

**STUDENT FINANCIAL AID
AND STUDENT DEBT
BOOKLET**





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INTRODUCTION

Navigating the College Financial Aid maze can be a daunting task, even for the most educated and sophisticated individuals. This booklet is designed to give readers an overview of College Financial Aid, and educate students and their families on how to avoid massive student debt after college graduation. Your investment of time in understanding the Financial Aid process will pay huge dividends in the form of increased aid and reduced student debt.



FINANCIAL AID 101

TYPES OF FINANCIAL AID

Grants: do not need to be repaid, come from the Federal and State Government, or institutions. Ex: Pell Grant.

- + Mostly need-based

Scholarships: do not need to be repaid, come from governments, colleges, and charitable organizations.

- + Need and merit based

Work Study: offers students paid part time jobs to help them pay their college expenses.

Loans: must be repaid with interest, see the chart below.

Type of Loan	Need Based	Subsidized	Sponsor	Who is the borrower	Latest Interest Rate
Direct Subsidized Loan	Yes	Yes	Federal Government	Undergraduate Student	5.05%
Direct Unsubsidized Loan	No	No	Federal Government	Undergraduate Student	5.05%
Direct Unsubsidized Loan	No	No	Federal Government	Graduate Student	6.6%
Perkins	Yes	Yes	Federal Government	Student	5%
Direct PLUS Loan	No	No	Federal Government	Parent or Student	7.6%
State or Private Loans	No	No	Banks, Colleges, Foundations, and States	Student with or without a cosigner	Higher than the above



FINANCIAL AID TIMELINE

EARLY IN YOUR SENIOR YEAR:

- + Research the schools you want to attend and establish their “Cost of Attendance”. Colleges and University’s publish their COA on their website
- + Submit your Free Application for Federal Student Aid (FAFSA) form as soon as possible after October 1st. All aid (other than Bright Futures and merit-based aid) starts with the FAFSA, and don’t forget, it must be filled out EVERY year. If a student fails to fill out their FAFSA by the deadline, they can lose all the financial aid they received the year before.
- + Be aware that institutional aid is awarded on a first-come, first-served basis. Federal aid is awarded up to 6 years or completion of an undergraduate degree. You cannot receive any of this aid without completing the FAFSA form.
- + After you submit the FAFSA form, you will immediately receive a Student Aid Report which has been generated from your information on the FAFSA form. You need to check to make sure there are no problems or mistakes flagged (called verification by FAFSA) because if so, your application will not be considered until those are resolved
- + Register for and take any standardized tests required by your desired college or university.
- + Begin to apply to the colleges and universities you wish to attend. Pay attention to deadlines.
- + Research and apply for any local, regional, and national scholarships that you may be eligible to receive, - and again, pay attention to deadlines.

SPRING OF YOUR SENIOR YEAR:

- + Visit any schools that have invited you to enroll.
- + Review acceptance letters and financial aid offers. Contact the schools' financial aid office to establish a relationship with them and ask if there is any other aid that you can apply for.
- + Remember, you can appeal your financial aid package and ask for more aid if you feel that an error has been made.
- + Be aware that you must decide which school you want to attend by May 1st

FINANCIAL AID AND SCHOLARSHIP SEARCH RESOURCES:

The more you know about Scholarships and Financial Aid, the greater your chances of receiving aid are.

College Board's website has a wealth of information for student seeking financial aid: www.collegeboard.org

FinAid.com website is a great resource related to all kinds of Financial Aid: www.finaid.org

College Board's Scholarship Search Tool:
www.bigfuture.collegeboard.org/scholarship-search

Fast Web's Scholarship Search Tool:
www.fastweb.com/college-scholarships

The Free Application for Federal Student Aid:
www.studentaid.ed.gov/sa/fafsa



GAME OF LOANS\$

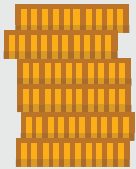
Millions of students who went to college seeking a better life for themselves and their families are now burdened with crippling student debt. **Over the last ten years, student debt has increased by 130%.** This fact has changed our society in profound ways. More college graduates are living at home, and are postponing major life decisions, such as

marriage, having children, purchasing a home, or even a new automobile. This has the potential to alter the long-term demographics of our country. Still for many, the only way to receive a college education is through taking on student loans; it truly is an investment in your future if managed correctly. We hope the following information will help you.

“An investment in knowledge pays the best interest.”

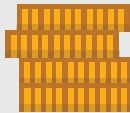
- Ben Franklin

\$1.56
TRILLION
in total U.S.
student loan debt

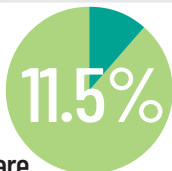


VS

\$1.027
TRILLION
in credit
card debt



HAVE STUDENT
LOAN DEPT



are
90 DAYS
or more delinquent
or are in default

PAYMENT DUE

5.1 

MILLION BORROWERS
have defaulted on their loans.

Student loans, in normal circumstances, cannot be avoided or discharged through bankruptcy or other means and **collectors can garnish up to 25% of your wages** if you default.

\$3,345^{.38}

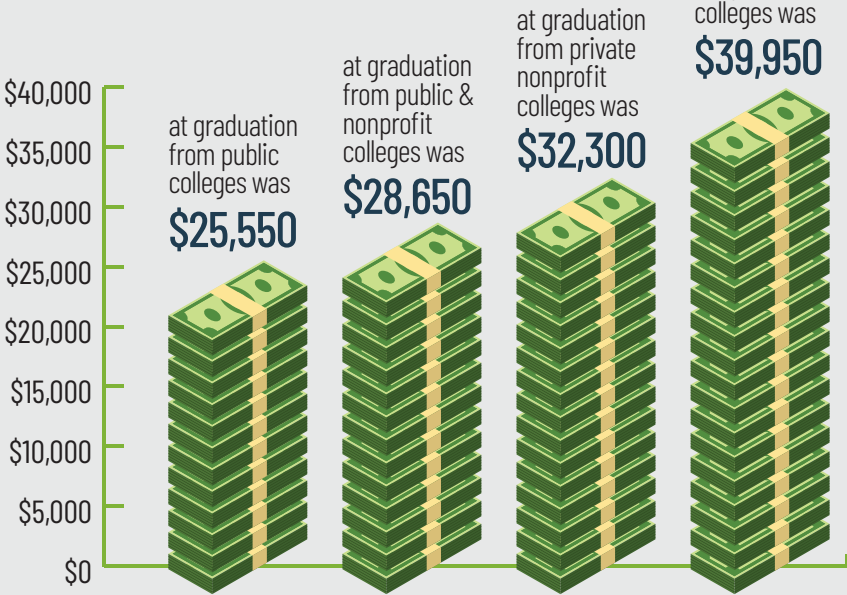
is the **amount of student dept assumed per second***
*studentdeptrelief.com



\$393

is the **average monthly student loan payment** among those not in deferment.

Average dept of those with loans:



48%

48% of borrowers who attend for-profit colleges default within 12 years,

12%

compared to 12% of public college attendees,

14%

add 14% of nonprofit college attendees

MINIMIZING STUDENT DEBT

- ✦ Start with a plan before you graduate high school and know exactly what you are getting into.
- ✦ Have a heart to heart with your parents to find out just how much they can or will contribute to your education. Remember that you may not be the only one in your family in college or heading to college in the next few years.
- ✦ Before you apply to a school know its Cost of Attendance (COA). The COA for the University of Florida is \$21,200 per year while Columbia University's COA is \$74,200. Often a local or state public school can give you as good an education as a more expensive private, out-of-state school.
- ✦ Once you have been accepted to a college and receive your Financial Aid Package, calculate its "Net Cost of Attendance" by subtracting the gift aid offered in the form of Scholarships, Grants, and Work Study from the COA. In some cases, a private out-of-state college will provide you with more gift aid than a less expensive in-state public college, making it more affordable to attend the more costly school.





✦ Determine how much student debt you can afford to assume. A widely accepted guideline is to not borrow more than your starting salary during your first year out of college. If you anticipate that you'll earn \$50,000 in your entry-level job after graduation, don't take out more than \$50,000 in total student loans. Another method of determining appropriate levels of student debt is to maintain a manageable debt-to-income ratio, meaning limit your monthly student loan payment to eight percent of your gross monthly income. For example, if your gross monthly income is expected to be around \$4,100, your monthly student loan payment should be no more than \$328.

✦ Use the Bureau of Labor Statistics Occupational Outlook Handbook (see the link below) to determine the starting salary of your job after graduation. Other things to take into consideration are:

- ✦ Is my chosen career growing or shrinking?
- ✦ What are my prospects of actually landing a job in this career?

✦ Keep track of your loan balances throughout your college career, ... they can creep up on you.

STUDENT DEBT RESOURCES

Bureau of Labor Statistics Occupational Outlook Handbook:
www.bls.gov/ooh

Link to help you calculate your student loan payments.
www.bigfuture.collegeboard.org/pay-for-college/loans/student-loan-calculator



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