



# Paying for College

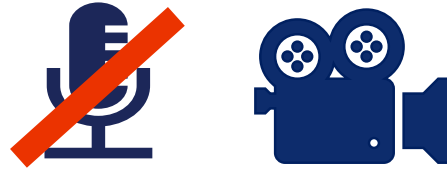
Sound Credit Union & Student Choice

September 27, 2022

# Webinar Housekeeping



This webinar is being **recorded** and will be posted to our website.

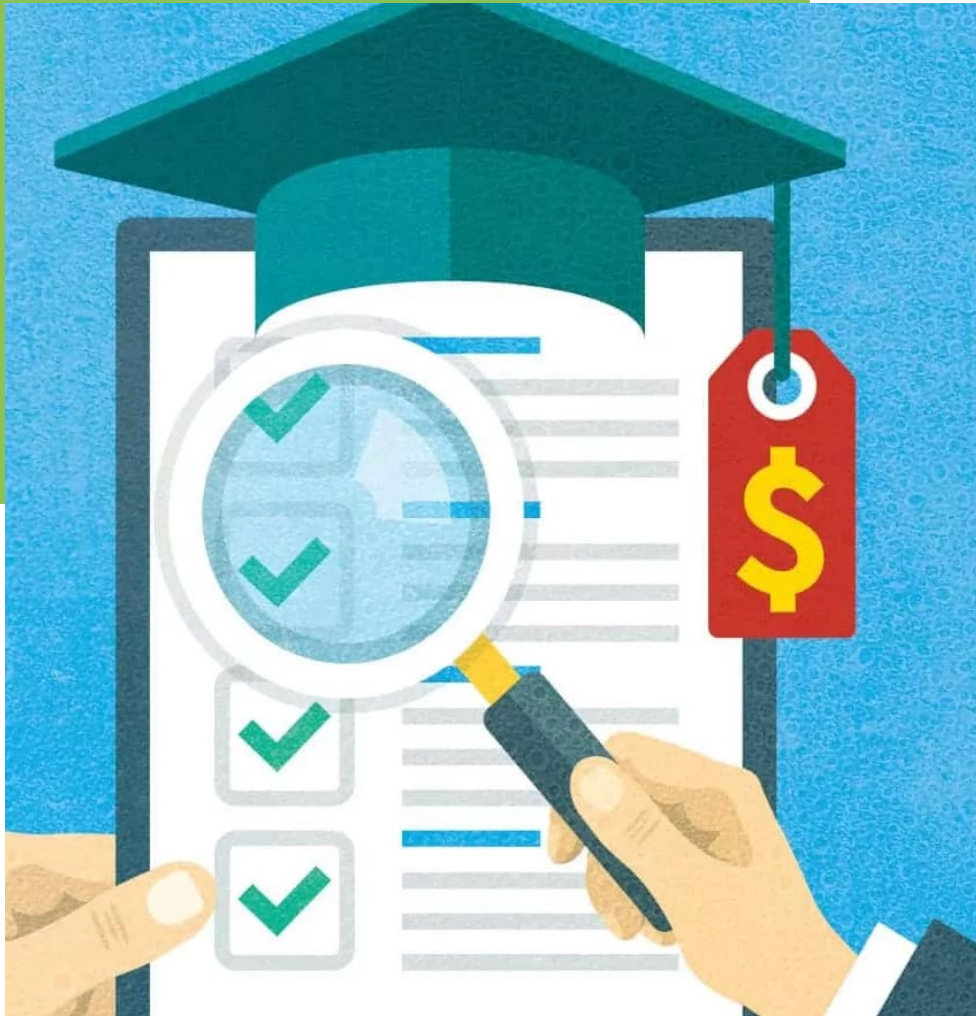


**Microphones** have been muted and **cameras** are turned off for this webinar.



Please post comments and questions in the **chat** window. We will answer your questions during the Q & A portion of the presentation.





# Agenda

- Why College & Cost
- Strategy to a value-based approach
- FAFSA
- Free – Grants & Scholarships
- Cheap – Federal Direct Loans
- Gap Funding – Options including private student loans



# Why College

## Income

- \$1,334/week
  - *Bachelor's Degree or Higher*
- \$809/week
  - *High School Grad, no college*

## Employment

- 3.5% unemployment
  - *Bachelor's Degree or Higher*
- 6.2% unemployment
  - *High School Grad, no college*

Source: US Bureau of Labor Statistics

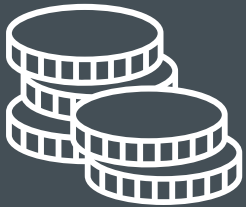


# Why College

70%

**More Earnings**

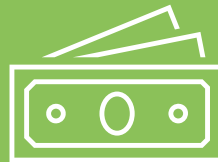
\*than a HS graduate (\$60k vs. \$35k median salary for ages 25-34)



\$1,000,000

**More Over Career**

\*than a HS graduated as indicated by the CFPB



A Better

**Starting Salary**

\*than a HS graduate with earnings that have kept pace w/debt load (salaries almost 2x debt load)



# College Navigator: [www.nces.ed.gov/collegenavigator](http://www.nces.ed.gov/collegenavigator)

The screenshot shows the College Navigator website interface. At the top, it features the logo for the Institute of Education Sciences (IES) and the National Center for Education Statistics. A search bar is located in the top right corner. Below the header, there are navigation tabs for Publications & Products, Surveys & Programs, Data & Tools, Fast Facts, School Search, News & Events, and About Us. The main content area is titled "COLLEGE Navigator" and includes a search form with fields for "Name of School", "States", "ZIP Code", and "Miles from". There are also checkboxes for "Programs/Majors", "Level of Award", and "Institution Type". A "Show Results" button is prominently displayed. To the right of the search form, there is a large banner with the text "Find the right college for you" and a "Guide Me" button. Below the banner, there are several sections: "Refine your search with More Search Options", "Build a list of schools using My Favorites", "Pinpoint school locations with an interactive map", "Export search results into a spreadsheet", "Save your session including search options and favorites", and "Add College Navigator to your browser search bar". There are also links to "College Affordability and Transparency Center", "Additional Resources", "Financial Aid", and "Careers".

Online research tool from the US National Center for Education Statistics

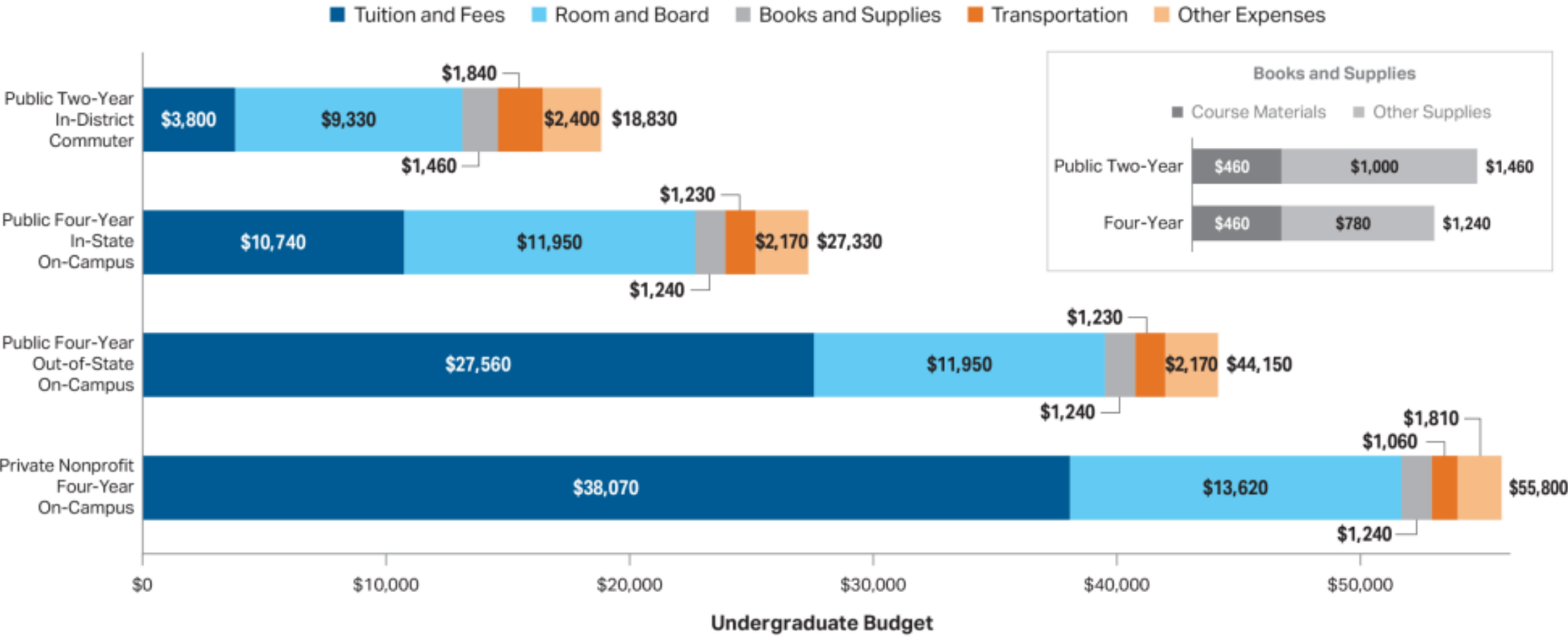
- Demographics
- Level of Award
- Tuition & Cost
- Opportunity for Aid
- Other Insights



# **Cost of Education**

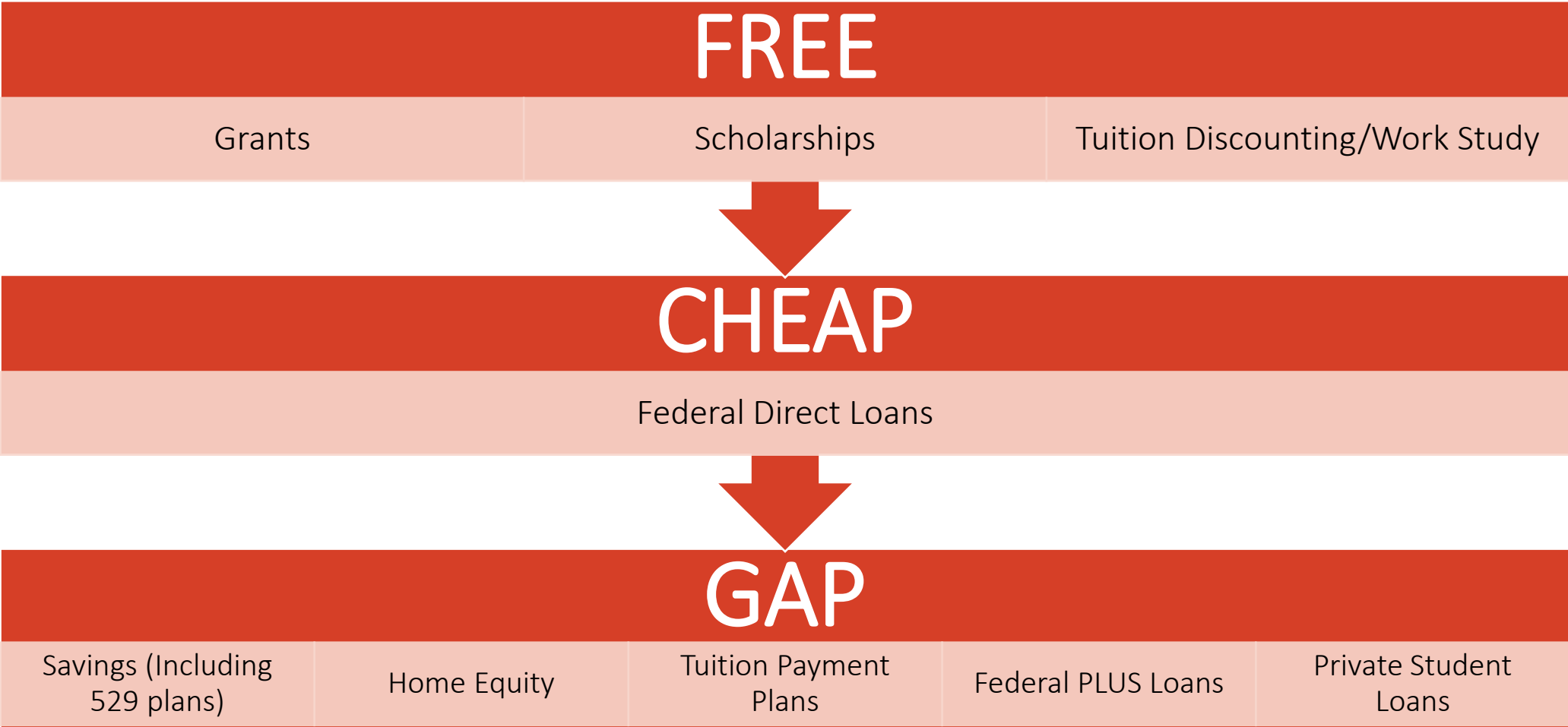


# Average full-time Undergrad cost 2021-2022



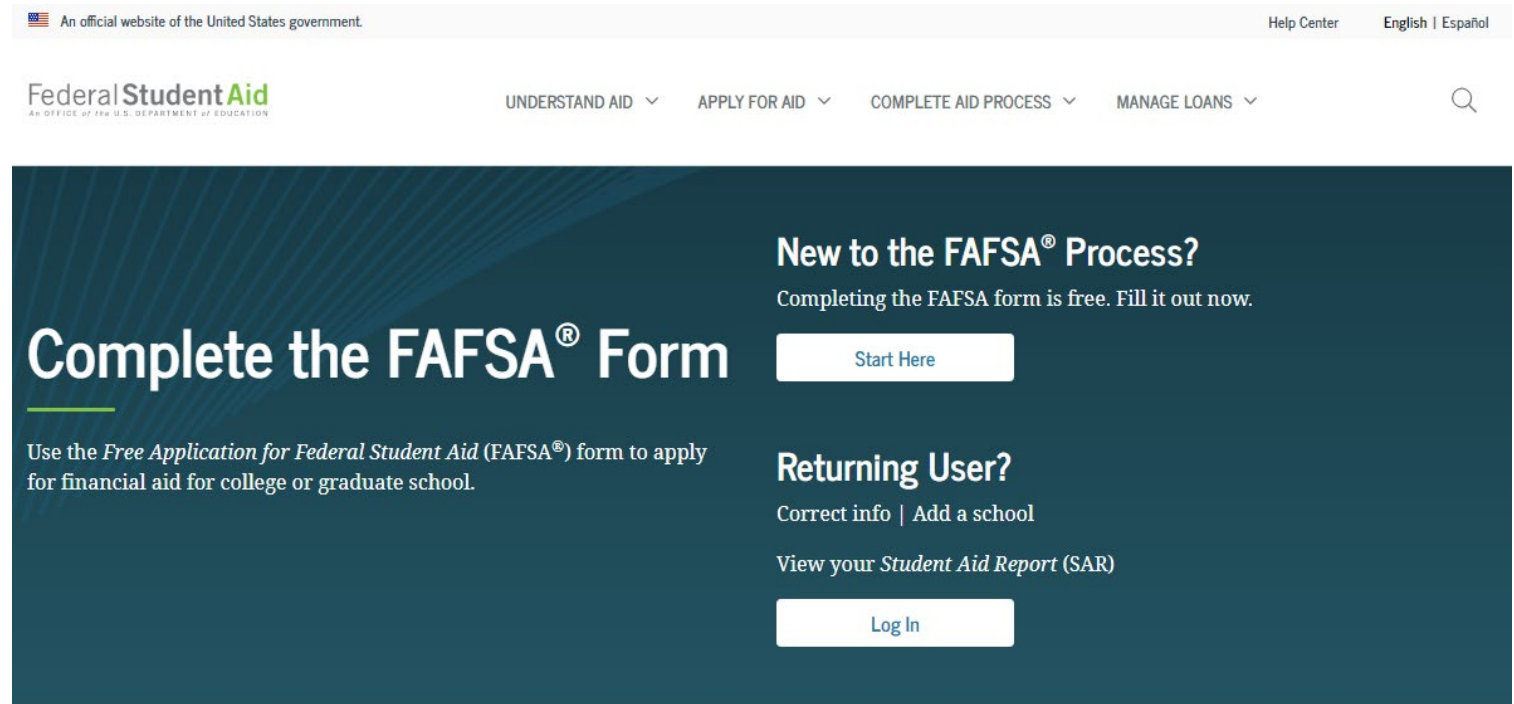


# Values-based approach to Financial Aid



# Free Application for Federal Student Aid

- [www.fafsa.ed.gov](http://www.fafsa.ed.gov)
- Student & Parent/Guardian must apply
- Opens on October 1st
- Typically completed in less than 1 hour
- Opens multiple opportunities regardless of income



The screenshot shows the homepage of the Federal Student Aid website. At the top, there is a navigation bar with the text "An official website of the United States government." on the left, "Help Center" and "English | Español" on the right, and a search icon. Below the navigation bar is the "Federal Student Aid" logo, with "AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION" underneath. To the right of the logo are four menu items: "UNDERSTAND AID", "APPLY FOR AID", "COMPLETE AID PROCESS", and "MANAGE LOANS", each with a dropdown arrow. The main content area has a dark teal background with a pattern of light blue lines. The primary heading is "Complete the FAFSA® Form" in large white text. Below it is a sub-heading: "Use the *Free Application for Federal Student Aid* (FAFSA®) form to apply for financial aid for college or graduate school." To the right of this heading is a section titled "New to the FAFSA® Process?" with the text "Completing the FAFSA form is free. Fill it out now." and a white button labeled "Start Here". Below that is a section titled "Returning User?" with the text "Correct info | Add a school" and "View your *Student Aid Report* (SAR)", followed by a white button labeled "Log In".

# What to expect with FAFSA Process Award Letters



## School 1

Cost of Attendance: \$29,000  
 Grants & Scholarships: -\$17,000  
**Net Costs: \$12,000**



## School 2

Cost of Attendance: \$20,000  
 Grants & Scholarships: -\$10,000  
**Net Costs: \$10,000**

University of California, Irvine (UCI)  
 Peter Antleator, 92345678

Download

3/13/2013

### Costs in the 2013-14 year

Estimated Cost of Attendance	\$29,992 / yr
Tuition and fees	\$ 14,046
Housing and meals	9,635
Books and supplies	1,567
Transportation	1,967
Other education costs	1,768

### Grants and scholarships to pay for college

Total Grants and Scholarships (Cost Aid; no repayment needed)	\$16,829 / yr
Grants from your school	\$ 2,337
Federal Pell Grant	2,300
Grants from your state	12,192
Other scholarships you can use	N/A

### What will you pay for college

**Net Costs** \$12,163 / yr  
(Cost of attendance minus total grants and scholarships)

### Options to pay net costs

#### Work options

Work-Study (Federal, state, or institutional) \$ N/A

#### Loan Options\*

Federal Perkins Loans	\$ N/A
Federal Direct Subsidized Loan	4,500
Federal Direct Unsubsidized Loan	2,000

\*Recommended amounts shown here. You may be eligible for a different amount. Contact your financial aid office.

#### Other options

Family Contribution	\$5,663 / yr
<ul style="list-style-type: none"> <li>Payment plan offered by the institution</li> <li>Parent PLUS Loan</li> <li>Military and/or National Service benefits</li> <li>Non-Federal private education loan</li> </ul>	

### Graduation Rate

Percentage of full-time students who graduate within 6 years

85%

Low Medium High

### Loan Default Rate

Percentage of borrowers entering repayment and defaulting on their loan

3.9%

2.7%

This institution National

### Median Borrowing

Students at UC Irvine typically borrow \$18,132 in Federal loans for their undergraduate study. The Federal loan payment over 10 years for this amount is approximately \$209 per month. Your borrowing may be different.

### Repaying your loans

To learn about loan repayment choices and work out your Federal Loan monthly payment, go to: <http://studentaid.gov/repay-loans/understandloans>

### For more information and next steps:

**University of California, Irvine (UCI)**  
 Office of Financial Aid and Scholarships  
 102 Aldrich Hall  
 Irvine, CA 92697-2825  
 Telephone: (949) 824-8262  
 E-mail: [fnaid@uci.edu](mailto:fnaid@uci.edu)

**The Free:  
Scholarships &  
Grants**



# Scholarships

A grant or payment made to support a student's education. Usually paid directly to the school.

Typically  
merit or  
needs  
based

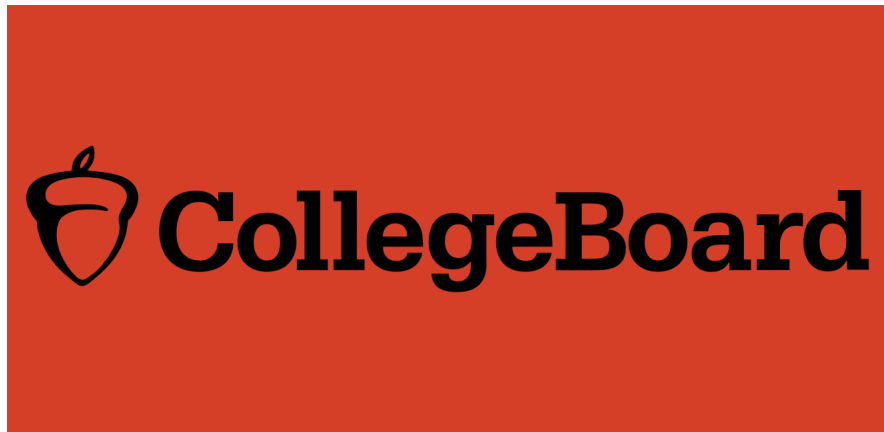
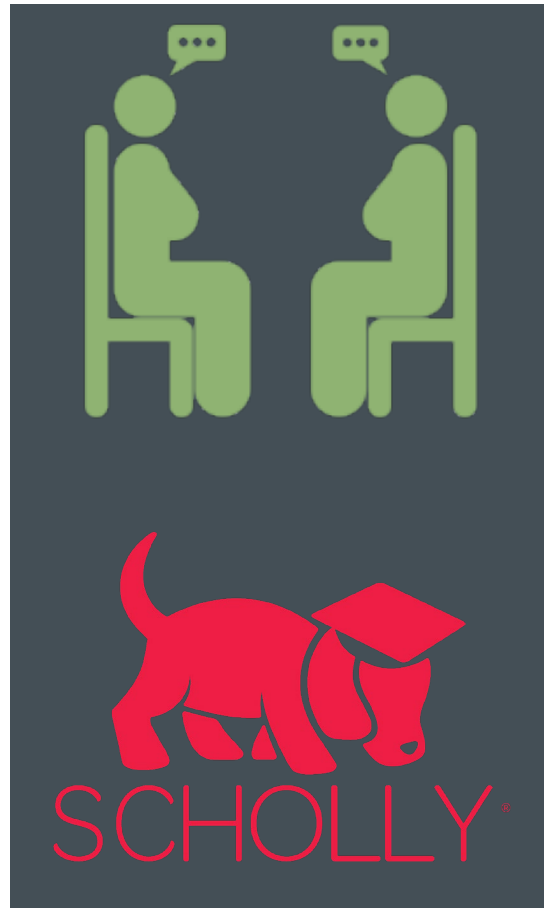
May have  
specific  
obligations

Could be  
awarded  
one-time or  
renewable

Don't have  
to be  
repaid

Eligibility  
can vary

## Resources for Scholarships



# Scholarship Tips

Follow instructions

Use reference letters

Highlight community involvement & charity work

Include job history

Essays = TEE: Time, Energy and Effort

Focus on 5 or less

# Grants

Free money  
from gov.,  
state,  
foundation  
school

Does not  
have to be  
repaid

May have  
obligations

Award based  
on need or  
merit

Ask for  
more



# Federal Grants

## Federal Pell Grant

- \$6,895 max for 2022-2023 award year

## Iraq and Afghanistan Service Grant

- \$6,502 max 10/1/22 – 10/1/23

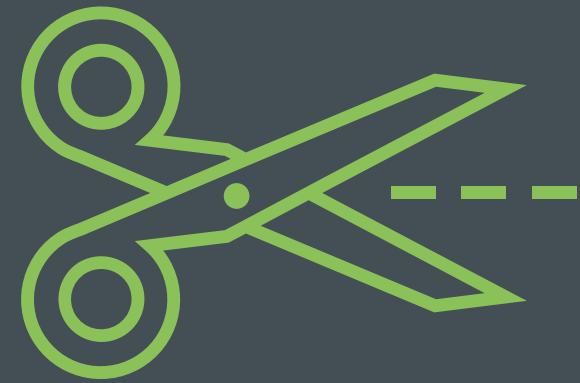
## Federal Supplemental Educational Opportunity Grant

- Ranges between \$100 to \$4,000/year

## TEACH Grant

- \$3,772 max 10/1/22 – 10/1/23

# **The Cheap: Federal Loan Options**



# Federal Direct Loan

Loans made by the federal government to the student

Must be a U.S. citizen or eligible noncitizen of the U.S. *with* a valid Social Security Number

Have a HS diploma, GED, complete homeschooling or pass an approved “ability to benefit” test

Must enroll in an eligible program as a regular student seeking a degree or certificate

Must be making satisfactory academic progress

\*Some exceptions apply

# Subsidized vs. Unsubsidized

## Subsidized

Awarded to eligible students based on financial need

Government pays interest  
While in school

Fixed interest rate of 4.99%\* plus loan fee of 1.057%\*\*

## Unsubsidized

Awarded to all eligible students, not based on need

Student pays interest  
May defer

Fixed interest rate of 4.99%\* plus loan fee of 1.057%\*\*

\*First Disbursement between July 1, 2022 and June 30, 2023

\*\*First Disbursement between October 1, 2020 and September 30, 2023

# Loan Limits

Subsidized	
Freshman	\$3,500
Sophomore	\$4,500
Juniors/Seniors	\$5,500

Unsubsidized	
<b>Dependent Student</b>	
Freshman	\$5,500
Sophomore	\$6,500
Juniors/Seniors	\$7,500
<b>Independent Student</b>	
Freshman	\$9,500
Sophomore	\$10,500
Juniors/Seniors	\$12,500

**The Gap:  
Other Options  
& Private  
Student Loans**



# Options for filling the funding gap

Savings  
Accounts (Including  
529 Plans)

Retirement  
Accounts

Home Equity  
Loans

Tuition  
Payment Plans

Federal Plus  
Loans  
(Complete FAFSA)

Private Loans  
(Completing FAFSA  
Recommended)

# Federal Direct Plus (Parent) Loan

A government administered credit-based loan made to the biological, adoptive, or in some cases a step-parent of a dependent student. *~Loan is not made in the student's name~*

Borrowing limit is the cost of attendance, less any financial aid awarded

Interest rate is fixed at 7.54%\*  
Origination fee typically over 4%\*\*

10-year repayment begins immediately (60 days)

Dependent students whose parent is denied may qualify for additional Federal Direct Loan limits

\*First Disbursement between July 1, 2022 and June 30, 2023

\*\*First Disbursement between October 1, 2021 and September 30, 2023



## Private Student Loans

A financing option for higher education that can supplement but **SHOULD NOT** replace federal direct loans.

Rates vary by institution

Origination fees vary from 0%-3%

5-25 years repayment terms

Require co-borrower meet FICO and debt to income requirements

Option to defer payments while in school



# Student Choice Solution



## Student Choice Solution

A unique and cost-effective student loan solution provided by Sound CU for your educational funding gaps.

Line-of-credit structure

Apply once for an entire undergraduate career

Borrow up to \$40,000

Nearly 2,000 eligible 4-year schools  
\*Title IV eligible

Flexible payment terms

Low Competitive Variable & Fixed Rate Options

Check website for most current rates & details.



## Student Choice Solution

No origination or prepayment fees

0.25% rate discount w/autopay (ACH)

Flexible Repayment Options

Full deferment \*5 years grace + 6-month grace

Co-borrower release

Make payment towards Principal and/or Interest

Can apply despite unknown variables (School opening, amount needed, future transfer)

# Resource, Information, & Application



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**IMPORTANT:** The Biden administration recently announced several measures related to federal student loan repayment and possible debt cancellation. If you have federal student loans, we encourage you to contact your federal student loan servicer to learn more, visit [studentaid.gov](https://studentaid.gov), or read our [blog post](#).

## PAY FOR COLLEGE

Responsibly fill college funding gaps with a private education line of credit.

[Get Started](#)

## LOG IN TO MY ACCOUNT

Finish an application, request funds, or make a payment.

[View Options](#)

[WEBINAR REGISTRATION - FILING THE FAFSA: TOP 5 FAQs](#)

Visit [soundcu.com](https://soundcu.com) or call 844-801-2462 to apply or for additional information

# College Access Counselor



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## College Counselor

**Need help completing your FAFSA, interpreting your award letter, or deciphering financial aid lingo? How about finding the right repayment strategy or refinancing your student loans?**

Our College Counselor can provide personal, one-on-one consultation for all of your financial aid, repayment, and refinancing questions. Whether you're a parent, high school student, or college graduate entering loan repayment, our counselor can walk you through the necessary steps to make smart financial decisions.

Need immediate assistance with your application? [Speak with a representative.](#)

ASK A QUESTION

SCHEDULE AN APPOINTMENT

FREE 1-1 assistance on topics such as:

- FAFSA
- Financial Aid Process
- Federal Student Loans
- Private Student Loans
- Scholarships
- Submit a question or schedule an appointment

# Questions? Contact us!

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[info@soundcu.com](mailto:info@soundcu.com)



[soundcu.com/student-loans](https://soundcu.com/student-loans)



[soundcu.com/scholarships](https://soundcu.com/scholarships)



800.562.8130

# Save the date!

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**Wednesday, October 12, 2022 at 5pm:**

Medicare: Know Your Options





Thank you!