

Student Loans to Fill the Gap

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Discussion Topics

When scholarships, grants, and federal aid aren't enough, where can you turn to fill the funding gap that's left?

- Understand the Gap – Fixed and Flexible School Costs
- Types of Loans – Federal and Private
- Selecting a Private Student Loan Lender
- Application Process and Timeline

Understand the Gap – Fixed and Variable Costs

- How Much Do You Really Need?



- Fixed Costs

- Flexible Costs

- Appeals

- Tuition Payment Plans

Federal Direct Loan

- Free Application for Federal Student Aid (FAFSA) required
- US Government is the lender
- Student's loan – no co-signer – no credit check
- Undergraduate annual limits: freshman \$5500, sophomore \$6500, junior and senior \$7500
- Subsidized vs. unsubsidized (subsidized not available for graduate students)
- Undergraduate interest rate and fee: 4.53% fixed – fee 1.062%*
- Graduate limits: \$20,500, medical \$40,500
- Graduate interest rate and fee: 6.08% - fee 1.062%*
- In-school repayment
 - Full deferral – interest only payments – immediate repayments
 - Repayment begins six months after graduation, student drops below half-time status or separates from school
- 10 year repayment term with additional repayment options
- Benefits – deferment, repayment, forgiveness, discharge, consolidation and refinance options

Note: Entrance Counseling Exam and 30 day delay for freshmen/first-time borrowers

Interest rates good until July 1, 2020 and fees good until October 1, 2019

<https://www.studentaid.gov>

Federal Direct PLUS Loan

- Free Application for Federal Student Aid (FAFSA) required
- US Government is the lender
- Parent of undergraduate student and graduate or professional student
- Credit check – FICO and debt-to-income not considered
- Endorser option
- Annual limit: cost of attendance minus any financial aid received
- Interest rate and fee: 7.08% fixed - fee 4.236%*
- In-school repayment
 - Full deferral – interest only payments – immediate repayments
 - Repayment begins six months after graduation, student drops below half-time status or separates from school
- 10 year repayment term with additional repayment options
- Benefits – deferment, repayment, discharge, consolidation and refinance options

Note: Student may qualify for up to an additional \$4000 unsubsidized direct if parent denied PLUS loan

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Private or Alternative Loans

- Student loan and may require a co-signer
- Credit unions, banks and finance companies are the lender
- Full credit check – FICO score, employment, income and established credit considered
- Free Application for Federal Student Aid (FAFSA) recommended
- Consider private loans to fill the gap after federal loans are exhausted
- Annual limit: cost of attendance minus any financial aid received
- Interest rate: depends on individual lender – fixed and variable rates available
- In-school repayment
 - Full deferral – interest only payments – immediate repayments
 - Repayment begins six months after graduation, student drops below half-time status or separates from school
- 15 – 25 year repayment options
- Benefits – depends on lender

Federal vs. Private

Federal

- Student or parents loan
- Fixed interest rates
- Origination fees
- Easier credit requirements
- Flexible repayment options in-school
- Flexible repayment options after graduation
- Borrower benefits standard for both Direct and PLUS loan

Private

- Student's loan may require co-signer
- Fixed and variable interest rates
- Origination fees – depends on the lender
- Complete credit requirements
- Flexible repayment options in-school
- Limited repayment options after graduation
- Benefits – depends on lender

Selecting a Private Student Loan Lender

Local Credit
Union or Bank

College Private
Lender List

FinAid
www.finaid.org

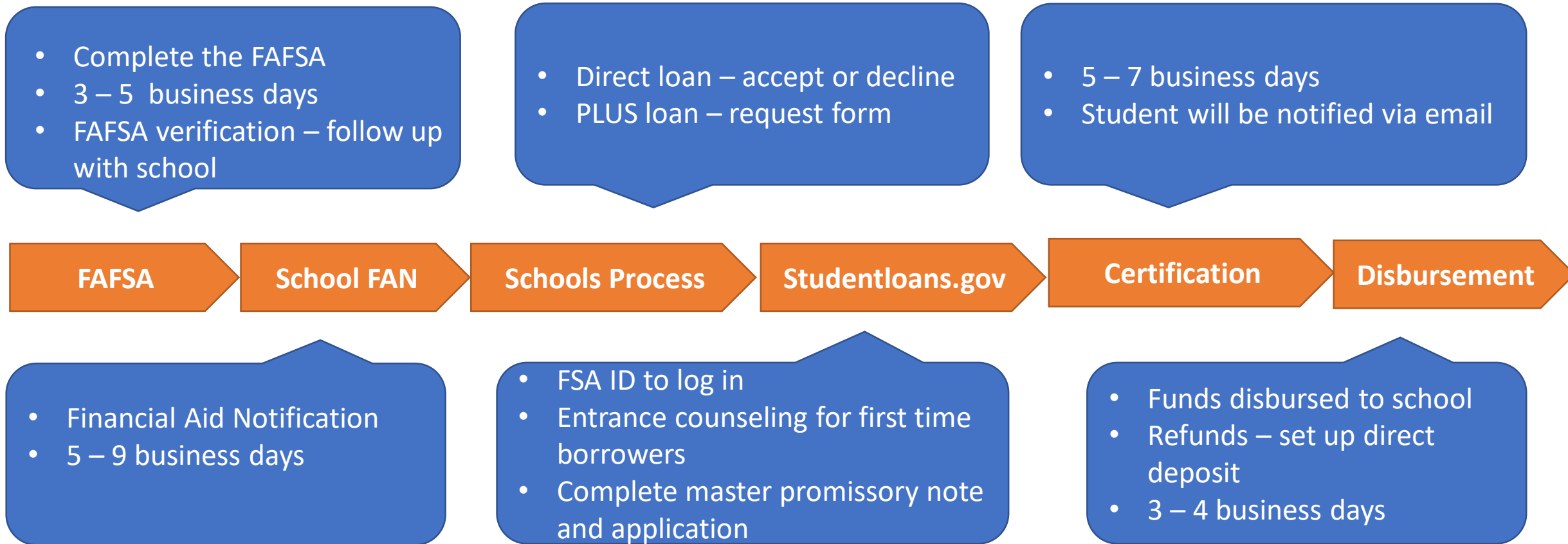


Application Process and Timeline

Federal Student Loans

- Complete the FAFSA
 - Online 3 - 5 business days
 - Follow-up with school if selected for FAFSA verification
- School will package financial aid awards (student loans)
 - 5 – 9 business days
- Follow schools process for federal student loans
 - Federal direct undergraduate and graduate – accept or decline if necessary
 - Parent/Graduate PLUS – complete loan request form if necessary
- Studentloans.gov
 - Borrowers will need FSA ID and password to log in
 - First time federal loan borrowers will complete entrance counseling
 - Borrower will complete master promissory note (MPN) and application
- Loan is certified and disbursement dates set
 - 5 – 7 business days
 - Students may log into school account to view this information
- Loan funds disbursed to school
 - Refunds – set up direct deposit or refund will be mailed
 - Allow 3 – 4 business days for school to process disbursement and send refund

Federal Loan Process and Timeline



21 – 28 Business Days with FAFSA
7 – 14 Business Days without FAFSA

Private Student Loan Process and Timeline

Private Student Loans

- Complete the FAFSA
 - Not required – only recommended
- Select a private student loan lender
 - 1 – 2 business days
- Complete the lenders online loan application
 - If approved, follow lenders application process
 - Send required supporting documents
 - 7- 14 business days
- Certification process
 - When application is final approved, lender sends certification request to school
 - School reviews certification request, certifies and send disbursement dates to lender
 - 7 – 14 business days
- Loan funds disbursed to school
 - Refunds – set up direct deposit or refund will be mailed
 - Allow 3 – 4 business days for school to process disbursement and send refund

14 – 28 Business Days

Information for Federal MPN and Private Application

Federal student loan MPN (studentloans.gov)

- Undergraduate, graduate or parent of undergraduate
- Studentloans.gov – borrowers FSA ID and password
- Personal info – name, date of birth, social security number
- Name, address and phone for two personal references
- Employer information
- School information and loan amount

Private student loan application *

- Borrower's personal info – name, date of birth, social security number
- School information and loan amount
- Name, address and phone number for personal reference
- Employer information and gross monthly or annual income (borrower may not have to submit this info if applying with co-borrower)

Supporting documents needed for approved private application*

- Copy of borrowers drivers license and social security card
- Borrower or co-borrower's last two years W-2s or other income verification
- Borrower or co-borrower's current paystub

Note: Information and supporting documents may differ between lenders



Thank you for attending!!

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Please contact us with any additional questions:

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<http://www.studentchoice.org/college-access-counselor>