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

Your Presenter Today

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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.



About MEFA

Not-for-profit state authority
created in 1982 helping
families plan, save, and
pay for college

Congratulations on your college acceptances, students and parents!

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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

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](https://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. But payment plans are open to all, and anyone may apply for private loans.**

A young man with light brown, wavy hair is smiling and looking towards the camera. He is wearing a white t-shirt with red sleeves and has a grey backpack strap over his shoulder. The background is a blurred school hallway with other students and trees visible in the distance.

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

College Name	School	School	School	School	School
ANNUAL COSTS					
Tuition & Fees					
Board & Board					
Books & Supplies					
Health Insurance					
Other Costs					
FINANCIAL AID					
Federal Pell Grant					
Federal SEOG					
State Grant/Scholarship					
College Grant/Scholarship					
Outside/Private Scholarships					
ENROLLMENT DEPOSIT					
Federal Direct Unsubsidized Loan					
Federal Direct Consolidated Loan					
School-Specific Student Loan					
OTHER RESOURCES					
Work-Study					
Other Resources/Grants					
Total Annual Costs	\$1	\$1	\$1	\$1	\$1
Total Annual Financial Aid	\$1	\$1	\$1	\$1	\$1
Total Student Loans	\$1	\$1	\$1	\$1	\$1
Total Other Resources	\$1	\$1	\$1	\$1	\$1
Remaining Cost	\$0	\$0	\$0	\$0	\$0

mefa.org/college-cost-calculator

College charges

-

Financial aid & enrollment deposit

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Balance due

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, and 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 (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

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/loan-payment-calculator

Amount to borrow: Years before graduation:

My or my co-borrower's credit profile: Fair Good Excellent Calculate

	<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	\$212.37 for 48 months	\$158.94 for 48 months	\$89.12 for 48 months	\$0.00 for 48 months	\$0.00 for 48 months
Post-School Monthly Payment	\$212.38 for 72 months	\$158.94 for 132 months	\$202.06 for 132 months	\$245.56 for 132 months	\$248.67 for 132 months
Total Cost of Loan	\$25,485.12	\$28,609.20	\$30,949.68	\$32,413.92	\$32,824.44
Interest Rate	4.85%	4.95%	5.30%	5.35%	5.50%
APR	3.75% - 5.40% **	4.05% - 5.45% **	4.50% - 5.65% **	4.65% - 5.60% **	4.80% - 5.75% **
	Loan Details	Loan Details	Loan Details	Loan Details	Loan Details

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

Timing: Paying Your College Bill

- **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 4-year 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

- 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 or income changes due to COVID)
- Can you appeal your offer? How?
- Watch MEFA's *Financial Aid Appeals and Paying for College in 2022* 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
 - 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



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Thank You

QUESTIONS?

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