mefa® How to Pay for College: A Guide for High School Seniors & Families

Your Presenter Today

Julie Shields-Rutyna Director of College Planning, Education, and Training

Julie joined MEFA in 2007 and has over 30 years of experience helping families plan for higher education.

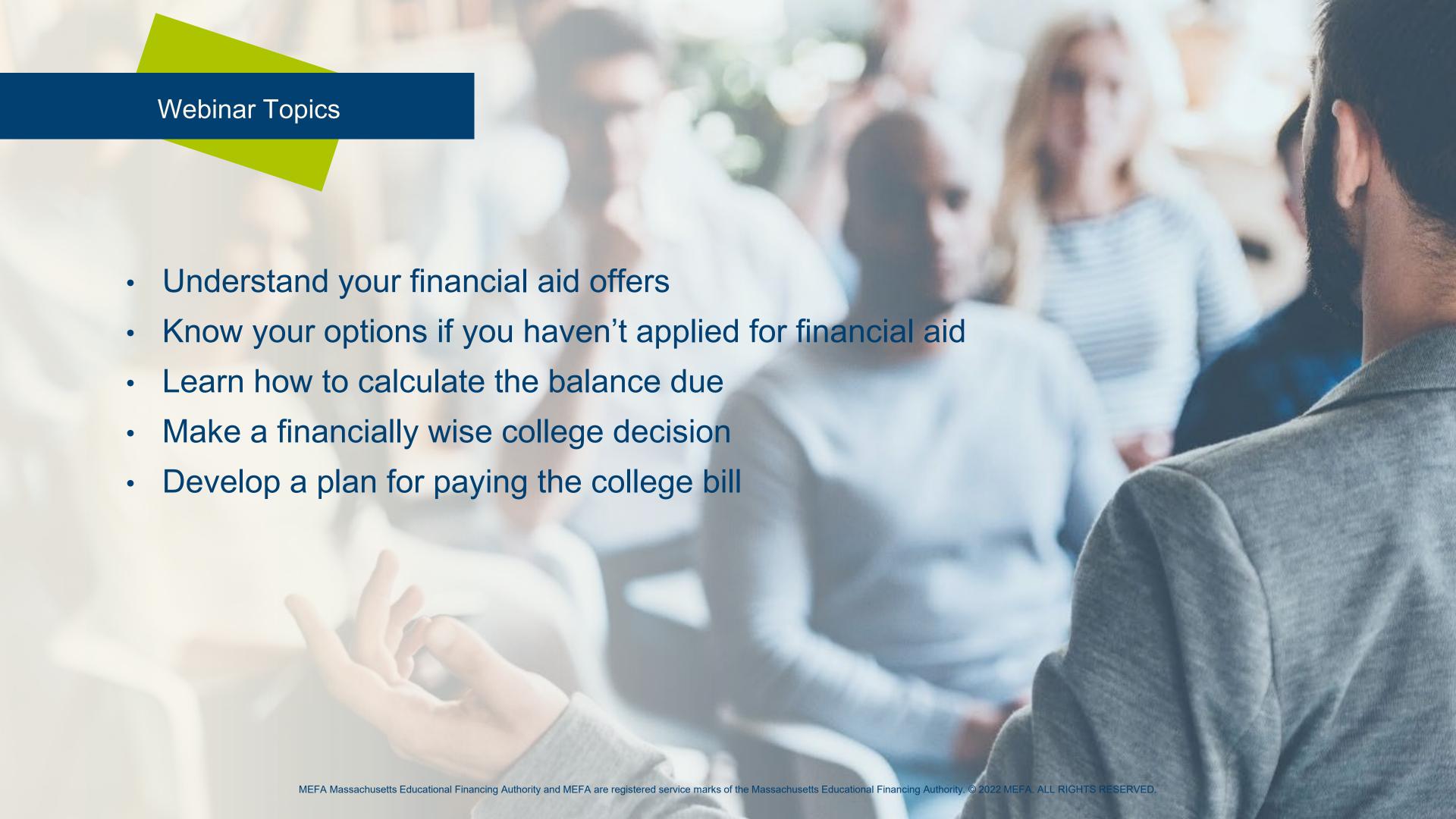
As Director of College Planning, she manages MEFA's widespread college planning guidance to help make college more affordable and accessible for Massachusetts students and parents.





Congratulations on your college acceptances, students and parents!





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: 3.73% for 2021-22 (2022-23 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		



- 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. But payment plans are open to all, and 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)

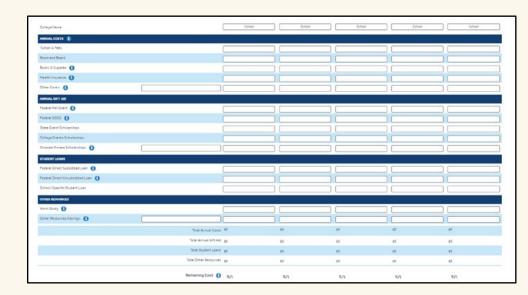
Steps to take when on the waitlist:

- 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
- Room
- Board/Meal Plan
- Health Insurance



mefa.org/college-cost-calculator

College charges Financial aid & enrollment deposit = Balance due



- What is the net price at each school?
- Which colleges can your family afford?
- Remember to consider 4+ years of attendance, and potential graduate school
- Limit borrowing
- Select an <u>affordable</u> 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 MEFA Massachusetts Educational Financing Authority and MEFA are registered service marks of the Massachusetts Educational Financing Authority. © 2022 MEFA. ALL RIGHTS RESERVED

Utilizing Savings from the U.Plan & U.Fund





- 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 (800) 449-MEFA (6332)



U.Fund College Investing Plan

- Visit fidelity.com/saving-forcollege/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

Current Income

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

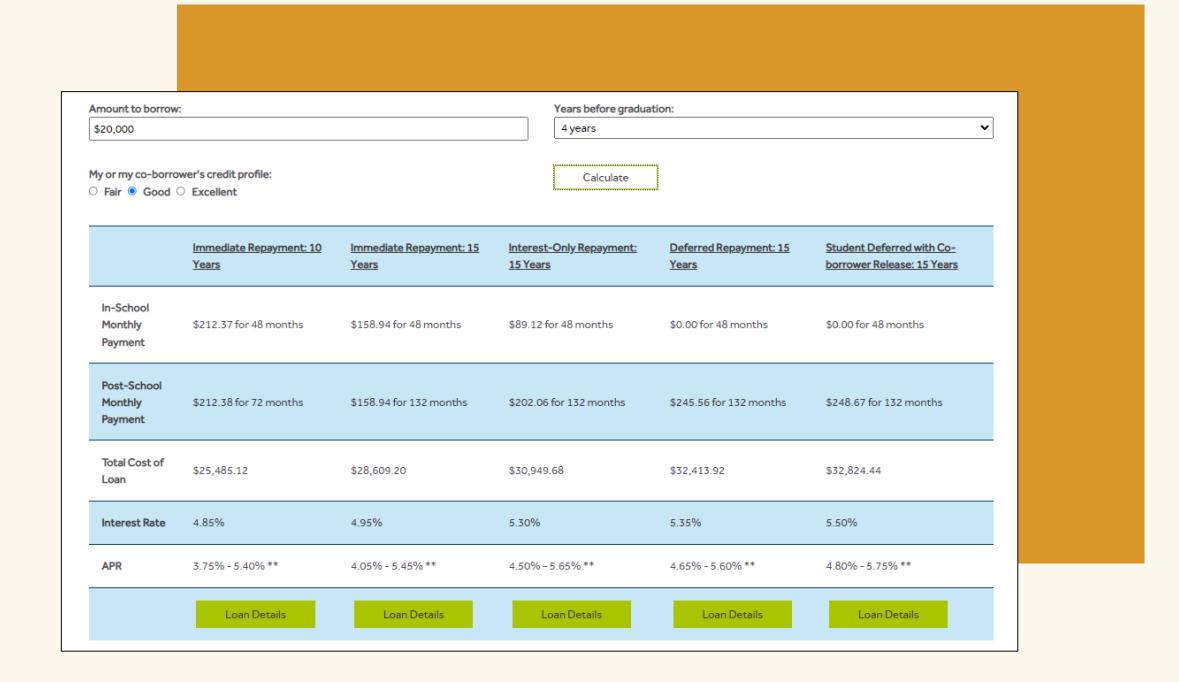
Be a Wise Borrower

- 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
 - Wednesday, June 1st @ noon
 - Thursday, July 7th @ noon

Understand the Cost of Borrowing

MEFA's Student Loan Payment Calculator

 mefa.org/pay/loanpayment-calculator



A Pathway to Paying the 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			



- Fall semester bill: sent in June or July, due in July or 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 for local scholarship info
- Never pay to apply for a scholarship
- Community organizations, foundations, non-profits, and corporations all offer scholarships
- Search online
 - mefapathway.org
 - CollegeBoard.org
 - Fastweb.com
 - GoingMerry.com
 - Follow MEFA on social media for scholarship alerts

Paying for College in MA: You Have Options

MassTransfer

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

Tuition Break

 Reduction on out-of-state tuition costs at New England schools for certain programs nebhe.org/tuitionbreak





Financial Aid Office

Learn About Your Financial aid renewability criteria (financial, academic) **Financial Aid** Will receiving a private scholarship affect your financial aid? Changes in family circumstances (Job loss or income changes due to COVID) **Ask About Special** Can you appeal your offer? How? Considerations Watch MEFA's Financial Aid Appeals and Paying for College in 2022 webinar Phone call **How to Contact the** Email **Financial Aid Office** 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
 - Use information and tools on mefa.org/how-to-pay-for-college webinars, calculators, videos
 - Read MEFA's blog, where you can easily search by category or keyword, at mefa.org/blog
 - Listen to The MEFA Podcast on Apple, Google, or Spotify
 - 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

Connect with MEFA on Social Media





Thank You

QUESTIONS?

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

