email address.

### LATE WINTER/SPRING

- ❑ To be eligible for a Maine State Grant, submit your FAFSA by the May 1 deadline.
- ❑ Confirm that financial aid offices have received all necessary paperwork.
- ❑ Continue completing scholarship applications.
- ❑ Compare financial aid offers.
- ❑ Notify all colleges of your plans to attend (or not attend). Many colleges require an admission deposit and typically have a deadline of May 1.
- ❑ Line up your summer job to begin earning money for college expenses.

### SUMMER

- ❑ If you have been awarded private scholarships, send copies of all notifications to your chosen school's financial aid office.
- ❑ Attend college orientation.
- ❑ Look for your fall semester tuition bill.
- ❑ Make arrangements to pay your balance.

# SCHOOL REQUIREMENTS TRACKING SHEET:

	School Name:	School Name:	School Name:
ADMISSION APPLICATION DEADLINE	Date Submitted:	Date Submitted:	Date Submitted:
PRIORITY FAFSA DEADLINE	Date Submitted:	Date Submitted:	Date Submitted:
OTHER APPLICATION REQUIREMENTS (CSS Profile, etc.)	Date Submitted:	Date Submitted:	Date Submitted:
FOLLOW-UP REQUIREMENTS (if selected, complete verification requirements; if borrowing, complete loan-related documents)	Date Submitted:	Date Submitted:	Date Submitted:
CHECK YOUR COLLEGE EMAIL REGULARLY!			





# Give the gift of education

Open a NextGen account today! Visit [NextGenforME.com](http://NextGenforME.com).

## Take Advantage of Grants for Maine Residents.\*

**\$100**

### Open a NextGen 529™ Account

Add just \$25 and get the \$100 Initial Matching Grant.

### Make it Automatic

Set up and make six consecutive automatic contributions from your payroll or bank account and get a \$100 Automated Funding Grant.

**\$100**

**\$300**

### Add to Your Account

Make contributions and get a 30% NextStep Matching Grant up to \$300 match per year.\*

**New for 2020!**

Alfond Grant recipients eligible for Initial Matching Grant!

Act now, don't leave money on the table! Open a NextGen 529 account and make a contribution of \$25 by December 31, 2020 and receive a \$100 Initial Matching Grant!

Start today at [NextGenForME.com](http://NextGenForME.com)

\* Grants for Maine residents are linked to eligible Maine accounts. Upon withdrawal, grants are paid only to institutions of higher education. See Terms and Conditions of Maine Grant Programs for details about eligibility and other conditions and restrictions that apply at [NextGenforME.com](http://NextGenforME.com). Grants may lose value.

Invest in  
**ME**®

Miles, South Portland

NextGen 529 is a Section 529 plan administered by the Finance Authority of Maine (FAME). Before you invest in NextGen 529, request a NextGen 529 Program Description from your Merrill advisor or Maine Distribution Agent or call Merrill at 1-877-463-9843 and read it carefully. The Program Description contains more complete information, including investment objectives, charges, expenses and risks of investing in NextGen 529, which you should carefully consider before investing. You also should consider whether your or your designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 plan. Merrill Lynch, Pierce, Fenner & Smith Incorporated, a registered broker-dealer, member SIPC, is the program manager and underwriter.



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