

mefa®

PAYING THE COLLEGE BILL



MASSACHUSETTS EDUCATIONAL FINANCING AUTHORITY

About MEFA

- Not-for-profit state authority created in 1982
- Helping families plan, save, and pay for college
- Keeping you on track with college planning:
 - mefa.org**: Information, tools, & resources
 - Emails**: Sign up now!
 - Facebook, Twitter, & LinkedIn**
 - Webinars**: Register online at mefa.org/events

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Welcome

Congratulations on your college acceptances, students and parents!



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This Seminar Will Help You To...

- **Understand** your financial aid awards
- **Know** your options if you haven't applied for aid
- **Learn** how to calculate the balance due
- **Determine** options for paying the college bill
- **Develop** an action plan for this year and beyond



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Merit-Based vs. Need-Based Aid

Merit-Based Aid

- Awarded in recognition of student achievements (academic, artistic, athletic, etc.)
- Criteria differs from school to school
- Often has requirements for renewal

Need-Based Aid

- Awarded based on family's financial eligibility
- Determined by standardized formula
- Includes most federal, state, and institutional (college) aid

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Understand Your Financial Aid Awards

- Types of aid:
 1. Grants/Scholarships
 2. Work-study
 3. Loans
- Sources: federal, state, & colleges
- Financial aid award letters look different!
- Accept all or part by May 1st

SAMPLE UNIVERSITY

Dear Mr. Smith:

GENERAL INFORMATION:
The Office of Financial Aid has prepared this statement using the following criteria:
Academic Level: Undergraduate Freshman
Department: Business Administration
College: College of Business
Maximum of Federal Financial Aid: \$10,000
Maximum of State Financial Aid: \$5,000
Maximum of Institutional Financial Aid: \$10,000

ESTIMATED COST OF ATTENDANCE:
Tuition and Fees: \$8,000
Room and Board: \$2,000
Personal Expenses: \$1,000
Total: \$11,000

Description	Fall	Spring	Year	Accepted Aid
Estimated Cost of Attendance:	\$4,000.00	\$4,000.00	\$8,000.00	\$0.00
Financial Aid Grant	\$2,000.00	\$2,000.00	\$4,000.00	\$4,000.00
Financial Aid Scholarship	\$2,000.00	\$2,000.00	\$4,000.00	\$4,000.00
Financial Aid Work-Study (FWS)	\$1,000.00	\$1,000.00	\$2,000.00	\$2,000.00
Financial Aid Loan - Unsubsidized	\$1,000.00	\$1,000.00	\$2,000.00	\$2,000.00
Financial Aid Loan - Subsidized	\$1,000.00	\$1,000.00	\$2,000.00	\$2,000.00
Total:				\$14,000.00

If you are interested in the aid awards listed, please contact the Office of Financial Aid in writing at the end of the award letter.

Office of Financial Aid
Sample University, 1234 Main Street, Box 1000
Sample, NY 12345
(555) 555-5555

This example is an estimate only.

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A Word About the Waitlist

- Some schools have a very long list
- Must submit enrollment deposit at another school
 - This is usually non-refundable
- Accepted off the waitlist = minimal financial aid
- Steps to take when on the waitlist:
 - Formally accept spot on the waitlist
 - Write a short note to the admissions counselor
 - Update the school with recent grades and awards
 - Keep in touch with the school over social media



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Calculating the Balance Due

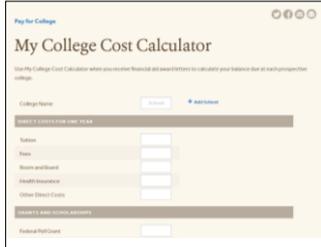
College charges - financial aid & enrollment deposit = balance due

College charges:

- Tuition
- Fees
- Room
- Board/Meal Plan
- Health Insurance

Don't forget incidentals:

- Books
- Transportation
- Laptop
- Personal expenses



mefa.org/my-college-cost-calculator/

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A Pathway to Paying the Balance Due

Balance Due		\$20,000
<i>Past Income (Savings)</i>		
	Student Savings	-\$1,000
	Parent Savings	-\$4,000
<i>Present Income (Current Wages)</i>		
	Parent Contribution to Payment Plan	-\$5,000
<i>Future Income (Private College Loans)</i>		
	Education Loan	-\$10,000
		\$0

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Past Income: Savings

- 529 College Savings Plans
- Prepaid Tuition Plans
- Savings Bonds
- Stocks
- CDs
- Student Bank Accounts
- Other Investments



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Utilizing Savings from the U.Plan and U.Fund

U.Plan Prepaid Tuition Program

- U.Plan Distribution Request Forms will be mailed in April
- Questions?
 - Email info@mefa.org
 - Call (800) 449-MEFA (6332), option #1



U.Fund College Investing Plan

- Visit fidelity.com/saving-for-college/529-plan-distributions to:
 - Obtain a 529 College Investing Plan Distribution Form
 - Set up BillPay® to send funds directly to the college
- Questions?
 - Call (800) 544-2776



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Present Income: Salary

Consider using an **interest-free monthly payment plan**

- Pay over 5 to 12 months
- No interest charges or credit requirements
- Minimal enrollment fee
- Great option to minimize borrowing
- Plans typically begin in May, June, or July
- Contact the college for more information

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Future Income: Private Loans

Be a **wise borrower**

- Know your credit history
- Borrow only what you need
- Think in terms of total enrollment (4+ years) and total debt
 - Consider the post-graduation monthly repayment
- Consider major/career, employment rates, & starting salary
- Understand:
 - Fixed or variable interest rate
 - Repayment timeline
 - Primary borrower
- Attend our Comparing Loan Options Webinar
 - Thursday, June 2nd @ noon
 - Tuesday, July 12th @ noon



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Create a Financing Strategy

mefa.org/loan-payment-calculator/

Pay for College

Loan Payment Calculator

Use our Loan Payment Calculator to determine your total cost and monthly payment on a MEFA loan. To avoid loan borrowing, we also recommend that you consider using grants and scholarships. For monthly payment options for repayment of your college loans, talk to your college financial aid office for further details.

Amount to finance per year: Years before graduation: Interest:

	Variable Repayment Plan	Variable Repayment Plan II	Variable Repayment Plan III	Variable Repayment Plan IV	Variable Repayment Plan V
Annual interest rate	6.00%	5.00%	4.00%	3.00%	2.00%
Annual payment	6.00%	5.00%	4.00%	3.00%	2.00%
Total amount repaid	6.00%	5.00%	4.00%	3.00%	2.00%
Total amount borrowed	6.00%	5.00%	4.00%	3.00%	2.00%

Call MEFA at (800) 449-MEFA (6332) with your borrowing questions

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The Benefits of Education Loans

MEFA Undergraduate Loan

- Fixed interest rates
- Starting at **4.99%** (APR 6.13% - 6.51%)
- For MA residents attending college anywhere or students attending college in MA
- **Family loan:** student and parent or other credit-worthy borrower are co-borrowers and share responsibility
- Credit-based
- Multiple repayment options
- Origination fee: 4%

Federal Direct Parent Loan (PLUS)

- 6.84% fixed interest rate
- Requires filing the FAFSA
- Parent or custodial step-parent is borrower
- Credit-based
- Repayment begins in spring semester or after graduation
- Origination fee: 4.272%

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Timing: Paying Your Bill

- Fall semester bill sent in June or July
- Fall semester bill due in July or August
- Apply for private loans at least 2 weeks before bill deadline
- Set up payment plans according to the college schedule



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Financial Aid Office as a Resource

Learn about your financial aid

- Financial aid renewability criteria (financial, academic)
- Treatment of private scholarships

Ask about special considerations

- Can I appeal my award?
- Changes in family circumstances

Find out additional details

- Open House and Orientation programs
- Additional financial resources

Use every avenue

- Financial Aid Office website
- In-person meeting
- Phone call

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What's Next?

- Pay your enrollment deposit by May 1 (if required)
- Make plans to attend Orientation
- Create a plan as a family to pay the balance due
- Utilize MEFA as your resource
 - Sign up for MEFA emails to stay on track
 - Use tools on mefa.org: webinars, calculators, videos
 - Take advantage of one-on-one counseling with the MEFA team
 - Phone: **(800) 449-MEFA (6332)**
 - Email: info@mefa.org

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Connect with MEFA on Social Media



MEFA (Massachusetts Educational Financing Authority)
 10:09 PM · Public · 10

Now is a great time to buckle down and start applying for college scholarships. We have some tips for you! [View on Facebook](#)

College Scholarships

Another great place to get your questions answered!



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Thank You

Questions?

mefa.org
 (800) 449-MEFA (6332)
 info@mefa.org



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