

# RESPONSIBLE BORROWING



**KNOW WHAT YOU OWE!**



# Completing FAFSA for Federal Student Loans



- **U.S. Citizens and Permanent Residents are encouraged to complete the FAFSA each year online at [www.fafsa.gov](http://www.fafsa.gov)**
  - Who's already completed the FAFSA? This should be done by March 1<sup>st</sup> for priority consideration
  - If you have not yet completed a FAFSA, it is not too late to borrow loans
- **Students are automatically eligible to borrow Federal Direct Student Loans**
  - You should have seen these included in your Financial Aid Notification Letter along with the rest of your aid

# Two Types of Federal Student Loans



## Subsidized Loan

- Need-based Loan
  - Not all students will qualify for this loan
- **Does NOT accrue interest** while enrolled in at least 6 credit hours
  - The government subsidizes the interest
- Interest Rate = 4.29%
  - This rate is fixed and typically the government releases a new rate each year
- Origination Fee = 1.068%
  - This fee is taken off the top of the loan, therefore the amount that disburses on your bill is going to be a bit less than the amount of the loan listed on your Financial Aid Notification Letter

## Unsubsidized Loan

- NOT a need-based loan
  - Each student will qualify
- This loan **will accrue interest** from the time that the loan disburses (typically a few weeks after the semester begins)
- Interest Rate = 4.29%
  - This rate is fixed and typically the government releases a new rate each year
- Origination Fee = 1.068%
  - This fee is taken off the top of the loan, therefore the amount that disburses on your bill is going to be a bit less than the amount of the loan listed on your Financial Aid Notification Letter

# Federal Loan Required Tasks

## Entrance Counseling

- Complete online at [www.studentloans.gov](http://www.studentloans.gov) using your FSA ID to login
- Online counseling session to overview responsibilities and obligations of borrowing student loans
- Takes 20-30 minutes to complete
- Only needs to be done once – your first time borrowing at Ringling College



## Master Promissory Note (MPN)

- Complete online at [www.studentloans.gov](http://www.studentloans.gov) using your FSA ID to login
- A legal document you must sign electronically promising to repay your loans (as well as all interest and fees) to the US Dept. of Education
- Only needs to be done once – the MPN can be used for up to 10 years
- Takes approx. 30 minutes to complete
- Will need employer info (if applicable) and reference information for two people

# Federal Student Loan Amounts

## Dependent Students

(Under 24 years old and unmarried)

Year	Sub-sidized	Unsub-sidized	Total
1	\$3,500	\$2,000	\$5,500
2	\$4,500	\$2,000	\$6,500
3	\$5,500	\$2,000	\$7,500
4	\$5,500	\$2,000	\$7,500
<i>If borrowing max each year, you will owe a total of:</i>			<b>\$27,000</b>

## Independent Students

(24 years old + and/or married)

Year	Sub-sidized	Unsub-sidized	Total
1	\$3,500	\$6,000	\$9,500
2	\$4,500	\$6,000	\$10,500
3	\$5,500	\$7,000	\$12,500
4	\$5,500	\$7,000	\$12,500
<i>If borrowing max each year, you will owe a total of:</i>			<b>\$45,000</b>

# Student Loan Borrowing Examples



- **Kim is starting her first year, is 18 years old and her Expected Family Contribution (EFC) is \$15,000**
  - She is a dependent student due to her age of 18
  - She does qualify for a Subsidized Loan due to her EFC derived from the FAFSA
- **Kim will receive \$3,500 Subsidized Loan and \$2,000 Unsubsidized Loan**
  - On her Fall Bill, she will see \$1,732 Subsidized (\$1,750 minus the origination fee) and \$990 (\$1,000 minus the origination fee) Unsubsidized Loan
- **Eddie is starting his first year, is 36 years old and his Expected Family Contribution is \$68,000**
  - He is an independent student due to his age of 36
  - He does NOT qualify for the Subsidized Loan due to his EFC being above the Cost of Attendance
- **Eddie will receive \$9,500 Unsubsidized Loan**
  - On his Fall bill, he will see \$4,700 (\$4,750 minus origination fee)

# Student Loan Repayment



- Payments are not due until student graduates or is attending less than 6 credits
- Students are given 6 month grace period after graduation
- All student loans borrowed will be calculated into one payment through one servicer
- Various repayments options available
- Standard repayment term is 10 years

## Repayment Examples:

- **Dependent Student**
  - If borrowing the max of \$27,000 over 4 years, payment will be around \$277/month for 10 years
- **Independent Student**
  - If borrowing the max of \$45,000 over 4 years, payment will be around \$462/month for 10 years

# QUESTIONS?

**Our Office Hours are Monday thru Friday from 8:30am to 4:30pm**

**Feel free to stop in, call, or email us with any questions or concerns!**

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