

FINANCIAL AID

&

Paying for College



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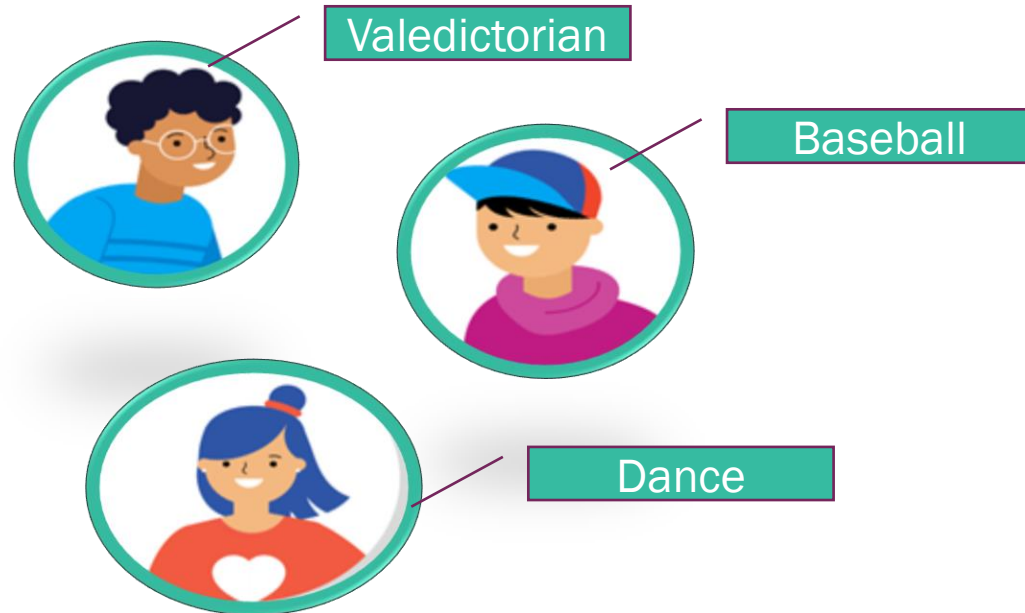
FINANCIAL AID – What it is...

Financial aid: Helps you pay for college and is provided through the federal government, state, school, or a private business or organization.



HOW IS AID AWARDED?

MERIT



NEED BASED



Determined
by COA-EFS

Do The
FAFSA
—•—
THE EARLIER THE BETTER

ELIGIBILITY FORMULA

Cost of Attendance
- Student Aid Index

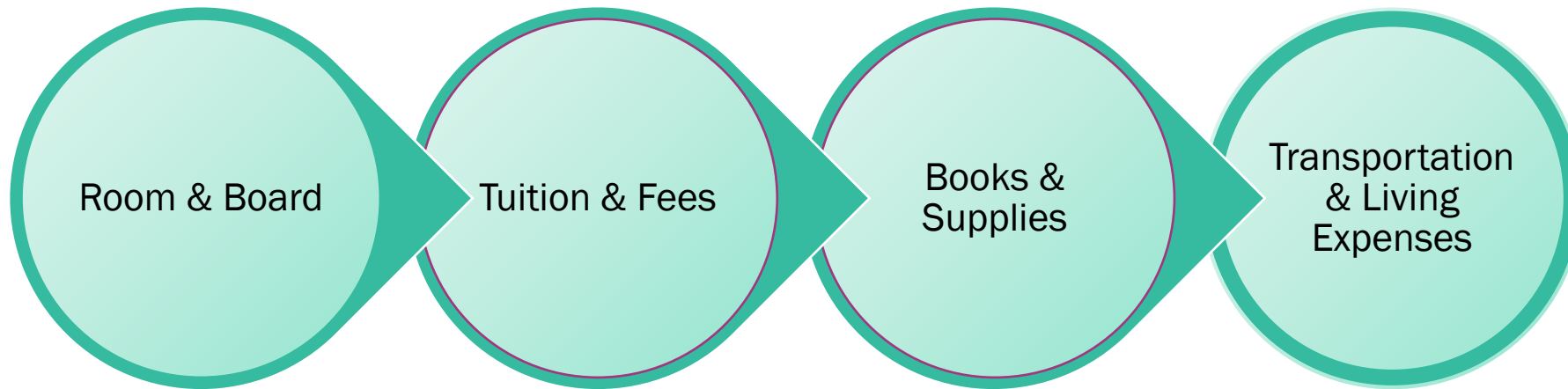
Financial Need



COST OF ATTENDANCE



Cost of Attendance includes direct costs (those on your tuition bill) and indirect costs (such as books and living expenses).



STUDENT AID INDEX



The government determines your SAI when you submit a FAFSA. Many factors affect your SAI, each having a different weight.

Types of Aid

There are 4 types of financial aid, broken into two categories



Gift Aid is money that doesn't need to be repaid.

- Grants
- Scholarships



Self-help Aid adopts a self-investment philosophy.

- Work-study
- Loans

Federal Direct Loans

• SUBSIDIZED



- Federal government pays interest while student is in school and in their grace period.
- Awarded to students whose families can prove financial need.

• UNSUBSIDIZED



- Student is responsible for all interest charges accrued while in school.
- Awarded to students whose families cannot prove financial need.

Note: *FAFSA must be submitted in order to be eligible for Federal Direct Loans*

Federal Direct Loans

2023/24 Rates
will be
published
7/1/2023

Loan Type	Borrower Type	2022/23 Rates
Direct Subsidized Loans	Undergraduate	4.99%
Direct Unsubsidized Loans	Undergraduate	4.99%
Direct Unsubsidized Loans	Graduate or Professional	6.54%

*The fee for taking out a Stafford Loan is **1.057%** through 9/30/2023.*

Federal Loan Dollar Limits

Year in School	Annual Limit (Subsidized & Unsubsidized)	Additional Unsub Loan Limit (independent students only)
First Year	\$3,500 Sub + \$2,000 Unsubsidized	\$6,000
Second Year	\$4,500 Sub + \$2,000 Unsubsidized	\$6,000
3rd – Fifth Year	\$5,500 Sub + \$2,000 Unsubsidized	\$7,000
Graduate Students	\$8,500 Unsubsidized	\$12,000

Federal PLUS Loan

Parent **L**oan for **U**ndergraduate **S**tudents

- Borrow up to the COA minus financial aid
- Interest rate for 2022/23: 7.54%
- 4.228% fee through 9/30/2022
- Repayment: 10 years (extended options may be available dependent upon your balance)
- Can defer principal payment until 6 months after graduation
- Must arrange to pay interest during deferment or it will be added on to loan principal

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Institutional Aid

- Schools award institutional grants based on financial need
- May use the federal methodology or institutional methodology for determining your financial need
- Amount of grants can vary widely depending upon how much money the school has available
- Some prestigious colleges offer such generous grants so that the financially neediest students can still afford to attend



Institutional Aid

- **CSS Profile**

- An additional financial aid form that some schools require
- Looks a bit deeper into financial situation
- Custodial parent(s) must complete the form
- In cases of divorce/separation a noncustodial form may also be required
- There is a fee for this form (Unlike FAFSA)

- **How do I know if I need this form?**

- A complete list can be found at collegebaord.org
- Each school will also have it listed on their website if required

STEP 1:

Applying for Financial Aid

- Apply for an FSA ID at: studentaid.gov
- Complete the FAFSA
 - REQUIRED by every school to qualify for federal financial aid
 - FAFSA Submission **Postponed** for 2023/2024
Check our website for updates on new submission date.
- Complete the CSS PROFILE, if required by your schools of choice beginning October 1st

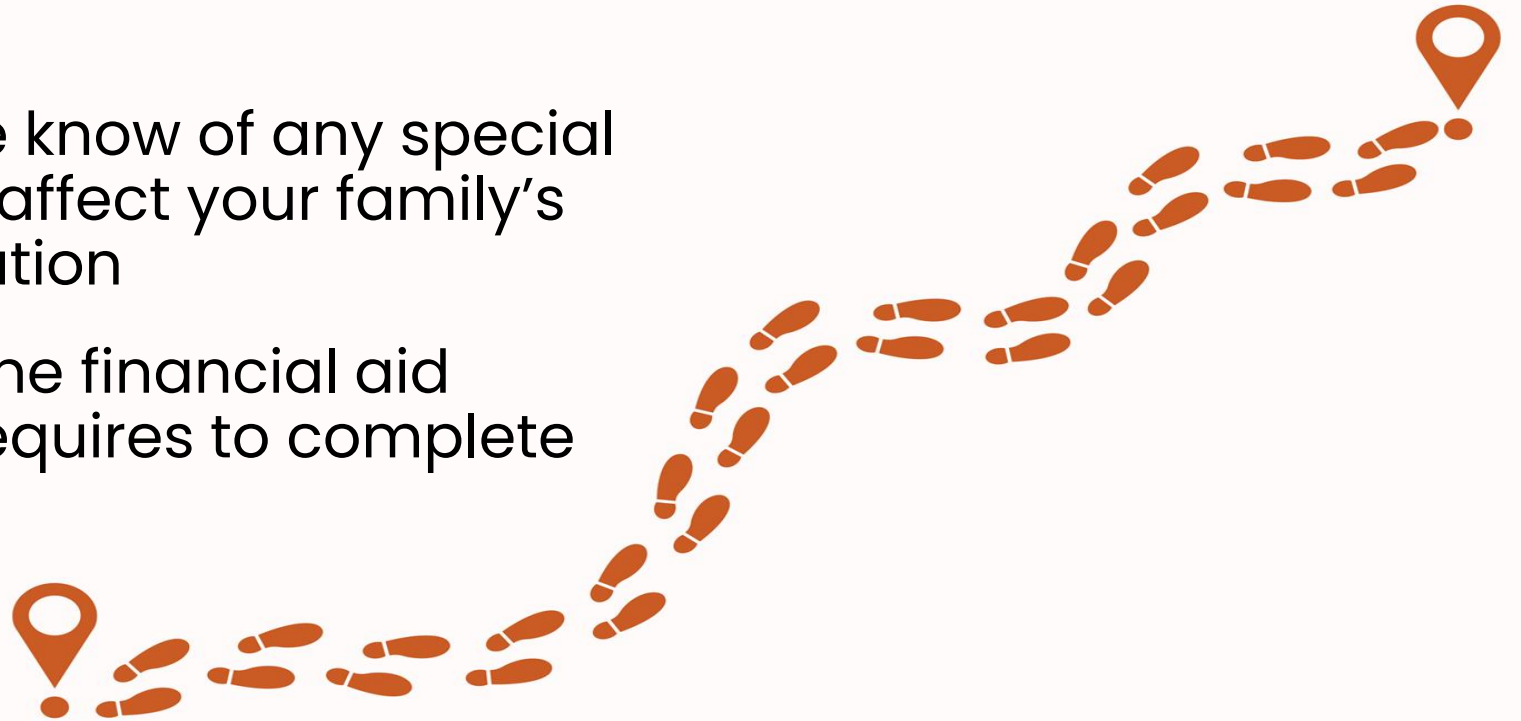


Pay attention to financial aid deadlines at your school

STEP 2:

Applying for Financial Aid

- File any supplemental financial aid forms required by your school
- Let the financial aid office know of any special circumstances that may affect your family's ability to fund your education
- Send in any documents the financial aid office at your school(s) requires to complete your application



STEP 3:

Applying for Financial Aid

- Review Financial Aid Package/Award Letter from school(s)
 - Includes details of award: grants, scholarships, loans, and work-study
- Accept, deny, or appeal any portion of the package
- Acceptance will safeguard the award



Completing the FAFSA

- Read the instructions as you complete the FAFSA
- Fill in all the blanks (“n/a” or “0” when applicable)
- Ask questions when you don’t understand the instructions
- Make it a family event
- Estimating income is OK – you can make corrections after completing your federal tax return
- If you have a loss of income, contact the financial aid office

risla.com/cpc-fafsa-toolkit-parents

FAFSA COMPLETION GUIDE

A step-by-step preview of the FAFSA form.

Take a detailed preview of the FAFSA form before you complete it for yourself. We have created a step-by-step preview of each section of the FAFSA. We have provided easy-to-read directions and pro tips from RISLA's College Planning Center team of experts.



Dedicated Paths

The screenshot displays the RISLA College Planning Center website. At the top left is the logo with three vertical bars in purple, orange, and teal, followed by the text "RISLA College Planning Center". On the right side, there is a blue button labeled "Schedule Appointment". Below the header is a horizontal navigation menu with the following items: "RISLA", "College Planning", "Financial Aid", "FAFSA Guide", "Scholarships", "Education Loans", "Tools & Resources", "Events", "Contact", and "En Espanol". A blue arrow points down from "FAFSA Guide" to a white dropdown menu. An orange arrow points from the top right towards the dropdown menu. The dropdown menu contains two items: "Parents & Students" and "Counselor FAFSA Resources". The background of the page features two large purple rectangular blocks.

FAFSA GUIDE

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FAFSA COMPLETION GUIDE

First Name

enter first name here

Last Name

enter last name here

Personal Email

Do not enter school email address

email@address.com

High School Grad Year

Please Select ▼

Are you a parent or a student?*

Parent

Student

Bridging the Financial Gap

The balance due after apply grants and scholarships to your total cost of college is referred to as the “financial Gap”. You are responsible for this balance due to the school.





How to reduce borrowing

Look for Free Money
Grants & Scholarships

Go to Cash Reserves
529 Plans, Savings, Cash Gifts

Research payment plans
Even if only partial amount owed
can fit into your monthly budget

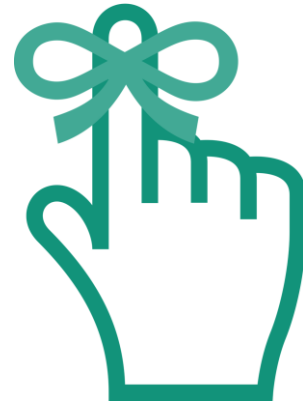
Borrow ONLY what you need - no more

If borrowing is necessary
consider federal first. Subsidized
then Unsubsidized

Private Loans
Shop for best rate & terms



MINIMIZE STUDENT DEBT



REMINDER: College costs are for multiple years, so borrowing can really add up for a large repayment debt after you leave school.

Grants & Scholarships – Look for More

Grants

- **Federal**
 - Pell Grant
 - TEACH
 - FSEOG
- **State**
 - Allocated by schools
- **School**
 - Merit (Tuition Discount)
 - Miscellaneous School Specific

Scholarships

- **School**
 - Academics or Athletics
- **Private**
 - **National**
 - Cappex.com
 - Scholarshipowl.com
 - Unigo.com
 - **Local**
 - RIScholarships.org
 - RIFoundation.org
 - Your high school, church and community

RISLA SCHOLARSHIP



KNOWLEDGE FOR COLLEGE SCHOLARSHIP

Awards four students every month a chance to win a **\$2,000** scholarship to help pay for college!

ENTER TO WIN TODAY!



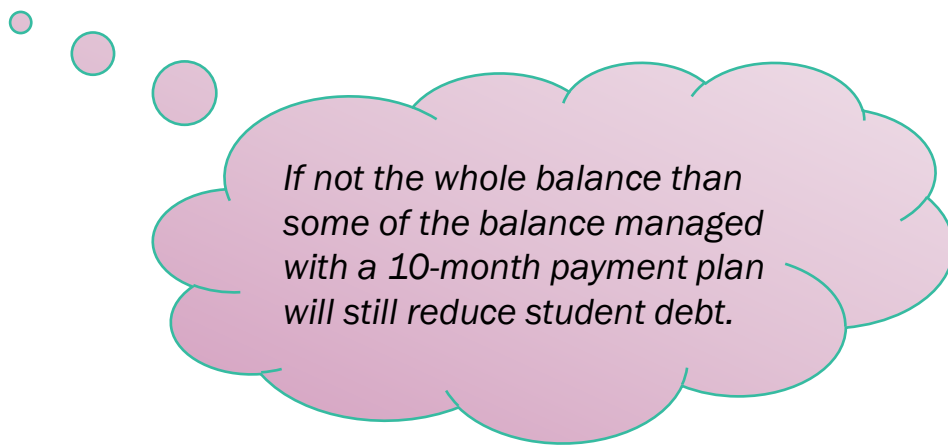
Cash & Payment Plans

Lump Sum Cash

- 529 Withdrawals
- Parent Savings
- Student Savings

School Payment Plan

If you do not have a lump sum on hand to reduce the balance, look to your monthly budget to see if you can manage the balance due over 10-Months. Payment plans will have a one-time enrollment fee ranging from \$50 to \$100.



If not the whole balance than some of the balance managed with a 10-month payment plan will still reduce student debt.

Payment Plans

Scenario 1: You owe school \$10,000

- After merit aid, grants and scholarships you will owe the school \$10,000 (\$5,000 each semester)
- You do not want to dip any further into savings and write a check for \$10,000
- However, your monthly budget allows you to pay \$1,000 per month (5 payments for fall and 5 payments for spring) directly to the school.

Congratulations! that is \$10,000 you will not need to borrow reducing student debt by possibly **\$40,000 over the 4-year period** should you continue to use the payment plan in the same manner for future years.

Scenario 2: You owe school \$10,000

- After merit aid, grants and scholarships, you will owe the school \$10,000 (\$5,000 each semester)
- You do not want to dip any further into savings and write a check for \$10,000 or even \$5,000.
- However, your monthly budget allows you to pay \$500 per month (5 payments for fall and 5 payments for spring) directly to the school.

Congratulations! that is \$5,000 you will not need to borrow reducing student debt by possibly **\$20,000 over the 4-year period** should you continue to use the payment plan in the same manner for future years.

Note: In this scenario you will still owe the school \$5,000 which you could consider alternative finance options such as federal or private loans.

Private Loans

- Non-profit, private lender
 - State based lenders
 - RISLA
 - MEFA
 - CHESLA
- For profit, private lenders
 - Banks (e.g. Citizens)
 - National lending organizations (e.g. Sallie Mae, SoFi)

Shopping for Loans

- As low as rates
- Variable vs. Fixed
- Student vs Parent vs. PLUS Loan
- Fees
- Repayment start (during/after school)
- Cosigner Requirements & Release
- Borrower Protections



Interest Rates

“As low as”

- The rate you receive is primarily based on your credit score
- If you have a perfect score and meet the additional criteria for rate incentives or discounts you may receive the lowest rate.
- Get your rate quote before applying and be sure to shop the actual rate granted to you versus comparing the as low as rate against other lenders



Fixed vs. Variable

Fixed Rate

- Rate do not change over length of loan
- Monthly payment remains the same
- Fixed rates are often higher than variable rates when comparing, but they have less risk associated with them.

Variable Rate

- Rate changes as market conditions change
- Monthly payment changes as rate changes
- There is more risk associated with a variable rate loan.

Student vs. Parent vs. PLUS



Student

- Cosigner required for private loans
- Immediate Repayment & Deferred Loans Offered
- Builds credit for student
- Traditionally lower rate than Parent or PLUS



Parent

- Student not obligated on loan
- Immediate Repayment required
- Can be higher cost than immediate repayment student loans



PLUS

- Has origination fee of 4.48%
- Immediate repayment required
- Higher approval rating than most private lenders
- Can be higher cost than private immediate repayment loans

Fees & Repayment Terms

Fees

- Be sure to inquire about:
- Origination Fees
- Disbursement Fees
- Insufficient Funds Fees
- Late Fees
 - When
 - How much

Many lenders today do not charge upfront fees, like the federal PLUS does

Repayment Terms

Immediate vs. Deferred

- **Immediate Repayment**

- Traditionally lower rate option
- Payment is required while student is attending school.

- **Deferred Repayment:**

- Traditionally, rate is higher than immediate repay loans
- No payment required while student is attending school
- Interest accrues while student is in school
- Higher overall interest cost over the term of the loan

Term Length

- 5,7,10,15,20,25
- Longer the term, higher the rate, higher total interest cost over the term of the loan

Cosigners

- Most undergraduate student loans require cosigners
- Cosigners credit score can improve rate offered
- Cosigners are obligated for repayment of the loan in the case that the borrower (student) cannot repay.
- Cosigner release is typically offered for student loans allowing cosigner to be removed from repayment obligation. Requirements can vary per lender.
 - *Note: Typically to qualify for cosigner release all payments must be on-time payments.*

Borrower Protections or Benefits

Don't just compare the rates, especially when rates are similar benefits can add more value and protection.

- For private loans, is there an income based repayment option available?
- What are the forbearance options and lengths in order to temporarily stop repayment without penalty when borrower experiences income loss due to loss of employment or health issue?
- Is balance forgiveness available in the unfortunate event of death or disability?
- Is deferment available if you go back to school?
- If you are a member of the military does the lender offer SCRA benefits?



Know Before You Owe

How much should you borrow?

- It is recommended that you borrow **NO MORE** than your first year's expected salary (for your collective years of borrowing).
- Use a free salary estimation calculator to get some borrowing cap suggestions: <https://www.risla.com/salary-calculator>

What will my monthly payments be?

- Use a free loan payment calculator to see what your estimated monthly payment will be once you leave school.
- <https://www.risla.com/loan-calculator>



REMINDER:

Higher education is a multi-year investment don't forget to multiply by 2,3,4,5, depending on the number of years you plan on attending school.



Help is available:

College Planning Center of RI

Schedule on-line at

www.collegeplanningcenter.org

Call to schedule an appointment

401-736-3170

RISLA- risla.com

Customer Service: customerservice@risla.com

800-758-7562