

Paying for College 101:

Understanding Financial Aid Awards & Financing Options

Presented by:
The NHHEAF Network's
Center for College Planning



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Financial Aid Award

- **What is it?**
 - An offer of financial aid, including federal and institutional aid
- **Who gets one?**
 - All students *accepted* to a college who have completed all required financial aid forms and paperwork
- **What do you do with it?**
 - Review award from each college to determine cost of one year
 - Compare awards from all colleges to make your decision

4 Simple Steps...
to Understanding
YOUR
Financial Aid Award



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Step 1: Do you see the word “Grant”?

Grants provide FREE money based on
“financial need”

- Awarded by the Federal Government (**Pell Grant**) or the college itself
- Money that DOES NOT need to be paid back
- Your finances are assessed EACH school year (by filing the FAFSA) to determine eligibility

Step 2: Do you see the word “Scholarship”?

Scholarships provide FREE money based on “merit”

- Awarded by the college itself
- Money that DOES NOT need to be paid back
- Your student will probably need to maintain a pre-determined academic (GPA) standard (or other criteria based on the merit for which it was awarded) in order to ensure eligibility each school year

Step 3: Do you see the words “Work Study”?

This amount DOES NOT come off the tuition bill

- Awarded by the college based on “financial need”
- Students are responsible for searching and applying for these jobs. So, they **ONLY** receive this money **IF** they get a job **AND** work the hours. **THEN** they will **EARN** the money, in the form of a paycheck

Step 4: Do you see the words “Federal Direct Stafford Loan”?

Loans provide money the *student* BORROWS
and PAYS BACK with INTEREST

- In **student’s name with NO co-signer** (*currently at 2.75%*):
 - **Subsidized**: no interest accrues while in school
 - **Unsubsidized**: interest accrues while in school
- No payments while in-school or enrolled at least half-time
- 6-month grace period before starting repayment

Federal Direct Stafford Loan

Annual Loan Limits

Dependent Students	Subsidized and/or Unsubsidized	Additional Unsubsidized	Maximum Amount (per year)
Freshman	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$2,000	\$6,500
Junior	\$5,500	\$2,000	\$7,500
Senior	\$5,500	\$2,000	\$7,500
			\$27,000



See page 17
in the Financial Aid Insider
for more information



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Calculating The *Bottom Line*



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SAMPLE AWARD

Your Financial Aid Award :

Merit Scholarship: \$16,000

Campus Grant: \$1,000

Student Scholarship: \$2,000

Direct Subsidized Loan: \$3,500

Direct Unsubsidized Loan: \$2,000

Work-Study: \$1,000

Total Aid Offered: \$25,500

Tuition and Fees: \$32,140

Room and Board: \$13,026

Total Cost Of Attendance: \$45,166

Start with: Cost of Attendance **\$32,140**

Billable expenses
(Tuition, Fees, R & B) **+ \$13,026**

\$45,166

Subtract: All grants **- \$1,000**

Subtract: All scholarships **- \$16,000**

- \$2,000

Subtract: Federal Student Loans **- \$3,500**

- \$2,000

Bottom Line: **\$20,666**

Total amount family needs to either pay upfront OR finance for ONE year



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Additional Options for Managing Costs

- Savings or 529 College Savings
- Current Cash and Income
- Tuition Payment Plans
- Direct PLUS Loans
(Parent Loan for Undergrad Student)
- Private Loans

Help Manage the Costs:

- Explore schools that are affordable for your family
- Consider applying to be a Resident Assistant (RA) – if hired, you will receive money towards room and board



Consider starting at a NH community college then transfer to a NH 4-year college.
Check out NHTransfer.org or DualNH.com



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Federal/Direct PLUS Loan

Fixed interest rate of 5.30%*

In parent's name for life of loan

10-30 year repayment; payments can be deferred while student is enrolled at least half-time as an undergraduate

4.228% origination fee*

No pre-payment penalty

Will accrue interest while student is in school

Deferment & forbearance options available

Private Student Loan

Variable or fixed interest rate tied to credit score(s) and Prime/LIBOR

In student's name with a credit-worthy co-signer

10-20 year repayment; parents may or may not be deferred while student is enrolled at least half-time as an undergraduate

May have loan origination fee

May or may not have pre-payment penalties

Will accrue interest while student is in school

Limited deferment & forbearance options available

*as of July 2020



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What If We Don't Qualify for Loans?

- If parents do not qualify for a PLUS loan there are two options (you may only choose one of these options):
 1. A parent can get an “endorser” to act as a “co-signer” for the parent
 2. The student can qualify for additional unsubsidized Direct Federal Student Loans
 - \$4,000 per year for first and second years of undergraduate study
 - \$5,000 per year for remaining years of undergraduate study
- If a parent is not a “creditworthy” co-signer for a private student loan, other family or friends may act as a co-signer

Calculating Repayment

	Each YEAR you need to borrow...	Your FOUR year total borrowed will be....	Your MONTHLY payment for 15 years will be...
Scenario One	\$5,000	\$20,000	\$168
Scenario Two	\$10,000	\$40,000	\$336
Scenario Three	\$15,000	\$60,000	\$504
Scenario Four	\$20,000	\$80,000	\$672
Scenario Five	\$25,000	\$100,000	\$840

*Based on Federal Direct PLUS Loan 5.3% interest and 4% origination fee with a 15 year repayment term – Amounts DO NOT INCLUDE the student's Federal Direct Loan amounts.

College is a multi-year investment.
The amount owed needs to be multiplied
by the number of years in college.

General Questions

- Q. Do I have to pay my admission deposit before I return my award?
- Q. When will I receive a bill from the college?
- Q. What can I expect in terms of financial aid in future years?
- Q. Can I borrow for more than the direct cost of school (i.e. books, supplies, computer etc.)?
- Q. Can I negotiate my financial aid award for a better offer?
- Q. If I receive private scholarships, how does that affect my financial aid?

NH Charitable Foundation Scholarship Programs

nhcf.org

Statewide Student Aid Program

Enrolling in 4-year degree program

(April 16th deadline; 5 p.m. prompt)

Average award = \$4,600

Career Aid to Technical Students Program

Enrolling in 2-year degree program

Average award = \$250 - \$5,000



Refer to page 21 in the Financial Aid Insider
for more information



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Questions?

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