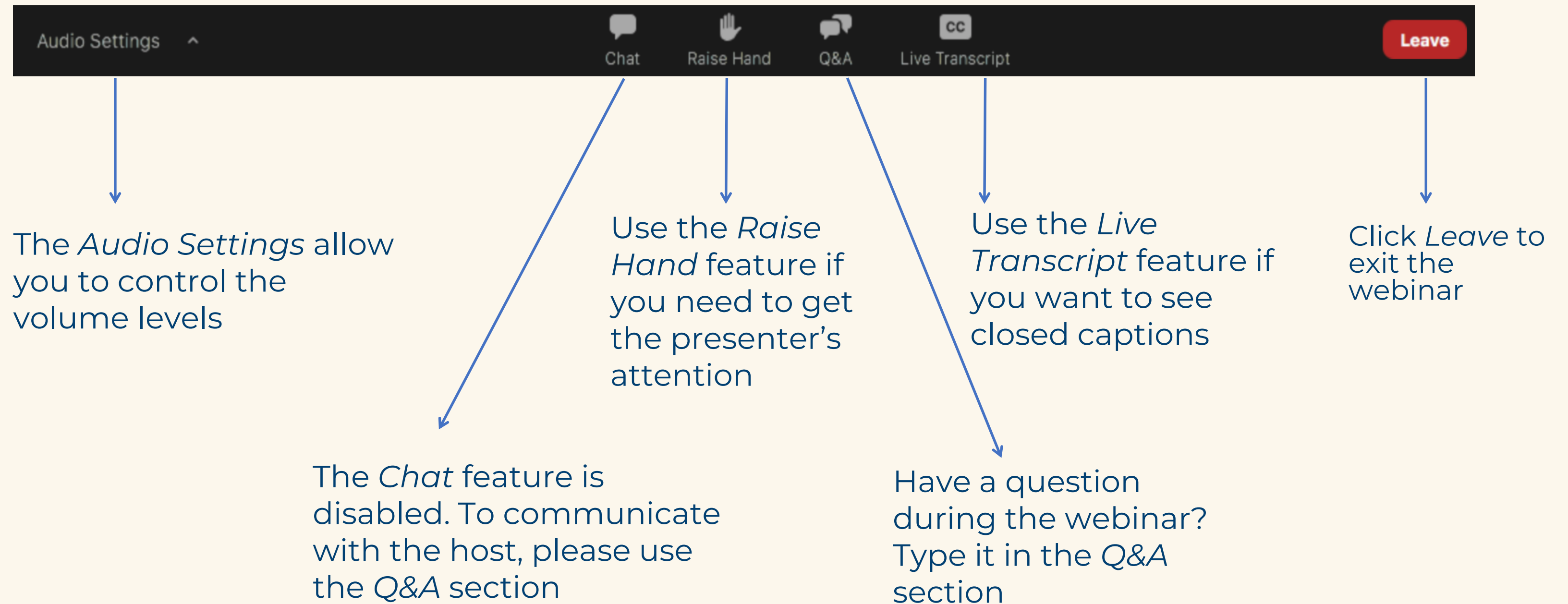


# Understanding Financial Aid Offers & Paying the College Bill

*mefa*<sup>®</sup>

# How to Participate







About MEFA

**State authority created by the  
Commonwealth of Massachusetts  
in 1982, helping families plan,  
save, and pay for college**



mefa.org/counselors

Planning to borrow a loan to pay your college bill?  
We have tips and resources to help you select the best option

Blog Events Videos Podcast About For College Administrators For Counselors

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Make a Plan Start to Save Pay for College MEFA Loans


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FOR COUNSELORS

Resources for School Counselors

We provide free resources and training to help you, our school counselor colleagues, guide families through the college planning process and develop your skills professionally.



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## Webinar Topics

- **Understand your financial aid offers**
- **Know your options if you haven't applied for financial aid**
- **Learn how to calculate the balance due**
- **Make a financially wise college decision**
- **Develop a plan for paying the college bill**

## Timeline

**March**

- Students have received admissions decisions and financial aid offers from Early Action/Early Decision schools.
- Students have submitted all applications for regular decision.

**April**

- Students have received most admissions decisions and financial aid offers.
- Families are comparing all offers in order to make a decision by National Decision Day: May 1st.

**May/June**

- Families are signing up for monthly payment plans and researching all private loan options.
- Students are receiving notification of the fall semester bill, which could be posted in the student portal or emailed to the student.

**July**

- Families are applying for private loans and finalizing plans to pay the fall semester bill, due in late July/early August.

# 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
- Very likely not to receive full amount of eligibility
- Includes most federal, state, and institutional (college) aid



# Understand Your Financial Aid Offers

- **Types of aid:**
  - Grants/Scholarships
  - Work-study
  - Loans
- **Sources of aid:**
  - Federal
  - State
  - Colleges
- **Financial aid offers look different!**
- **Accept all or part by college deadline (May 1st or later: check college website)**

Financial Aid Offer			
You are eligible to receive the following assistance:			
	Fall	Spring	Total
ABC University Grant	17,995	17,995	35,990
Federal SEOG	500	500	1,000
Federal Pell Grant	2,960	2,960	5,920
MASSGrant	800	800	1,600
Federal Work-Study Program	750	750	1,500
Federal Direct Subsidized Loan	1,750	1,750	3,500
Federal Direct Unsubsidized Loan	1,000	1,000	2,000
Total	\$25,755	\$25,755	\$51,510



# Federal Direct Student Loans

- **Student is the borrower – no credit check**
- **Fixed interest rate changes annually: 4.99% for 2022-23 (2023-24 rate announced in May)**
- **Two types:**
  - Subsidized: Interest accrues after student leaves school
  - Unsubsidized: Interest accrues immediately
- **1.057% fee deducted from loan amount**
- **Promissory Note & Entrance Counseling: StudentAid.gov**
- **No payments while in school and several repayment options**

Annual Direct Loan Limits	
Freshman Year	\$5,500
Sophomore Year	\$6,500
Junior Year	\$7,500
Senior Year	\$7,500

## 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**
- **May need to submit additional documentation:**
  - Tax Return Transcript
  - Verification Worksheet
  - Asset Account Statements
- **Review all correspondence from colleges**
- **Log into college web portal for communications**





## If You Have Not Applied for Aid

- **Submit the FAFSA for federal & state financial aid**
  - FAFSA: Free Application for Federal Student Aid
- **Massachusetts deadline is May 1st**
- **Federal aid, including Direct Loans, is available all year**
- **Many college financial aid deadlines have passed**
- **Payment plans are open to all**
- **Anyone may apply for private loans**





## A Word About the Waitlist

- **Some schools have a very long list and never accept a student from it**
- **Those accepted off the waitlist may receive minimal financial aid**
- **Remember to submit an enrollment deposit at another school (usually non-refundable)**

### **Steps to take when on the waitlist:**

1. Formally accept your spot on the waitlist
2. Write a short note to the admissions counselor
3. Update the school with recent grades and awards
4. Keep in touch with the school over social media
5. Watch your email for updates



# Calculating the Balance Due

## College Charges

- Tuition
- Fees
- Housing
- Food
- Health Insurance

College charges

-

Financial aid & enrollment deposit

=

Balance due

# Compare Financial Aid Offers

Use MEFA's **College Cost Calculator** to compare financial aid offers:

- Break down and compare the cost of attendance at each college.
- Compare how much free money each school is offering in grants and scholarships
- Calculate the net cost at each school

College Name	<input type="text" value="School"/>	<input type="text" value="School"/>	<input type="text" value="School"/>	<input type="text" value="School"/>	<input type="text" value="School"/>
<b>ANNUAL COSTS</b>					
Tuition & Fees	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Room and Board	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Books & Supplies	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Health Insurance	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other Costs	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>ANNUAL GIFT AID</b>					
Federal Pell Grant	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Federal SEOG	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
State Grants/Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
College Grants/Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Outside/Private Scholarships	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>STUDENT LOANS</b>					
Federal Direct Subsidized Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Federal Direct Unsubsidized Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
School-Specific Student Loan	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>OTHER RESOURCES</b>					
Work-Study	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Other Resources/Savings	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Total Annual Costs	\$0	\$0	\$0	\$0	\$0
Total Annual Gift Aid	\$0	\$0	\$0	\$0	\$0
Total Student Loans	\$0	\$0	\$0	\$0	\$0
Total Other Resources	\$0	\$0	\$0	\$0	\$0
Remaining Cost	\$0	\$0	\$0	\$0	\$0

[mefa.org/college-cost-calculator](https://mefa.org/college-cost-calculator)





## Comparing College Cost Calculator Results

- **What is the net price at each school?**
- **Which colleges can your family afford?**
- **Remember to consider 4+ years of attendance**
- **Think about potential graduate school**
- **Limit borrowing**
- **Select an affordable college that makes financial sense!**



## Savings

- **529 college savings plans**
- **Prepaid tuition plans**
- **Savings bonds**
- **Stocks**
- **CDs**
- **Student bank accounts**
- **Other investments**
- **Contributions from family members**





## Utilizing Savings from the U.Plan & U.Fund



### U.Plan Prepaid Tuition Program

- Log in to your account online to request a distribution
- For customers not online: complete the U.Plan Distribution Request Form, which will be mailed to you in early April
- Questions? Call (888) 590-5653



### U.Fund College Investing Plan

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

## **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





## 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**
- **If you have questions about borrowing, attend one of our *Comparing College Loan Options* webinars**
  - Thursday, June 1<sup>st</sup> @ noon
  - Wednesday, July 12<sup>th</sup> @ 6:30 p.m.



# Understand the Cost of Borrowing

## MEFA’s Student Loan Payment Calculator

- [mefa.org/pay/loan-payment-calculator](https://mefa.org/pay/loan-payment-calculator)

Amount to borrow:

\$20,000

Years before graduation:

4 years

Parent or other co-borrower’s credit profile:

☐ Good ☒ Very Good ☐ Exceptional

Calculate

	<u>Immediate Repayment:</u> <u>10 Years</u>	<u>Immediate Repayment:</u> <u>15 Years</u>	<u>Interest-Only Repayment:</u> <u>15 Years</u>	<u>Deferred Repayment: 15</u> <u>Years</u>	<u>Student Deferred with Co-</u> <u>borrower Release: 15 Years</u>
<b>In-School Monthly Payment</b>	\$224.16 for 48 months	\$173.16 for 48 months	\$111.05 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
<b>Post-School Monthly Payment</b>	\$224.16 for 72 months	\$173.16 for 132 months	\$215.78 for 132 months	\$273.16 for 132 months	\$275.38 for 132 months
<b>Total Cost of Loan</b>	\$26,899.20	\$31,168.80	\$33,813.36	\$36,057.12	\$36,350.16
<b>Interest Rate</b>	5.99%	6.24%	6.59%	6.64%	6.74%
<b>APR</b>	4.89% - 6.64% **	5.24% - 6.74% **	5.74% - 6.94% **	5.89% - 6.89% **	6.04% - 6.99% **
	<div>Loan Details</div>	<div>Loan Details</div>	<div>Loan Details</div>	<div>Loan Details</div>	<div>Loan Details</div>

A Pathway to Paying  
the \$20,000 Balance Due

Balance		\$20,000
Savings		
Student Savings		-\$1,000
Parent Savings		-\$4,000
Current Income		
Parent Contribution to Payment Plan		-\$5,000
Borrowing College Loans		
College Loan		-\$10,000
		\$0

A Pathway to Paying  
the \$5,000 Balance Due

Balance		\$5,000
Savings		
Student Savings		-\$500
Parent Savings		-\$500
Current Income		
Parent Contribution to Payment Plan		-\$1,500
Borrowing College Loans		
College Loan		-\$2,500
		\$0





## Timing: Paying Your College Bill

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



## Private Scholarships

- **Check with**
  - School counselors
  - Community organizations
  - Foundations
  - Non-profits
  - Corporations
- **Never pay to apply for a scholarship**
- **Search online**
  - [mefapathway.org](https://mefapathway.org)
  - [CollegeBoard.org](https://CollegeBoard.org)
  - [Fastweb.com](https://Fastweb.com)
  - Follow MEFA on social media for scholarship alerts
- **Follow MEFA on social media for scholarship alerts**



## Paying for College in MA: You Have Options

### MassTransfer

- Makes transfer from community college to a 4-year MA public college more affordable
- Benefits include guaranteed credit transfer, tuition credit, & freeze on tuition  
**[mass.edu/masstransfer](https://mass.edu/masstransfer)**

### Tuition Break

- Reduction on out-of-state tuition costs at New England schools for certain programs  
**[nebhe.org/tuitionbreak](https://nebhe.org/tuitionbreak)**



## Financial Aid Office

### Learn About Your Financial Aid

- Financial aid renewability criteria (financial, academic)
- Will receiving a private scholarship affect your financial aid?

### Ask About Special Considerations

- Changes in family circumstances (Job loss, income changes)
- Can you appeal your offer? How?
- Watch MEFA's *What to Know about Financial Aid Appeals* webinar

### How to Contact the Financial Aid Office

- Phone call
- Email
- Chat (if offered)



## What's Next?

- **Pay any enrollment deposit required by the college deadline**
- **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 at **[mefa.org/sign-up-for-emails](https://mefa.org/sign-up-for-emails)**
  - Find webinars, calculators, videos, & more at **[mefa.org/how-to-pay-for-college](https://mefa.org/how-to-pay-for-college)**
  - Read MEFA's blog posts at **[mefa.org/blog](https://mefa.org/blog)**
  - Listen to the MEFA Podcast wherever you get your podcasts
  - Take advantage of one-on-one counseling with the MEFA team
    - Phone: (800) 449-MEFA (6332)
    - Email: **[collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)**
    - Virtual appointment request: **[mefa.org/appointment-request](https://mefa.org/appointment-request)**

Connect with MEFA on Social Media

 [facebook.com/mefaMA](https://facebook.com/mefaMA)

 [@mefa\\_ma](https://www.instagram.com/mefa_ma)

 [@MEFAtweets](https://twitter.com/MEFAtweets)

 [linkedin.com/company/mefa](https://linkedin.com/company/mefa)

 [youtube.com/MEFAcounselor](https://youtube.com/MEFAcounselor)

 [mefa.org/mefa-podcast](https://mefa.org/mefa-podcast)





Thank You

QUESTIONS?

Call (800)-449-MEFA (6332)  
or email [collegeplanning@mefa.org](mailto:collegeplanning@mefa.org)

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