



Student loans: Who
qualifies, how much and
when

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6/1/2022

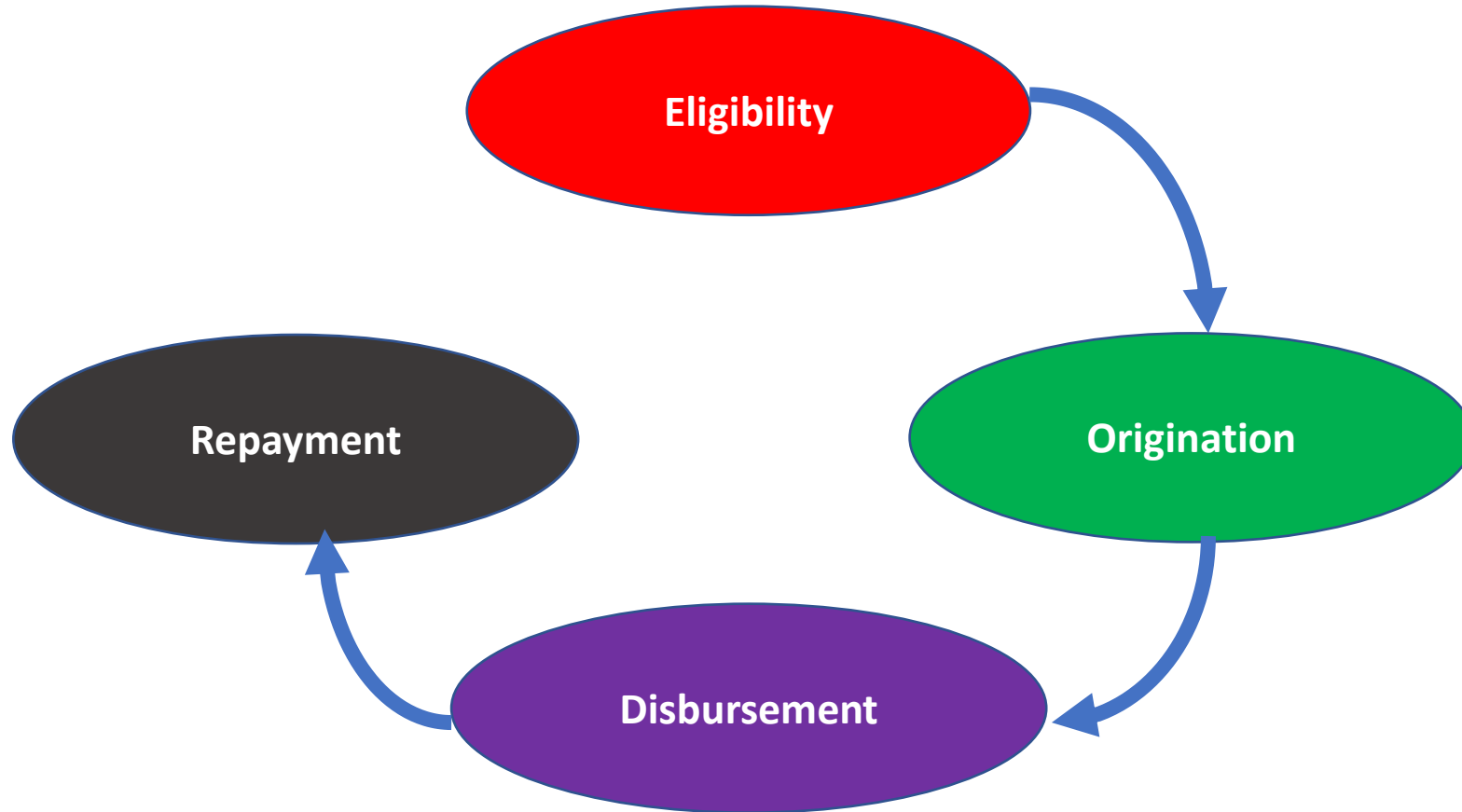
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Agenda

- Loan Lifecycle
- What Must Be Completed To Receive A Loan
- Types of Student Loans
- Who Qualifies
- How Much Do I Qualify For
- Exit Counseling

Life Cycle of a Direct Loan



Life Cycle of a Direct Loan Cont.

- **Eligibility**- determined by combining information and awards from FAFSA other awards and payments.
 - Limited by the Cost of Attendance.
- **Origination**- Direct Loans are transmitted to the Dept. of Ed.
 - Dept. of Ed. may reject the loan if there are any discrepancies.
- **Disbursement**- Funds transmitted from Dept. of Ed. To School on appointed disbursement day.
- **Repayment**- exit counseling should be completed, student should contact lender to discuss repayment options

What Must Be Completed to Receive a Loan

- A completed FAFSA
- Master Promissory Note
 - Valid for ten years as long as you are borrowing loans. Not required annually.
- Entrance Counseling
 - Once on file, entrance counseling has no expiration date. Not required annually.
- Enrolled in an eligible program
- Enrolled in at least 6 credits
- Meeting Satisfactory Academic Progress requirements

Types of Student Loans

- Subsidized
 - Low interest federal loans made to eligible students who demonstrate financial need to help cover the costs of higher education. Interest is paid by the U.S. Department of Education while the student is enrolled at least half-time.
- Unsubsidized
 - Low interest federal loans made to eligible students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan. However, the loan cannot exceed the Cost of Attendance, and the student is responsible for interest payments while in school.
- Plus
 - A loan available to parents of dependent students to help pay for their educational expenses. Parents are required to demonstrate credit worthiness. Parents will begin repaying both the principal and the interest while the student is enrolled in college.
- Private
 - Private loans are almost always unsubsidized, repayment terms vary, choice of repayment options may be available. The student can consult with the servicer for additional terms and conditions.

Types Of Student Loans Cont.

Student loan Interest Rates

Interest Rates for Direct Loans First Disbursed on or After July 1, 2021, and Before July 1, 2022

Loan Type	Borrower Type	Fixed Interest Rate
Direct Subsidized Loans and Direct Unsubsidized Loans	Undergraduate	3.73%
Direct Unsubsidized Loans	Graduate or Professional	5.28%
Direct PLUS Loans	Parents and Graduate or Professional Students	6.28%

Types Of Student Loans Cont.

Student loan Interest Rates

Interest Rates for Direct Loans First Disbursed on or After July 1, 2022, and Before July 1, 2023

Loan Type	Borrower Type	Fixed Interest Rate
Direct Subsidized Loans and Direct Unsubsidized Loans	Undergraduate	4.99%
Direct Unsubsidized Loans	Graduate or Professional	6.54%
Direct PLUS Loans	Parents and Graduate or Professional Students	7.54%

Types Of Student Loans cont.

SUBSIDIZED vs UNSUBSIDIZED

• **SUBSIDIZED LOAN**

- Based on your financial need.
- Only for undergraduate students.
- No interest while you are enrolled at least half-time in school.
- No interest for 6 months after you leave school.
- May not exceed limits.

• **UNSUBSIDIZED LOAN**

- Awarded to all students regardless of income.
- Available for both undergraduate and graduate students.
- Interest begins at time of disbursement.
- May not exceed limits.

Types Of Student Loans Cont.

- **Temporary 0% Interest Extended Through Aug. 31, 2022**
- On April 6, 2022, the U.S. Department of Education (ED) extended COVID-19 emergency relief for student loans through Aug. 31, 2022. The emergency relief includes the following measures for eligible loans:
 - a suspension of loan payments
 - a 0% interest rate
 - stopped collections on defaulted loans

Who Qualifies

- Determine at student's eligibility
 - Everyone qualifies...well, sort of
 - To qualify for a Direct Loan, you must be enrolled at least half-time at an institution that participates in the Direct Loan Program. You must also meet general eligibility requirements for federal student aid programs.
 - Independent and Dependent students
 - Undergraduate and Graduate students
 - Meet all other general requirements which are reviewed by the institution (SAP, eligible program of study, within aggregate limits, etc.)

How Much Do I Qualify For

Year	Dependent Students (except students whose parents are unable to obtain PLUS Loans)	Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans)
First-Year Undergraduate Annual Loan Limit	\$5,500—No more than \$3,500 of this amount may be in subsidized loans.	\$9,500—No more than \$3,500 of this amount may be in subsidized loans.
Second-Year Undergraduate Annual Loan Limit	\$6,500—No more than \$4,500 of this amount may be in subsidized loans.	\$10,500—No more than \$4,500 of this amount may be in subsidized loans.
Third-Year and Beyond Undergraduate Annual Loan Limit	\$7,500—No more than \$5,500 of this amount may be in subsidized loans.	\$12,500—No more than \$5,500 of this amount may be in subsidized loans.
Graduate or Professional Students Annual Loan Limit	Not Applicable (all graduate and professional students are considered independent)	\$20,500 (unsubsidized only)
Subsidized and Unsubsidized Aggregate Loan Limit	\$31,000—No more than \$23,000 of this amount may be in subsidized loans.	\$57,500 for undergraduates—No more than \$23,000 of this amount may be in subsidized loans. \$138,500 for graduate or professional students—

How Much Do I Qualify For Cont.

Aggregate Limits for Sub/Unsub Loans	<i>Subsidized</i>	<i>Total (subsidized & unsubsidized)</i>
Dependent undergraduates (excluding those whose parents can't borrow PLUS)	\$ 23,000	\$31,000
Independent undergrads & dependent students whose parents can't get PLUS.....	\$ 23,000	\$ 57,500
Graduate & Professional students.....	\$ 65,500**	\$ 138,500*

How Much Do I Qualify For Cont.

- Are there any fees for federal student loans?
 - Most federal student loans have loan fees that are a percentage of the total loan amount. The loan fee is deducted proportionately from each loan disbursement the student will receive while enrolled in school. This means the money the student receives will be less than the amount they actually borrow. The student is responsible for repaying the entire amount they borrowed and not just the amount they received.
- What are the loan processing fees?
 - 1.057% for direct subsidized and unsubsidized loans 10/1/20-10/1/22
 - 4.228% for direct plus loans 10/1/20-10/1/22

How Much Do I Qualify for Cont.

- Special Case Scenarios
 - Parent Refusal- Unsubsidized funding only, refer to your financial aid office for specific instructions. Each student has their own unique situation and additional information may be needed.
 - Plus Loan Denial- When the parent of a dependent undergraduate student is denied a PLUS loan, the borrower limit is increased.

How Much Do I Qualify for Cont.

- Federal regulations require that when an undergraduate student is enrolled in a program that is one academic year or more in length, but is in a remaining period of study that is shorter than a full academic year, their Federal Direct Loan amount must be prorated.

Number of credit hours enrolled	X Annual Direct loan limit
Number of credit hours in the academic year = 24	

Exit Counseling

- Exit counseling is a loan counseling session that provides loan repayment, grace period, billing options information, and collects updated borrower information. The online exit counseling session provides the borrower with the rights and responsibilities as a federal loan recipient.
- Who is required to complete Exit Counseling:
 - All students with federal educational loan debt who are graduating
 - Enrolled in less than 6 credits
 - except for summer periods of nonenrollment, exit counseling is required each time a student drops below half time if there is more than a 30-day break in at least half-time enrollment.
 - Transferring
 - Students who withdraw from the institution

Did you know?

- A student may receive the entire annual loan limit for subsidized or unsubsidized loans during a single term.
- Unlike the Federal Pell Grant there is no regulation that prohibits a student from receiving Direct Loans from two schools at the same time (concurrent enrollment).
- Entrance counseling completed at a different institution can be used to satisfy the requirement at your institution.

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Questions?

