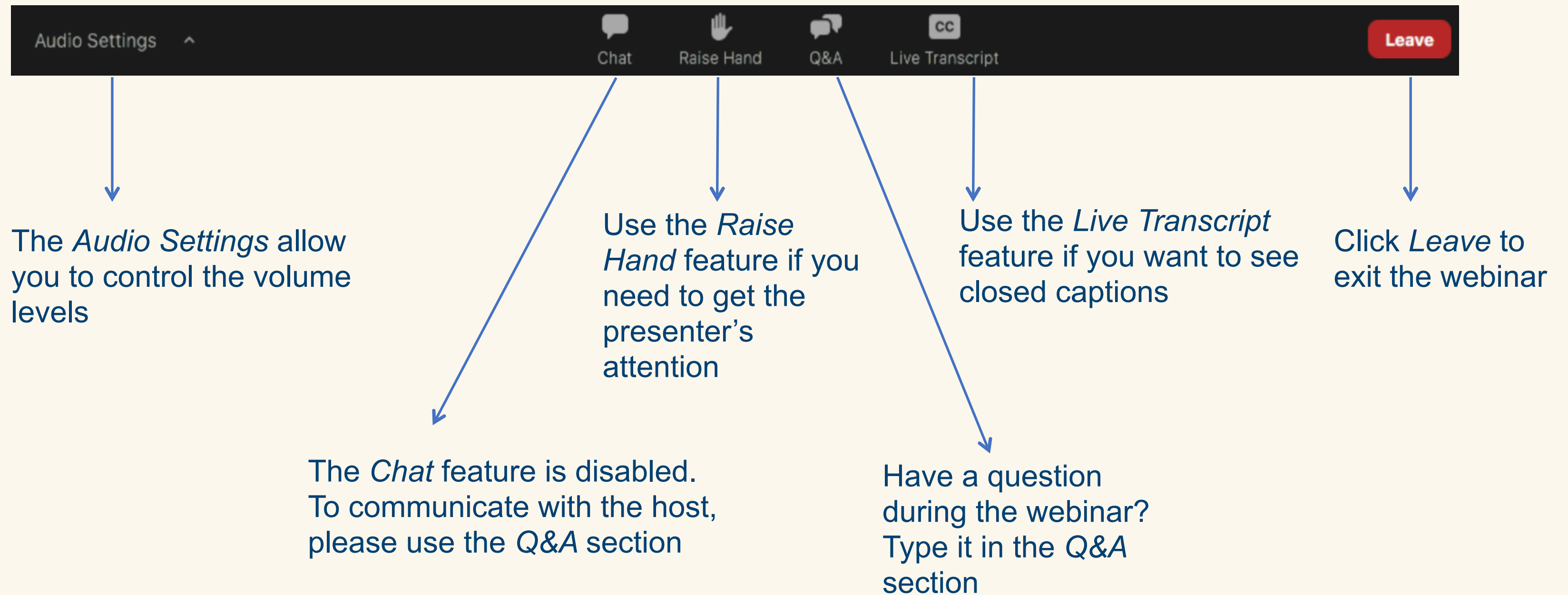


Paying the College Bill


mefa[®]

How to Participate



About MEFA

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



**Congratulations on your college
acceptances, students and parents!**



Webinar Topics

- Understanding Your Financial Aid Offer
- Methods to Paying the College Bill
- What's Next
- Resources



Understanding Your Financial Aid Offer

Understand Your Financial Aid Offer

Types of aid:

- Grants/Scholarships
- Work-study
- Loans

Sources of aid:

- Federal
- State
- Colleges

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

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

Federal Direct Student Loans

- Student is the borrower
- No credit check
- Fixed interest rate changes annually
 - 6.53% for 2024-25
- Two types
 - **Subsidized:** Interest accrues after student leaves school
 - **Unsubsidized:** Interest accrues immediately
- 1.057% fee deducted from loan amount
- Promissory Note & Entrance Counseling
- 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

Calculating the Balance Due

College Charges

- Tuition
- Fees
- Housing
- Food
- Health Insurance

COLLEGE CHARGES

-

FINANCIAL AID & ENROLLMENT DEPOSIT

=

BALANCE DUE

Appeals for More Aid

- Share unique circumstances or change in circumstances
 - Drop in income or assets
 - Unreimbursed medical expenses
 - New household expenses
 - Change in family size
- Follow financial aid office guidelines
 - Timing
 - Format
 - School appeal form
 - Student letter
 - Third-party letter
 - Documentation
- Financial aid office will review appeal, make adjustments, and send decision letter

mefa webinar

What to Know about Financial Aid Appeals

Speakers:

- Danette Burgess, American University
- Kevin Derousi, Salem State University
- Taylor Kreutter, Mount Holyoke College
- Ebony Marsala, Boston College
- Bill Smith, Stonehill College
- Michelle Smith, University of Massachusetts, Lowell
- Amy Stewart, North Shore Community College

Moderated by: Shawn Morrissey, Director of College Relations, MEFA





Methods to Paying the College Bill

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 to:
 - Obtain a 529 College Investing Plan Distribution Form
 - Set up BillPay[®] 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



Borrowing: Be Wise

1. Know your credit history
2. Borrow only what you need
3. Think in terms of total enrollment (4+ years) and total debt
 - Consider the post-graduation monthly repayment
4. Consider major/career, employment rates, & starting salary
5. Understand:
 - Fixed or variable interest rate
 - Repayment timeline
 - Responsibility of all borrowers
6. Multiple credit inquiries in a short period only count as one inquiry

Understand How Loans Work

- You may borrow a loan amount up to the school's cost of attendance minus any financial aid received
- But only borrow what you need!
- Apply for loans one year at a time
- Apply for the loan amount needed for the entire year
- Estimate your monthly payment
 - Think about total loans for 2-5 years
 - Consider your projected salary
- The school will split the loan to pay for the fall and spring semesters
- Loan funds will go directly to the college

Student Loan Payment Calculator

Amount to borrow: Years before graduation:

Parent or other co-borrower's credit profile: Good Very Good Exceptional

	<u>Immediate Repayment: 10 Years</u>	<u>Immediate Repayment: 15 Years</u>	<u>Interest-Only Repayment: 15 Years</u>	<u>Deferred Repayment: 15 Years</u>	<u>Student Deferred with Co- borrower Release: 15 Years</u>
In-School Monthly Payment	\$232.77 for 48 months	\$181.29 for 48 months	\$125.72 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post-School Monthly Payment	\$232.78 for 72 months	\$181.29 for 132 months	\$225.22 for 132 months	\$293.85 for 132 months	\$296.19 for 132 months
Total Cost of Loan	\$27,933.12	\$32,632.20	\$35,763.60	\$38,788.20	\$39,097.08
Interest Rate	6.80%	6.95%	7.45%	7.55%	7.65%
APR	5.35% - 7.35% **	5.75% - 7.5% **	6.55% - 7.95% **	6.6% - 7.85% **	6.75% - 7.95% **
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mefa.org/pay/loan-payment-calculator

MEFA Loan and PLUS Loan Comparison

	MEFA Loan	Direct PLUS Loan
Interest rate	5.75%-8.95% fixed for 2024-25	9.08% fixed for 2024-25
APR	5.75%-8.95%	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

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

Be Aware of Timing

- Bills for the fall semester usually 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



Resources

Get Advice from Trusted Resources

Ask questions of lenders

Look for transparency

Utilize free resources, including MEFA

**Work with the college financial aid
and student accounting offices.
Lender lists on college websites**

MEFA as Your Resource

- Sign up for MEFA emails to stay on track at mefa.org/sign-up-for-emails
- Find webinars, calculators, videos, & more at mefa.org/how-to-pay-for-college
- Read MEFA's blog posts at 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
 - Virtual appointment request: mefa.org/appointment-request

MEFA's Guidance



Active Social Media Network
Posts on [Facebook](#), [Twitter](#), [Instagram](#), and [LinkedIn](#)

Specialized Appointments
Experts available offering [one-on-one guidance](#)



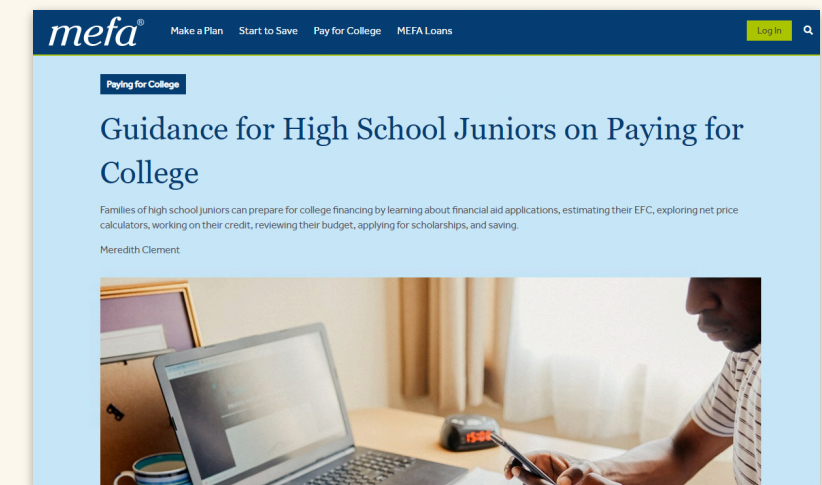
Community-Based Virtual and In-Person Events
Informative and timely [webinars](#) and seminars



The MEFA Podcast
[Conversations with experts](#) on a range of topics



Videos
An extensive [video library](#) on college planning



Blog Posts
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Thank You

QUESTIONS?

Call (800)-449-MEFA (6332)
or email collegeplanning@mefa.org

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