

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 tonight!
 - Facebook, Twitter, & LinkedIn
 - Webinars: Register online at mefa.org/events
 - YourPlanForTheFuture.org

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2

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
Major/Program of Study: Business Administration
Residence: Out-of-State
Enrollment Status: Full-time

ESTIMATED COST OF ATTENDANCE:
Tuition and Fees: \$8,000
Room and Board: \$5,000
Personal Expenses: \$1,000
Total: \$14,000

Description	Fall	Spring	Total	Accepted Aid
State Grant - Merit	\$1,000.00	\$1,000.00	\$2,000.00	100%
Federal Pell Grant	\$800.00	\$800.00	\$1,600.00	100%
College of Business Scholarship	\$800.00	\$800.00	\$1,600.00	100%
State Scholarship	\$800.00	\$800.00	\$1,600.00	100%
Federal Work-Study (FWS)	\$1,000.00	\$1,000.00	\$2,000.00	100%
Federal Direct Loan - Unsubsidized	\$1,000.00	\$1,000.00	\$2,000.00	100%
Federal Direct Loan - Subsidized	\$1,700.00	\$1,700.00	\$3,400.00	100%
Federal Direct Loan - Unsubsidized	\$1,000.00	\$1,000.00	\$2,000.00	100%
Total:			\$14,000.00	

If you are interested in the above information, please contact the Office of Financial Aid in writing at 123 Main St., Collegeville, PA 17016.

Office of Financial Aid
Sample University, 123 Main St., Collegeville, PA 17016
(717) 555-1234

This example is an estimate only.

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Federal Direct Student Loans

- Student is the borrower – no credit check
- Annual limits: \$5,500 freshman year \$6,500 sophomore year
 \$7,500 junior year \$7,500 senior year
- Fixed interest rate changes annually: 3.76% for 2016-17
- Two types:
 - Subsidized: Interest accrues after student leaves school
 - Unsubsidized: Interest accrues immediately
- 1.069% fee deducted from loan amount
- Promissory Note & Entrance Counseling: StudentLoans.gov
- No payments while in school
- Several repayment options: StudentAid.gov

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Verification

- Colleges verify data on financial aid applications
- Students selected by Department of Education or college
- **Must comply with all requests** to receive financial aid
- Families must submit additional documentation:
 - IRS Data Retrieval Tool
 - Tax Return Transcript
 - Verification Worksheet
 - Asset Account Statements
- Some schools use IDOC



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If You Have Not Applied For Aid

- Federal & state financial aid is still available
 - File the FAFSA for federal and state aid
 - MA financial aid deadline is May 1st
- Many college financial aid deadlines have passed
- Payment plans are open to all
- Anyone may apply for private loans



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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

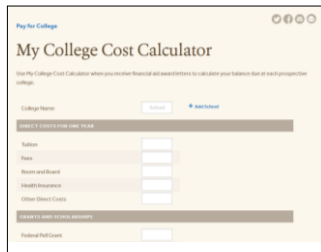
$$\text{College charges} - \text{financial aid} + \text{enrollment deposit} = \text{balance due}$$

College charges:

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

Don't forget incidentals:

- Books
- Transportation
- Laptop
- Personal expenses



mefi.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)



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
- Multiple credit inquiries in a short period only count as one inquiry
- Attend our Comparing Loan Options Webinar
 - Wednesday, June 7th @ noon
 - Tuesday, July 11th @ noon

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Create a Financing Strategy

Loan Payment Calculator

Use our Loan Payment Calculator to determine your total cost and monthly payment on an [undergraduate MEFA loan](#). To minimize borrowing, we also recommend that you consider using your college's interest-free monthly payment plan to pay for a portion of your college costs. Talk to your college financial aid office for further details.

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

	Interest-Only Repayment 10 Years	Interest-Only Repayment 15 Years	Interest-Only Repayment 20 Years	Deferred Repayment 15 Years	Deferred Repayment 20 Years
MONTHLY PAYMENT					
TOTAL COLLEGE INTEREST					
TOTAL COST OF LOAN					
INTEREST RATE (APR)	4.69%	5.00%	5.00%	5.00%	7.00%
INTEREST PAID (DOLLAR)	0.00%	0.00%	0.00%	0.00%	0.00%
APR	0.62% - 0.25%*	0.15% - 0.40%*	7.00% - 7.07%*	0.80% - 0.80%*	7.00% - 7.07%*

mefa.org/loan-payment-calculator/

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The Benefits of Education Loans

MEFA Undergraduate Loan

- Fixed interest rates
- Starting at **4.69%** (APR 5.82-6.21%)
- 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)

- **6.31%** 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: 4.276%

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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

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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