

Using Your U.Fund to Pay for College

MEFA | ufundTM
MASSACHUSETTS 529 PLAN

MEFATM

Today's Presenters



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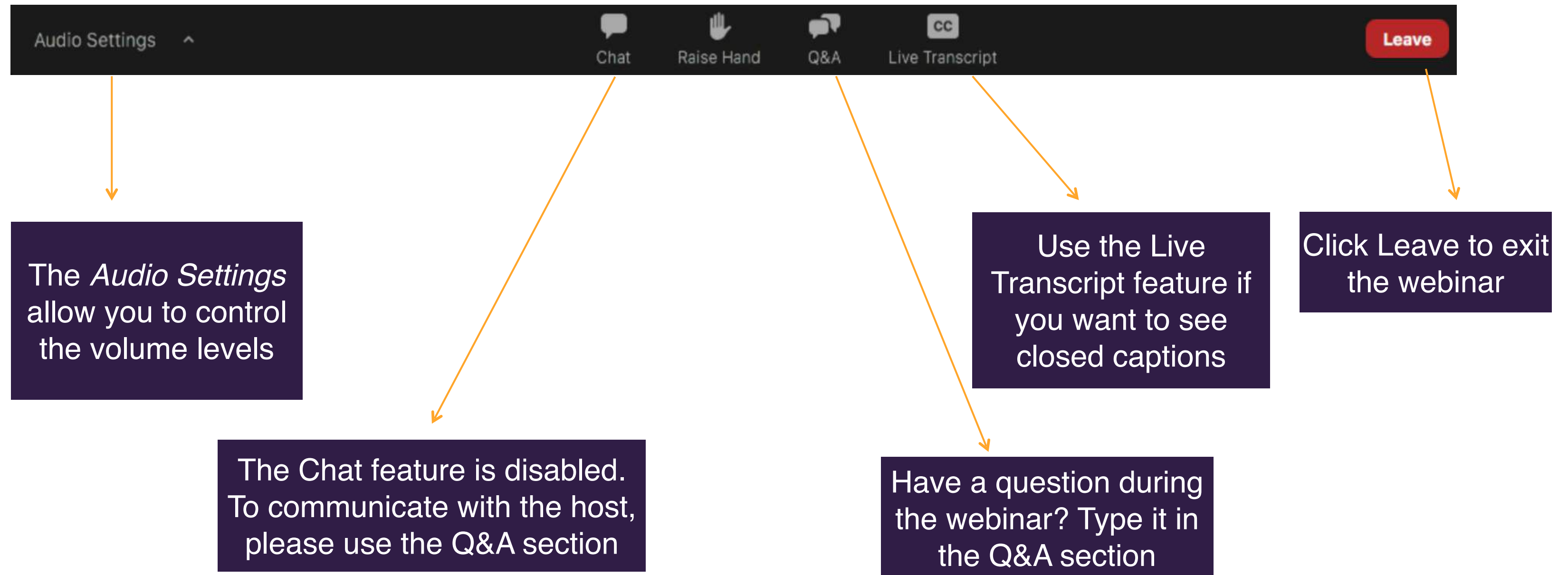
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How to Participate



Webinar Topics

- **Methods to Paying the College Bill**
 - Financial Aid
 - Private Scholarships
 - Savings
 - Using Your U.Fund
 - Payment Plans
 - College Loans
- **MEFA Loans**
- **College Bill Timing**
- **What to Do Now**



Questions We Have Received from You

Should I use all my savings at once, or spread it out?

Should I continue to save once my child is in college?

What if I don't use all of my 529 funds?

Methods to Paying the College Bill

- Financial Aid
- Private Scholarships
- Past Income: Savings (U.Fund)
- Current Income: Salary/College Payment Plans
- Future Income: Loans

Start with Financial Aid: Calculate the Balance Due

College Charges

- Tuition
- Fees
- Housing
- Food
- Health Insurance

COLLEGE CHARGES

-

FINANCIAL AID & ENROLLMENT DEPOSIT

=

BALANCE DUE

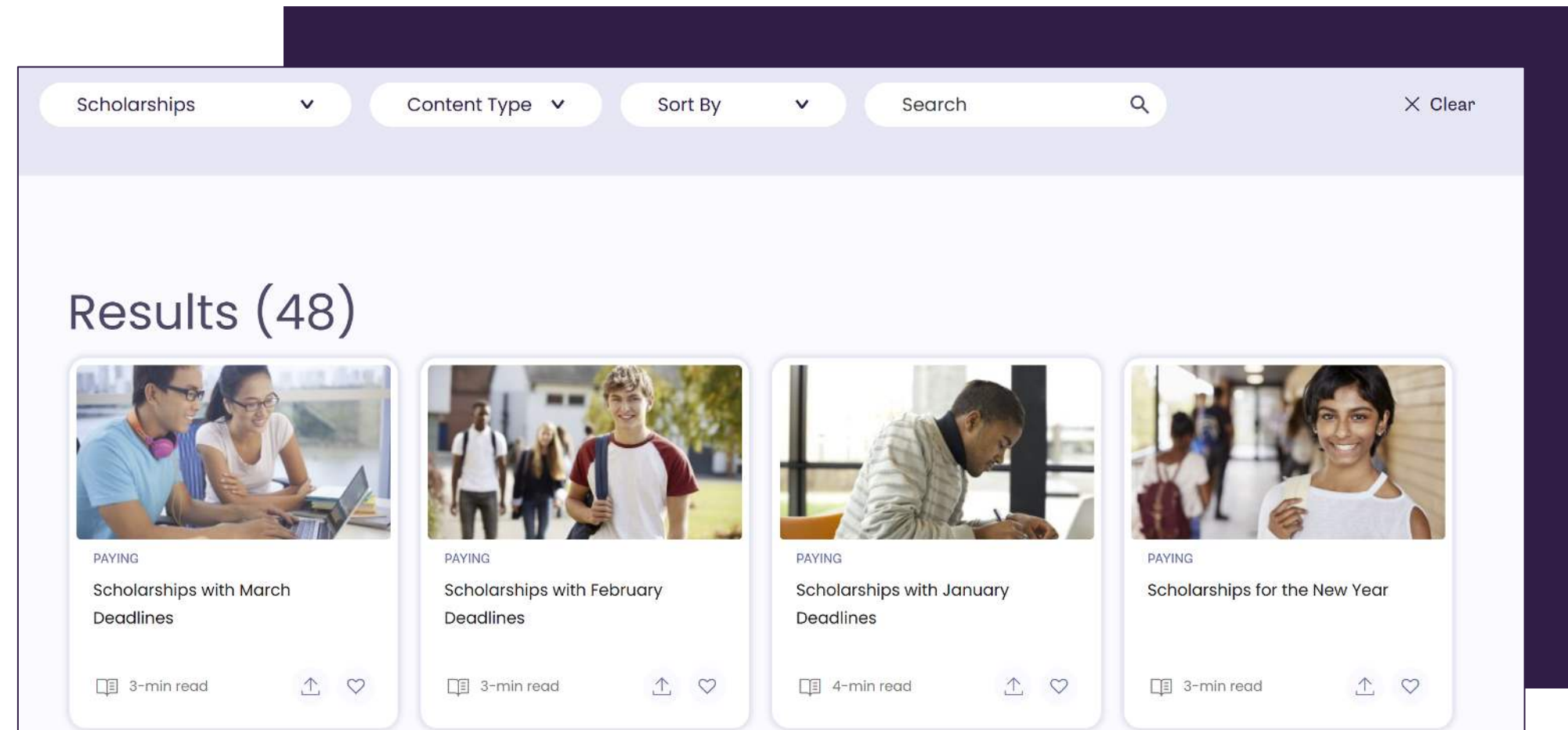
Use Federal Direct Student Loans First

- Must file the FAFSA
- **Student is the borrower**
- No credit check
- Fixed interest rate changes annually:
6.39% for 2025-26
- Interest accrues:
 - **Subsidized**: after student leaves school
 - **Unsubsidized**: immediately upon disbursement
- 1.057% fee deducted from loan amount
 - \$5,500 = \$5,441.87 credited to student account
- Master Promissory Note (MPN) & Entrance Counseling: <https://www.StudentAid.gov>
- No payments while in school; several repayment options to choose from

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

Private Scholarships

- Resources
 - School counselors
 - Community organizations
 - Foundations
 - Non-profits
 - Corporations
- Never pay to apply for a scholarship
- Search online:
 - mefa.org articles
 - mefapathway.org
 - CollegeBoard.org
 - Fastweb.com
- Follow MEFA on social media for scholarship alerts



Past Income: Savings



- The MEFA U.Fund 529 College Investing Plan
- The U.Plan Prepaid Tuition Program or another prepaid plan
- Savings bonds
- Stocks
- CDs
- Student bank accounts
- Other investments
- Contributions from family members

MEFA U.Fund 529 College Investing Plan



MEFA's U.Fund College Investing Plan is the Massachusetts 529 plan.

It is a tax-advantaged investment plan, offered by MEFA and professionally managed by Fidelity Investments, to help you reach your savings goals and child's education dreams.

MEFA U.Fund Eligible Expenses

You may use your U.Fund to pay for the following college expenses:

- Tuition
- Fees
- Housing
- Food
- Books & supplies
- Technology



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

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



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



Other Ways to Use Your MEFA U.Fund

- K-12 expenses up to \$10K per year*
- Student loan repayment up to \$10K lifetime of beneficiary*
- Trade schools and apprenticeship programs*
- Up to \$35K toward a Roth IRA for the beneficiary**
- Opportunity to change beneficiary+
- Options for those who get a scholarship or attend U.S. Military Academy

*For more information on qualified education expenses, including K-12 expenses, apprenticeship costs & student loan repayments, please see a 529 Plan Fact Kit for more information.

**Beginning January 2024, the Secure 2.0 Act of 2022 (the "Act") provides that you may transfer assets from your 529 account to a Roth IRA established for the Designated Beneficiary of a 529 account under the following conditions: (i) the 529 account must be maintained for the Designated Beneficiary for at least 15 years, (ii) the transfer amount must come from contributions made to the 529 account at least five years prior to the 529-to-Roth IRA transfer date, (iii) the Roth IRA must be established in the name of the Designated Beneficiary of the 529 account, (iv) the amount transferred to a Roth IRA is limited to the annual Roth IRA contribution limit, and (v) the aggregate amount transferred from a 529 account to a Roth IRA may not exceed \$35,000 per individual. It is your responsibility to maintain adequate records and documentation on your accounts to ensure you comply with the 529-to-Roth IRA transfer requirements set forth in the Internal Revenue Code. The Internal Revenue Service ("IRS") has not issued guidance on the 529-to-Roth IRA transfer provision in the Act but is anticipated to do so in the future. Based on forthcoming guidance, it may be necessary to change or modify some 529-to-Roth IRA transfer requirements. Please consult a financial or tax professional regarding your specific circumstances before making any investment decision.

+See a 529 Plan Fact Kit for details on changing beneficiaries. Participants can transfer an account to benefit an eligible member of the original beneficiary's family, tax free and penalty free.

Direct debit (eCheck):

Faster processing and fewer steps to pay for educational expenses

Pay your educational institution directly from a 529 account with Fidelity's new direct debit payment



Coordinate with educational institutions to schedule same day or recurring account payments directly to an educational institution in the U.S.¹



One transaction from your Fidelity 529 to your educational institution.²



Direct debit payments are initiated by the educational institution, not Fidelity. So, you'll need to provide them with your:

- ABA routing number
- Fidelity account number containing a pre-fix.

1. Direct debit requests must be received in good order before the close of the NYSE (normally 4:00 p.m. Eastern time, but earlier on scheduled half-days, during restrictions or suspensions of trading, or other emergencies).
2. Direct debit may be used only for 529 distributions to qualified educational institutions in the United States to pay for qualified educational expenses as defined by Internal Revenue Code Section 529. Direct debit may not be used for any other 529 distribution purpose.

The U.Fund® College Investing Plan is offered by MEFA and managed by Fidelity Investments. If you or the designated beneficiary is not a Massachusetts resident, you may want to consider, before investing, whether your state or the beneficiary's home state offers its residents a plan with alternate state tax advantages or other state benefits such as financial aid, scholarship funds and protection from creditors.

Units of the portfolios are municipal securities and may be subject to market volatility and fluctuation.

Please carefully consider the plan's investment objectives, risks, charges, and expenses before investing. For this and other information on any 529 college savings plan managed by Fidelity, contact Fidelity for a free Fact Kit, or view one online. Read it carefully before you invest or send money.

Other Ways to Withdraw/Make a Payment

Transfer between Fidelity accounts

Move money from your 529 to another Fidelity account. Typically completes the next day.

Electronic funds transfer (EFT)

Send funds electronically to a non-Fidelity account. Completes in 1-3 business days.

Bill Pay

Receive and pay eBills from participating billers. A physical check is typically mailed to the biller. Please allow up to 10 mailing days for your payment to arrive.

Bank wire

Funds are typically available next business day if the wire's done before 4 p.m. ET. May involve fees from your bank.

Pay school directly

Send a check directly to a school. This option may take up to 10 business days.

What If Scenarios?

The beneficiary:

- Gets a scholarship?
- Decides not to go to college?
- Becomes disabled or passes away?
- Graduates without using all the money in the account?
- Has an existing UGMA/UTMA account?

Current Income: College Payment Plans

- 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 financial aid office for more information

Future Income: 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
 - Responsibility of all borrowers
- Multiple credit inquiries in a short period only count as one inquiry

Interest Rates

- Look at the full range of potential interest rates, **not just the lowest advertised interest rate**
 - MEFA's interest rates range from 3.29% to 8.89% APR*
 - Other lenders may have rates as high as 17%!
- Shorter-term loans naturally come with lower interest rates

HOW DOES MEFA STACK UP?

MEFA

3.29%

APR*

Citizens

3.49%

APR

SoFi

3.29%

APR

Sallie Mae

3.19%

APR

College Ave

3.24%

APR

*The Annual Percentage Rate (APR) is designed to help consumers understand the relative cost of a loan and reflects MEFA's current underwriting criteria, loan rates, and deferment period assumption. MEFA's lowest rates are only available to the most creditworthy applicants. Interest rates sourced from credible.com as of 6.24.25. NMLS# 1724150 nmlsconsumeraccess.org

Application and Solicitation Disclosure

- Provides details about the loan terms
- Includes estimated total loan cost examples
- Required for private lenders such as MEFA
- Can be found on lender websites and loan comparison tools

Things to look for:

What are the
interest rates?



What are the
fees?



What will be the
total cost of
borrowing?

Co-Borrower

- ✓ Signs the loan agreement along with the student borrower
- ✓ Has equal responsibility on the loan agreement
- ✓ Adding one (or two) may increase chances for approval
- ✓ Those with good credit may have more favorable interest rate
- ✓ Some loans (like MEFA) have co-borrower release options



About MEFA Loans

MEFA Loans

- Fixed interest rates 3.29%-8.89% APR*
- Set monthly payments
- Multiple repayment options: immediate, interest-only, & deferred
- Co-borrower release option
- No origination or application fees
- Instant decision on complete applications



**Apply for a MEFA
Loan**

*The Annual Percentage Rate (APR) is designed to help consumers understand the relative cost of a loan and reflects MEFA's current underwriting criteria, loan rates, and deferment period assumption. MEFA's lowest rates are only available to the most creditworthy applicants. (NMLS# 1724150 [NMLS](#)

Compare the MEFA Loan vs. PLUS Loan

| | MEFA Loan | Direct PLUS Loan |
|--------------------------|---|---|
| Interest rate | 3.29%-8.89% fixed for 2025-26 | 8.94% fixed for 2025-26 |
| APR | 3.29%-8.89% | Not disclosed |
| Fee | No origination fee | 4.228% origination fee |
| Student on the loan? | Yes | No |
| Responsibility to repay | Student & co-borrower(s) | Parent |
| Transfer responsibility? | Co-borrower release option | No |
| Credit criteria | Minimum credit score | Minimal credit standards |
| Repayment term | 10-15 years | 10-25 years |
| Repayment options | Immediate, interest-only, deferred | Immediate or deferred |
| Enrollment status | At least half-time | At least half-time |
| Consumer safeguards | Student death & disability loan forgiveness | Parent or student death & disability loan forgiveness |
| Need to file the FAFSA? | No | Yes |

Assess MEFA Loan Affordability with MEFA's Undergraduate Loan Payment Calculator

MEFA's Student Loan Payment Calculator



Amount to Borrow

Years Before Graduation

Borrower or Co-Borrower's Credit

Calculate

15000

4 Years

Exceptional

| | Immediate Repayment: 10 Years | Immediate Repayment: 15 Years | Interest-Only Repayment: 15 Years | Deferred Repayment: 15 Years | Student Deferred with Co- Borrower Release: 15 Years |
|------------------------------------|-------------------------------------|----------------------------------|--------------------------------------|---------------------------------|---|
| In-School Monthly Payment* | \$147.66 for 48 months | \$112.39 for 48 months | \$91.60 for 48 months | \$0.00 for 48 months | \$0.00 for 48 months |
| Post-School Monthly Payment* | \$147.67 for 72 months | \$112.40 for 132 months | \$167.17 for 132 months | \$218.47 for 132 months | \$219.34 for 132 months |
| Total Cost of Loan | \$17,719.92 | \$20,231.52 | \$26,463.24 | \$28,838.04 | \$28,952.88 |
| Interest Rate | 3.29% | 4.09% | 7.24% | 7.44% | 7.49% |
| APR** | 3.29% - 8.64% | 4.09% - 8.74% | 7.24% - 8.89% | 7.44% - 8.84% | 7.49% - 8.89% |

Be Aware of Timing as You Pay Your College Bill

- Fall semester bills **are sent to the student** in June/July, due in July/August
 - Includes direct costs only (tuition, fees, dorm, meal plans & other direct costs)
 - May include health insurance charge, which you can waive if already covered
 - Enrollment deposit, private scholarships, and financial aid will be deducted
 - If you set up a payment plan and/or loans you may see these credited amounts
- Work-study is not typically deducted from the bill
- Apply for a MEFA Loan or other private loan at least 2 weeks before the college's bill due date
- You may apply for a loan if needed anytime during the academic year
- Set up payment plans according to the school's schedule

What You Can Do Now

**Register for MEFA's
*Paying Your College Bill
Hotline***

July 15, 2025

5:00 pm - 7:00 pm



**Request a virtual, one-on-one
appointment with the
MEFA Team**



Thank you!



**To speak with a Fidelity
Education Specialist:
(800) 544-2776**



**To speak with a MEFA
College Planning
Expert:
(800) 449-MEFA (6332)**



fidelity.com/ufund



collegeplanning@mefa.org