

# Paying for college responsibly

## Invest in the future with Sallie Mae's 1-2-3 Approach to Paying for College

When you're planning for college, the first question is often which school to choose. But just as important is the question of how you'll pay for it. That's why we've partnered with Sallie Mae® to bring you their 1-2-3 Approach to Paying for College. These three steps can help you make more informed, responsible financial decisions for a big investment in your future.

### **1** Start with money you won't have to pay back. Supplement your college savings and income by maximizing scholarships, grants, and work-study.

Begin by taking stock of college savings that have been put aside in a dedicated college savings account. Include current income that you're earmarking for college. You can also take advantage of tuition payment plans, which let you pay tuition in installments (there may be a fee for the service). Maximize "free" money you will not have to pay back, including scholarships and grants. Then consider work-study.

#### Scholarships

Scholarships are offered by colleges and universities, federal and state governments, religious groups, professional associations, employers, and other companies. You might associate them exclusively with academic or athletic accomplishments, but they can be awarded for a number of criteria such as

- Organization memberships
- Community leadership
- Financial need
- Ethnic, religious, or national background

Apply for scholarships—the earlier, the better, since many have deadlines.



Apply for scholarships every year you plan to attend college—not just for freshman year.

#### Grants and work-study

Grants and work-study are generally federally funded, so be sure to submit the Free Application for Federal Student Aid (FAFSA) to apply for them. The FAFSA is also used to apply for most state loan, grant, and scholarship programs.

- Pell Grants, the largest federal grant program, are based on financial need; unlike a loan, a Pell Grant doesn't need to be paid back.
- Work-study programs are offered by federal and state governments, as well as schools. They offer part-time jobs that let students earn money to help pay education expenses.

## 2 Explore federal student loans. Apply by completing the Free Application for Federal Student Aid.

After you've maximized your free money, consider federal student loans, which are provided by the government. Some examples of federal loans include Direct Subsidized Loans and Direct Unsubsidized Loans: Direct Subsidized Loans are available for students with demonstrated need; and Direct Unsubsidized Loans, are available regardless of family income.

- You can apply for both by filling out and submitting the FAFSA.
- They're issued in the student's name and the student is responsible for paying them back.
- They're eligible for income-driven repayment plans that link monthly payments to income.
- Federal loans may be eligible for loan forgiveness programs, such as the Public Service Loan Forgiveness Program for borrowers who are employed by a public service organization.

## 3 Consider a responsible private student loan. Fill the gap between your available resources and the cost of college.

If you still need additional funds after following steps 1 and 2, consider a private student loan. Private loans differ from federal student loans in several ways:

- They're originated by banks and credit unions.
- They're credit-based: the lender reviews your credit score and history to determine if you qualify. A cosigner—parent, guardian, or other adult—may improve the chances of approval. Some lenders offer a cosigner release option.
- Your interest rate is based on several factors, including your creditworthiness and the loan terms and options that you choose.
- Private student loans may offer different features, terms and options, and benefits that can help reduce your interest rate and/or total loan cost.

### Senior year calendar

#### Summer

- Request admissions information and catalogs from the target schools.
- Start the search for scholarships.
- Combine vacation plans with campus visits.
- Start working on college application essays.
- Begin to gather information for the FAFSA.

#### February/March

- Check the mail for college acceptances and financial aid award letters.
- Discuss special financial situations with the financial aid office.

#### September/October

- Complete college applications.
- Send transcripts to selected schools.
- Submit a CSS (College Scholarship Service)/Financial Aid Profile, if required.
- Ask for letters of recommendation.
- Submit the FAFSA ([fafsa.gov](http://fafsa.gov)) beginning October 1 (new earlier date).

#### April/May

- Review the award letters carefully.
- Decide on a school and send the deposit.
- Review financing options; if a private student loan is needed, borrow responsibly and consider a cosigner.
- If applicable, confirm with your school that you have met the necessary requirements to secure on-campus housing.

#### November/December

- Take SAT or Achievement tests.
- Watch for the Student Aid Report (SAR); review for accuracy.
- Complete scholarship submission forms.

#### June/July/August

- Pay first tuition bill.
- Start packing!
- Attend orientation and register for classes.

#### January

- Fill out and submit additional college or state financial aid forms, if required.
- Stay on top of financial aid deadlines.

### Encouraging responsible borrowing

Sallie Mae has helped more than 34 million Americans pay for college since 1972. We encourage students and families to supplement their savings by exploring grants, scholarships, federal and state student loans, and to consider the anticipated monthly payments on their total student loan debt and their expected future earnings before considering a private education loan.

Federal student loan information was gathered on July 25, 2016 from [Studentaid.ed.gov](http://Studentaid.ed.gov); check that site for the most up-to-date information on federal student loans. Rates, fees, and availability of federal student loans are subject to change by the federal government.

Interest rates, fees, terms, and borrower benefits for private student loans are based on a July 25, 2016 review of national school-certified private loan programs offered by publicly-traded companies or subsidiaries thereof.

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