



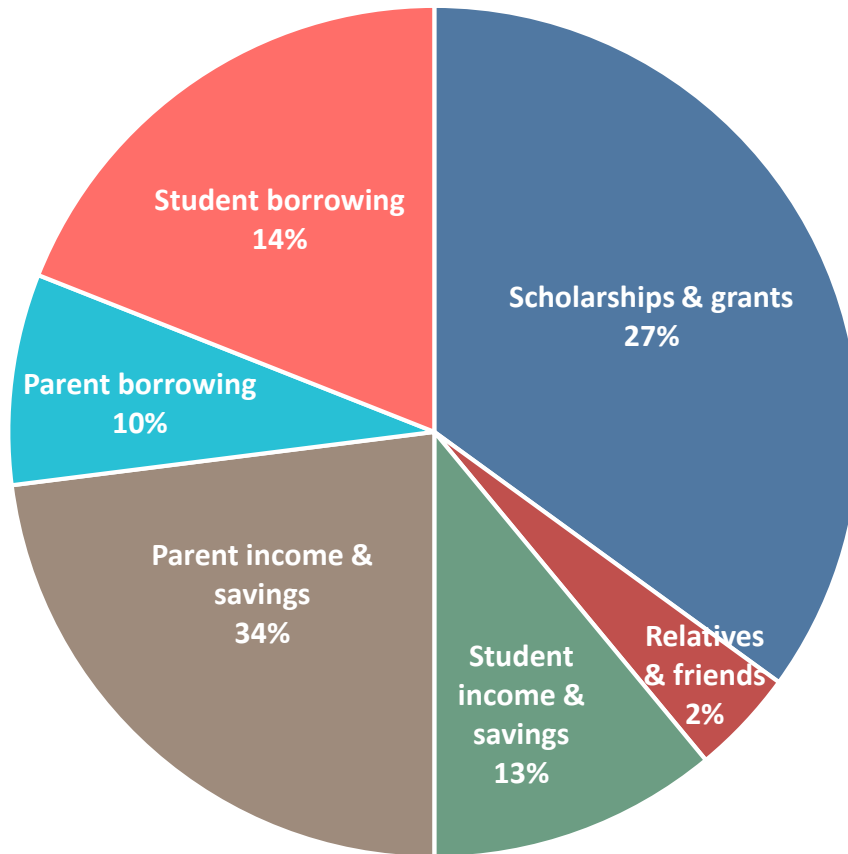
Paying for College

Liberty Public Schools

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Laura Steinbeck
Director, Business Development

How the Typical Family Pays for College – 2018/19



- Family assets – both student and parent - constitute the largest portion of funding used to pay for college
- Scholarships & Grants paid over a quarter of the costs
- Borrowed money covered right at a quarter of the costs

Sallie Mae Recommends the 1-2-3 Approach

1

Find free money
that doesn't
have to be paid
back

2

Explore federal
student loan
options

3

Fill any remaining
gap with other
sources

Federal Student Aid ID

- Federal Student Aid ID
 - www.fsaaid.ed.gov
 - Required for student and parent before filing the FAFSA
- Will be used by the student and parent throughout the financial aid process all years in college.

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Create a New FSA ID

An FSA ID gives you access to Federal Student Aid's online systems and can serve as your legal signature.

Only create an FSA ID using your own personal information and for your own exclusive use. You are not authorized to create an FSA ID on behalf of someone else, including a family member. Misrepresentation of your identity to the federal government could result in criminal or civil penalties.

To create your own personal FSA ID, enter answers for the questions below and select CONTINUE.

Important: When you are done click the CANCEL button to clear your data, even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.

Create An FSA ID

Edit My FSA ID

* Required

E-mail	<input type="text"/>	?
Confirm E-mail	<input type="text"/>	?
Username *	<input type="text"/>	?
Password *	<input type="password"/>	?
	<input checked="" type="checkbox"/> Numbers <input checked="" type="checkbox"/> Uppercase Letters <input checked="" type="checkbox"/> Lowercase Letters <input checked="" type="checkbox"/> Special Characters <input checked="" type="checkbox"/> 8-30 Characters <input type="checkbox"/> Show Text	
Confirm Password *	<input type="password"/>	?
Are you 13 years of age or older? *	<input type="radio"/> I am 13 years of age or older.	?
	<input type="radio"/> I am 12 years of age or younger.	?

CONTINUE >

• [Edit My FSA ID](#)
• [Frequently Asked Questions](#)

Applications for Federal/State Aid

FAFSA - Free Application for Federal Student Aid

- www.FAFSA.gov
- Used by ALL colleges
- Calculates Expected Family Contribution (EFC)
- Opens October 1 each year
 - AY 2020-21 families use 2018 federal tax return

CSS Profile

- www.cssprofile.collegeboard.org
- Required by some colleges and universities

Institutional Scholarship Application

- Varies by each college
- Know each college's deadline(s)

Financial Aid Myths

“We make too much money, so my child won’t qualify for aid”

“I need to file my taxes before completing the FAFSA”

“My grades are not good enough for me to get aid”

“I only have to fill out the FAFSA once”

Financial Aid Terms & Determining Need

Cost of Attendance (COA) – The estimated cost of tuition, fees, housing, meal plan, books, transportation and personal expenses at each school; includes indirect costs

Expected Family Contribution (EFC) – A number generated by the **FAFSA** based on the family's size, income and assets that is used to determine eligibility

$$\text{COA minus EFC} = \text{Financial Need}$$

Direct Costs – What the student will be billed for, i.e. tuition, required fees, housing, meal plan.

Caution:

- ***The EFC is not the amount students/families pay***
- ***Financial aid may not cover the financial need***

Financial Need Example

	School A	School B	School C
Cost of Attendance	\$60,000	\$30,000	\$15,000
Expected Family Contribution	-\$20,000	-\$20,000	-\$20,000
Financial Need	\$40,000	\$10,000	\$0

**FIND FREE MONEY
THAT DOES NOT HAVE
TO BE PAID BACK**

Scholarships

Scholarships are awarded for a variety of reasons

Available for a range of skills and interests



Tall/short



Volunteers



Slam poets



Filmmakers



Chess players



Vegetarians



Bloggers



Darts players

- Academic achievement
- Financial need
- Community involvement
- Organization membership
- Sports
- Talent or skill
- Leadership/School activities
- Ethnicity
- Religious affiliation
- Parent affiliation with work, club or activity

Outside Scholarships

Private Resources

- KFC
- Coca-Cola
- Wal-Mart
- Exxon Mobil
- Scholarship America

Free Search Engines

- Sallie Mae[®] Scholarship Search - free access to more than 5 million scholarships worth up to \$24 billion - SallieMae.com/ScholarshipSearch
- Fastweb - over 1.5 million scholarships worth up to \$3.4 billion - Fastweb.com/college-scholarships
- Big Future by the College Board offers scholarships, other financial aid and internships from more than 2,200 programs, totaling nearly \$6 billion - bigfuture.collegeboard.org/scholarship-search

Federal and State Grants

Pell Grant

- Undergraduates only
- Ranges \$657 to \$6195 (AY19/20)

Supplemental Educational Opportunity Grant (FSEOG)

- Limited funds at each college
- Ranges \$100 to \$4,000 (AY19/20)

Teacher Education Assistance for College & Higher Education (TEACH)

- Full-time students = approx. \$3,700 (depends on when it is disbursed)

State Grants

- Deadline dates vary by state – Missouri is February 1
- Award amounts vary by state – Missouri \$300 to \$2,850 based on EFC

Employment

Federal Work Study

- Based on financial need
- Funds are limited
- Not paid in a lump sum – based on hours worked

Institutional/Campus Employment

- FAFSA may or may not be required – varies by college
- Depends on needs and funding at each college

NO WORK, NO PAY!!!

EXPLORE FEDERAL STUDENT LOAN OPTIONS

Federal Direct Student Loans

	Direct Subsidized Loan	Direct Unsubsidized Loan
How much can a freshman borrow?	\$3,500	\$5,500* *Less any borrowing from the Direct Subsidized Loan
Is it based on need?	Yes	No
What is the interest rate?	Fixed 4.53% AY19/20	Fixed 4.53% AY19/20
Is there an origination fee?	1.066% Disbursed prior to October 1, 2019	1.066% Disbursed prior to October 1, 2019
When does repayment begin?	6 months After graduation or less than half-time enrollment status	6 months After graduation or less than half-time enrollment status

Federal Direct Student Loans

Annual Loan Limits		
	Dependent Student	Independent Student
Freshman	\$5,500	\$9,500
Sophomore	\$6,500	\$10,500
Junior	\$7,500	\$12,500
Senior	7,500	\$12,500
Graduate	n/a	\$20,500

Aggregate Loan Limits		
	Dependent Student	Independent Student
Undergraduate	\$31,000	\$57,500
Graduate	n/a	\$138,500

Federal Direct Student Loans

Net Disbursement Example

Loan Amount	\$5,500.00
Origination Fee (1.066%)	- \$58.63
Net Disbursement	\$5,441.37

**FILL ANY REMAINING
GAP WITH OTHER
SOURCES**

What are you spending today that can pay for college later?

- Activities, i.e. sports, dance, music, cheer, etc.
 - Travel expenses
 - Uniforms and equipment
 - Membership fees
- Private school tuition
- Groceries
- Utilities
- What other items come to mind?



Tuition Payment Plans

Varies by each school

Utilizes current family income and/or college or other savings plans

Pro

- Pay tuition in manageable monthly payments using household income
- Can provide an interest free funding option
- Can help attract and retain students by providing an additional funding option

Con

- Some plans have fees or other charges
- May incur penalties for late payments

Federal Parent (PLUS) / Non-Federal Private Loans

	Federal Parent Loan (PLUS)	Private Loan
Who is the borrower?	Parent	Student/Parent/Other
What is the interest rate?	7.08% fixed AY19/20	Variable & Fixed Varies by lender. Tied to Libor and Prime.
Is there an origination fee?	4.248% Disbursed prior to October 1, 2019	Typically 0% Varies by lender
When is the loan repaid?	60 days after disbursement Options may be available to defer payments	Typically 6 months after graduation or enrolled less-than half-time Varies by lender
How much can I borrow?	Up to the cost of attendance minus other aid received	Up to the cost of attendance minus other aid received Aggregate limits may apply
Do I need a co-signer?	No	Possibly, but not always
Is the loan based on credit?	Yes If denied, the student is awarded \$4,000 Unsubsidized Loan	Yes

Federal Parent (PLUS) / Non-Federal Private Loans

Net Disbursement Example

	Federal Parent (PLUS) Loan	Private Loan
Loan Amount	\$10,000.00	\$10,000.00
Origination Fee	- \$424.80	- \$0.00
Net Disbursement	\$9,575.20	\$10,000.00

Conclusion

Many financing vehicles are available to families

While there is no “one-size-fits-all” solution, families should follow the “1-2-3” approach:

- Find free money that doesn't have to be paid back
- Explore federal student loan options
- Fill any remaining gap with other sources

Some tools families are using have more disadvantages than advantages and should be carefully analyzed before pursuing

When considering a private education loan, families should research all options



QUESTIONS?