

Paying for grad school



DATE

Your Presenters:



Laura Dickerson is the Director of Business Development at Sallie Mae in the state of Florida. She has worked for Sallie Mae for over 30 years with colleges, universities, and high schools, and in the financial aid industry for more than 30 years. Laura works specifically colleges and universities to share responsible borrowing initiatives, as well as, paying for college resources. She is a member of several financial aid and high school driven organizations and has presented on topics that cover financial literacy, repayment strategies, and healthy credit. Laura resides in Tampa, Florida with her husband and two daughters.



Egan currently serves as the Global Head of Compliance and Institutional Effectiveness for Schiller International University. In his role he is based out of the institution's Tampa, Florida location and is also responsible for his areas of operation at the school's 3 campuses in Europe. With oversight of the Financial Aid functions, Egan also manages the institution's compliance and institutional effectiveness plans as well as its accreditation.

Egan has 20 years of experience in financial aid and prior to being appointed to his current role, he has held various other positions such as financial aid planner, business office representative, regulatory affairs analyst, financial aid manager, financial aid director, and Vice President of Financial Aid. In addition to his professional experience, he has served on the FASFAA Board the past two years, currently as the Federal and State Legislative Chair and previously as the Global Issues Chair.

What you'll learn

- Tools and Resources to help students
- Scholarships
- Understanding financing options
- Managing debt while in school
- Credit Management
- Budgeting tips
- Resources

Resources to Consider

Graduate
Fellowships

Graduate
Assistantships

Tuition
Reimbursement
programs

Fellowships and assistantships

Graduate assistantships – typically funded by the college or university

- Teaching assistantships
- Research assistantships
- May provide tuition waivers and/or cash compensation. Some include other benefits such as insurance

Graduate fellowships – may be university-awarded, federally funded, or may be offered by independent organizations

- Typically provide a stipend

Tuition reimbursement programs

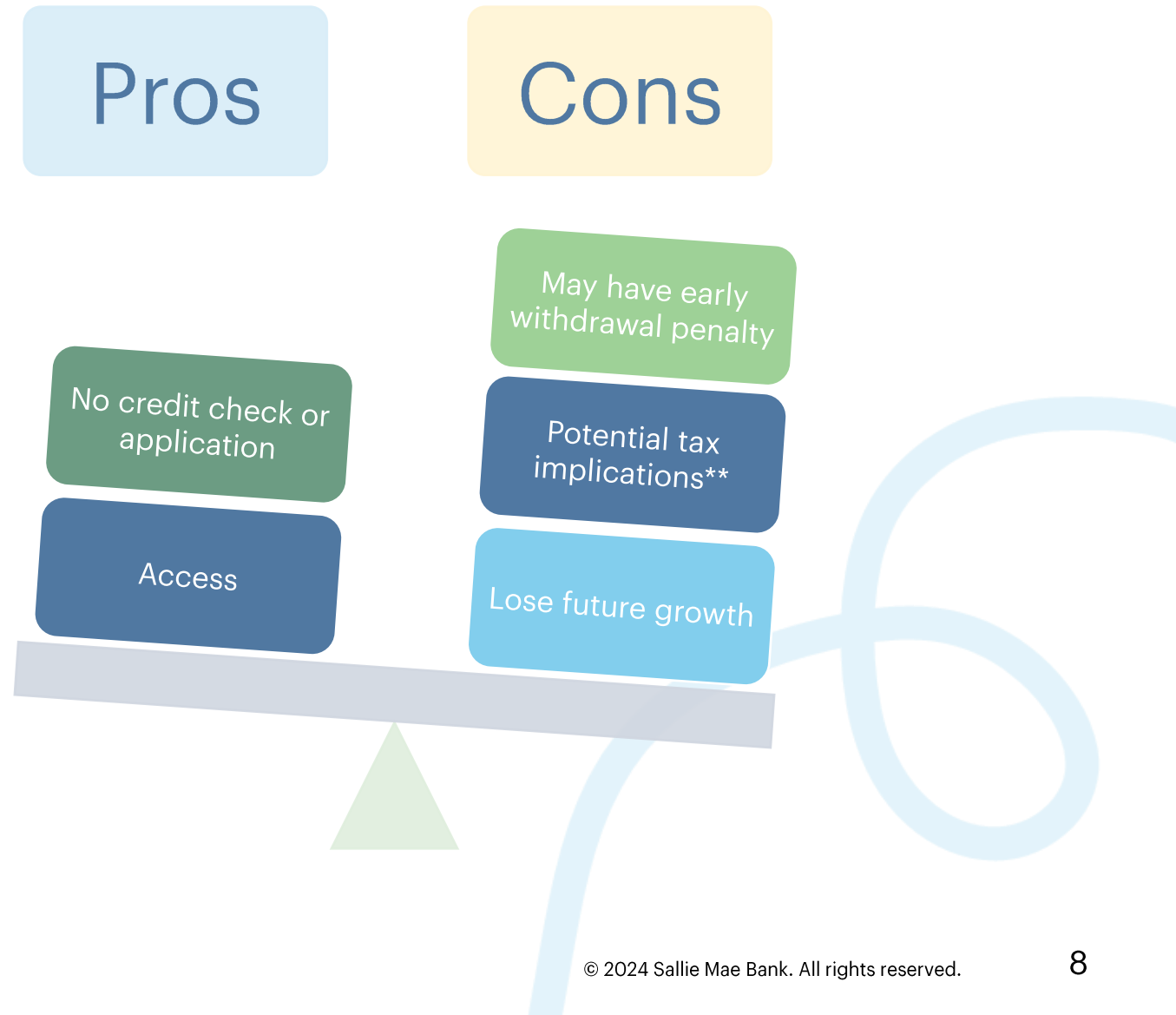
Some employers offer tuition benefits or tuition reimbursement programs so be sure to check to see if this benefit is available

Commonly used gap financing tools

- 401(k) plans
- Long-term investments
- Home equity loans/lines of credit
- Credit cards
- Federal PLUS Loans
- Private student loans

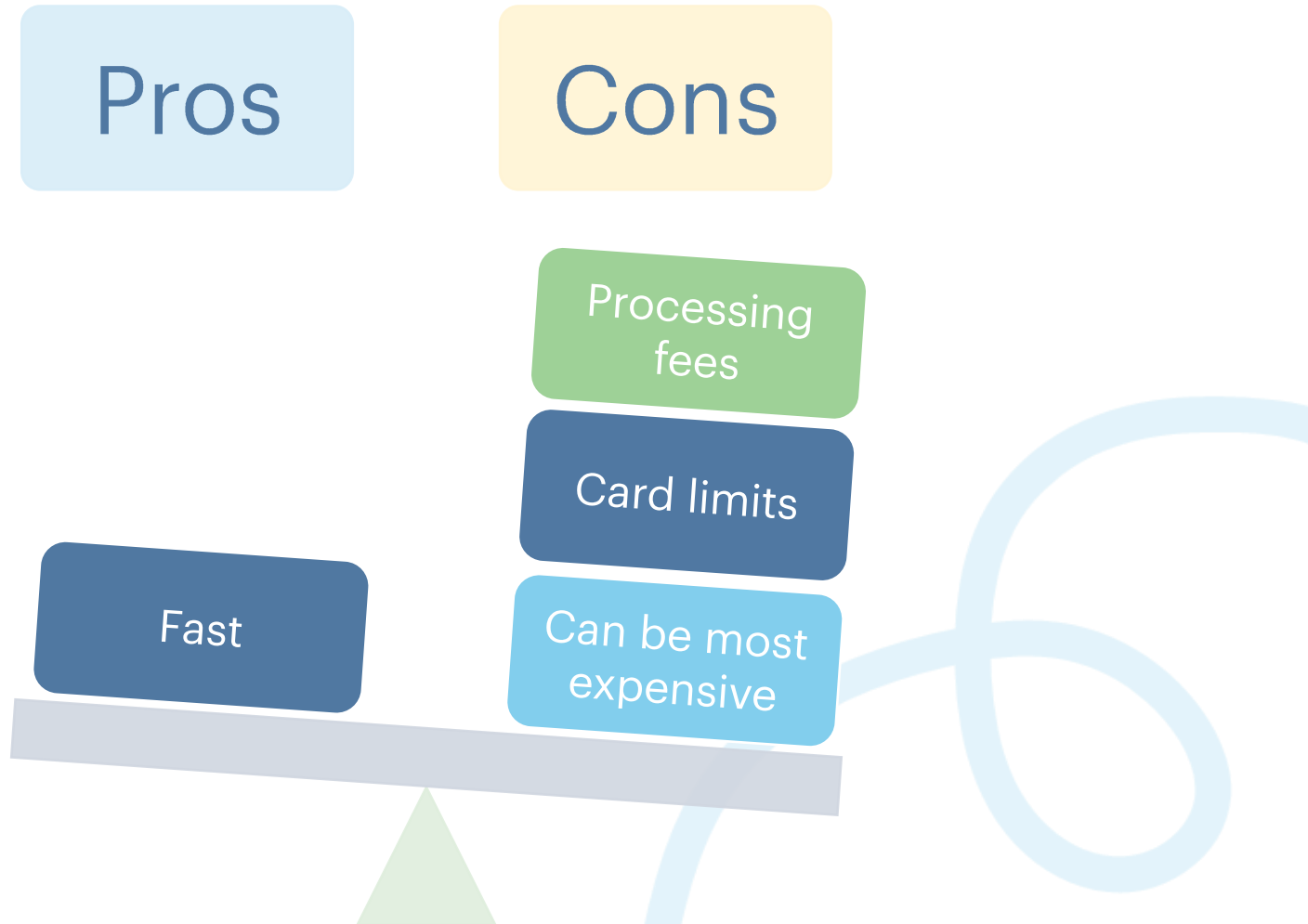
401(k) plans

Risky BUT you can still dip into retirement funds to help pay for college



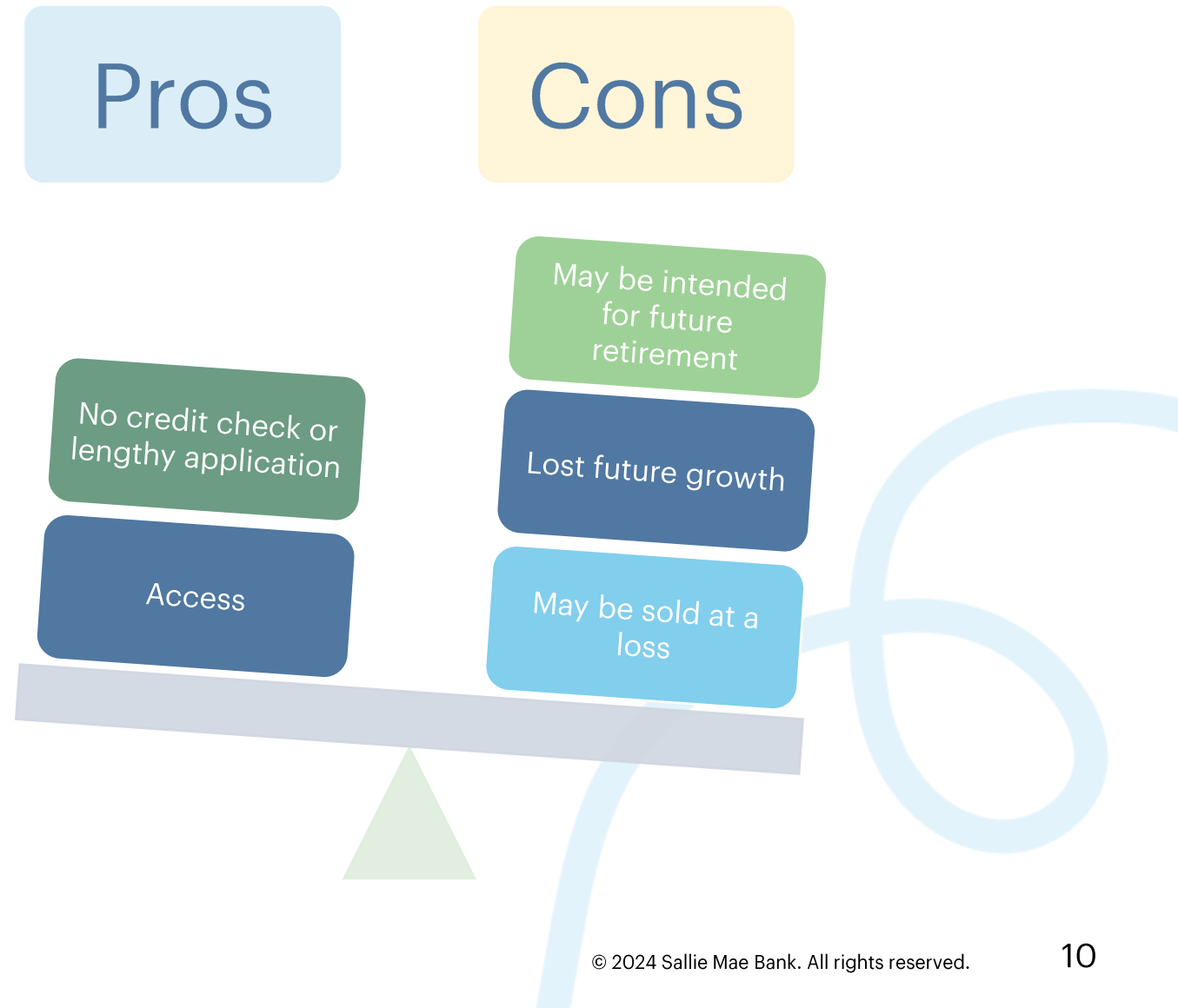
**Consult a tax advisor

Credit cards

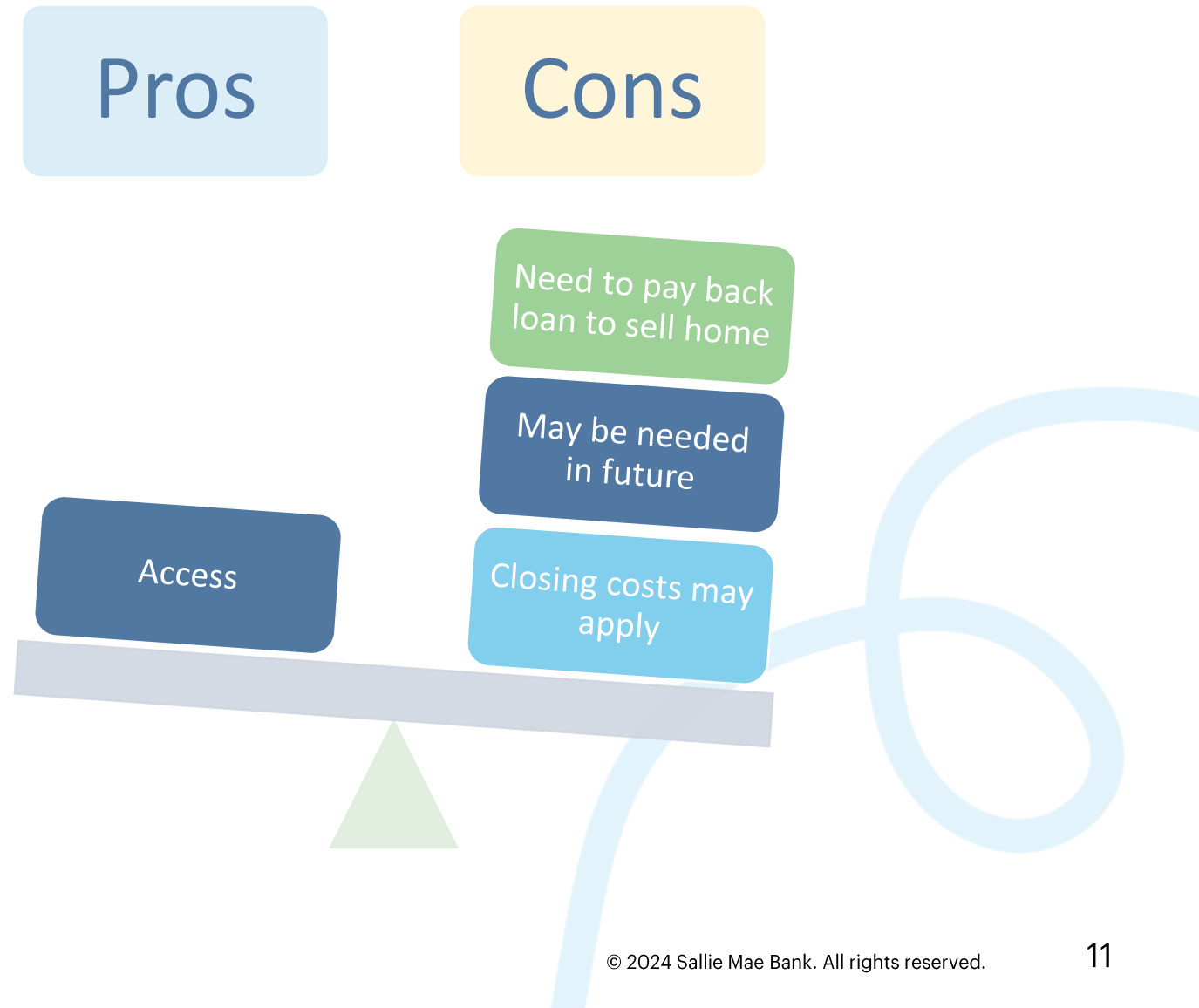


Long term investments

Funds can be pulled out of investments such as mutual funds, stocks, bonds to pay for college without borrowing



Home equity loans or lines of credit



Private student loans

Pros

Student and cosigner are equally responsible for the loan

Most lenders offer no origination or disbursement fee

May help build credit

Cons

Deferred payments may result in interest capitalization

Terms and costs vary by lender

YOU
DESERVE
allllll
THE FREE \$\$\$

Scholarships – the what, when, and how

What are scholarships?

- Free money that does not have to be paid back

When to apply for scholarships?

- Based on deadline dates
- Typically, in your junior or senior year
- Every year in your program

How to apply for scholarships?

- Requirements and deadline dates vary
- May require essays, creative entry, online application, etc.

Scholarships

Scholarships are typically merit-based and awarded for a variety of reasons including:

- ✓ Academic achievement
- ✓ Financial need
- ✓ Community involvement
- ✓ Organizational membership
- ✓ Sports
- ✓ Talent or skill
- ✓ Leadership/school activities
- ✓ Ethnicity
- ✓ Religious affiliation
- ✓ Parent affiliation with work, club, or activity

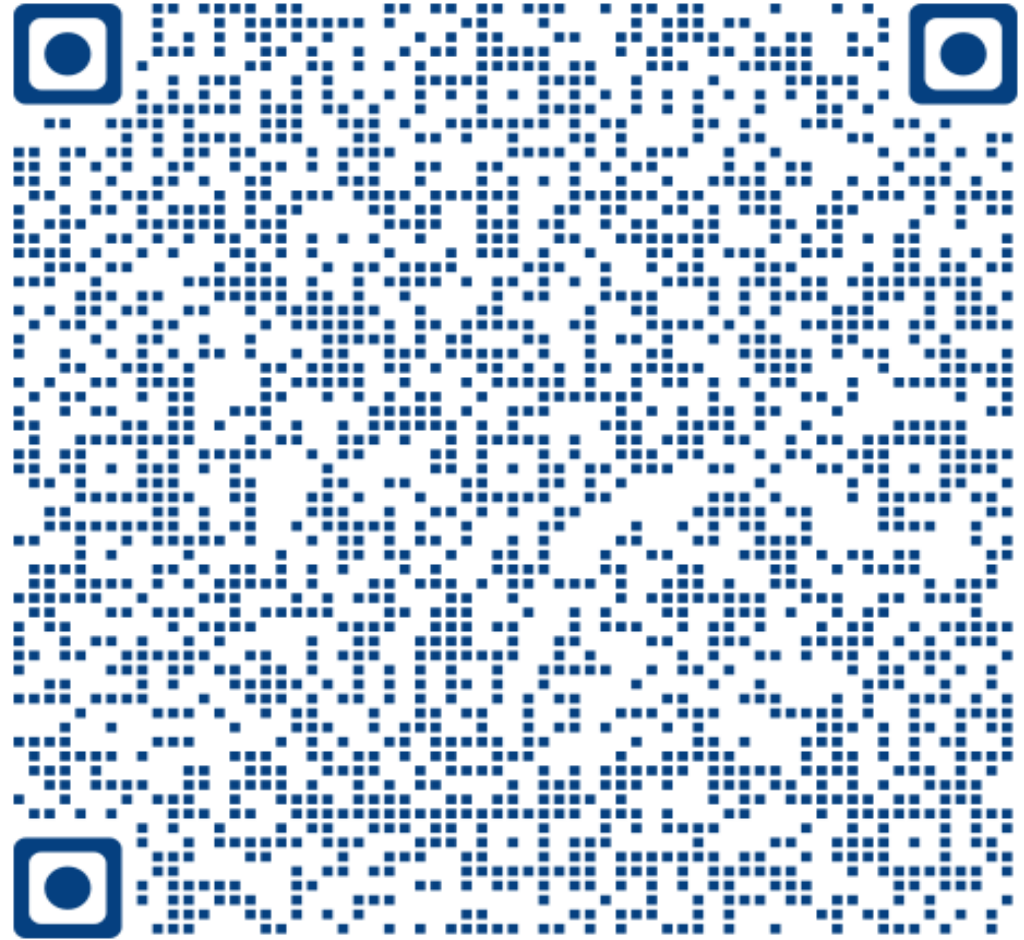
Scholarships do not require repayment and are typically awarded on an annual basis.

Scholarship resources

There are many resources for scholarships:

- Local or community-based scholarships
- Federal and state agencies
- College-specific scholarships offered by the colleges your students are interested in attending
- Religious organizations
- Employers
- Libraries
- Private organizations or major companies
- Online search engines that aggregate scholarship offerings and allow users to be matched to scholarships based on a personal profile

YOU
DESERVE
all
THE FREE \$\$\$



[Graduate School Scholarships | Sallie Mae](#)

Key things to consider when shopping for education loans

How much should I borrow?

- Consider your financial situation
- Consider expected starting salary and debt load

Type of interest rate?

- Fixed interest rates – stability but often more expensive
- Variable interest rates can be less expensive, especially in the short-term, but they could cost more in a rising rate environment

Benefit programs offered?

- Rewards certain activities such as paying via ACH or paying on-time

Other features

- Repayment term
- Fees (if any)
- Cosigner release
- Death and disability waivers

Key terms for relative costs

How much should I borrow?

Origination fee



- An origination fee is an upfront fee charged by the lending agency that you pay out of the amount borrowed. This covers the cost of processing the loan.

Interest rate



- The rate charged to borrow the money
- The higher the interest rate, the higher the total loan cost

Interest capitalization



- Interest capitalization occurs when unpaid interest is added to the principal amount of a loan, increasing the principal amount outstanding

Repayment incentives



- Interest rate reductions
- Credits to loan balance
- Some benefits and repayment incentives impose eligibility requirements

Weighing repayment options on private graduate student loans

Repayment options will vary depending on the loan program and lender

In school payments may:

- Help build credit if a borrower is making scheduled monthly payments on time
- Reduce capitalized interest (this is the unpaid interest added to a loan's principal amount)
- Lower the total loan cost

Deferred payments may:

- Allow for more flexibility while in school
- Increase the total loan cost due to capitalized interest and as illustrated below, some lenders may offer a higher interest rate for deferred repayment

<u>In-School Repayment Option</u>	<u>APR</u>	<u>In-School Monthly Payment</u>	<u>Post-School Payment</u>	<u>Post School Payment Terms (months)</u>	<u>Total Amount Paid</u>
Example assumes a \$10,000 loan to a first-year graduate borrower					
Deferred Repayment Option	14.42%	\$0	\$184.54	179	\$32,960.50
Interest Repayment Option	14.48%	\$120.83	\$137.34	179	\$27,557.54

Net disbursement example

- If the lender changes an origination fee, the percentage of that fee will be deducted from the loan proceeds prior to sending them to the college.
- The borrower is responsible for repaying the total amount borrowed

	Federal Parent/Graduate PLUS Loan	Private Loan
Loan Amount	\$10,000.00	\$10,000.00
Origination Fee	-\$422.80	-\$0.00
Net Disbursement	\$9,577.20	\$10,000.00

The value of co-signers

Cosigners can help you get approved if you are weak in any of the underwriting scorecard areas and can't get approved on your own.

A strong cosigner can potentially help you get a better rate.

We offer the industry's shortest cosigner release qualification period—borrowers can apply to release their cosigner from the loan after they graduate, make 12 on-time principal and interest payments, and meet certain credit requirements.

Cosigners can help in later years if you got approved on your own initially but later something changes in your credit profile or your debt starts to get very high. Even if you qualify initially on your own, you may want to have a co-signer “in your back pocket” in case you need one to complete your program.



Managing your existing loans while in grad school

Finding your federal and private student loans



Federal student loans

- Federal Student Aid website
[Studentaid.gov](https://studentaid.gov)



Private student loans

- Reported to the consumer reporting agencies
www.annualcreditreport.com

Understanding grace periods

Grace Period - is the period of time after a borrower graduates, leaves school or does not meet the necessary enrollment requirements before monthly payment of principal and interest begins

- Payments may not be required during this period
- No application required
- Loan specific, varies according to loan
 - Direct Subsidized and Unsubsidized loans have a six-month grace period
 - Private and Institutional loans: check your promissory note

Unsubsidized federal loans and Grad PLUS Loans continue to accrue interest during the grace period

- Taking advantage of a grace period does not adversely impact credit

Understand your federal loan

deferment and forbearance options

Federal loans offer several repayment options as well as deferment and forbearance options.

- Check out studentaid.gov for details
 - Take advantage of the Loan Simulator to review repayment strategies
- Contact [your loan servicer](#) to apply for deferment or forbearance
 - Remember to complete the necessary forms and return promptly to your servicer
 - Stay in the know
 - Sign up for electronic communications

Private loan repayment

- Unsubsidized for the life of the loan
- Repayment term varies by lender
- Generally, have a grace period prior to the time the student borrower is required to make principal and interest payments
- Residency and internship deferments may be available
- Forbearance and/or deferment may be available
 - Contact your loan servicer for details



Tip

Refer to your promissory note and/or servicer to determine your available options

Conclusion

While there is no “one-size-fits all” solution, make sure to:

- Find free money that doesn't have to be paid back
- Explore all options
- Fill any remaining gap with a private education loan

Borrow responsibly

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

Sallie Mae does not provide, and these materials are not meant to convey, financial, tax, or legal advice. Consult your own attorney, tax advisor, or financial advisor about your specific circumstances.

External links and third-party references are provided for informational purposes only. Sallie Mae cannot guarantee the accuracy of the information provided by any third parties, and Sallie Mae assumes no responsibility for any errors or omissions contained therein. Any copyrights, trademarks, and/or service marks used in these materials are the property of their respective owners.

Interest rates, fees, terms, and borrower benefits based on a January 18, 2024 review of national private loan programs offered by Sallie Mae and its publicly-traded competitors. Variable rates may increase over the life of the loan.

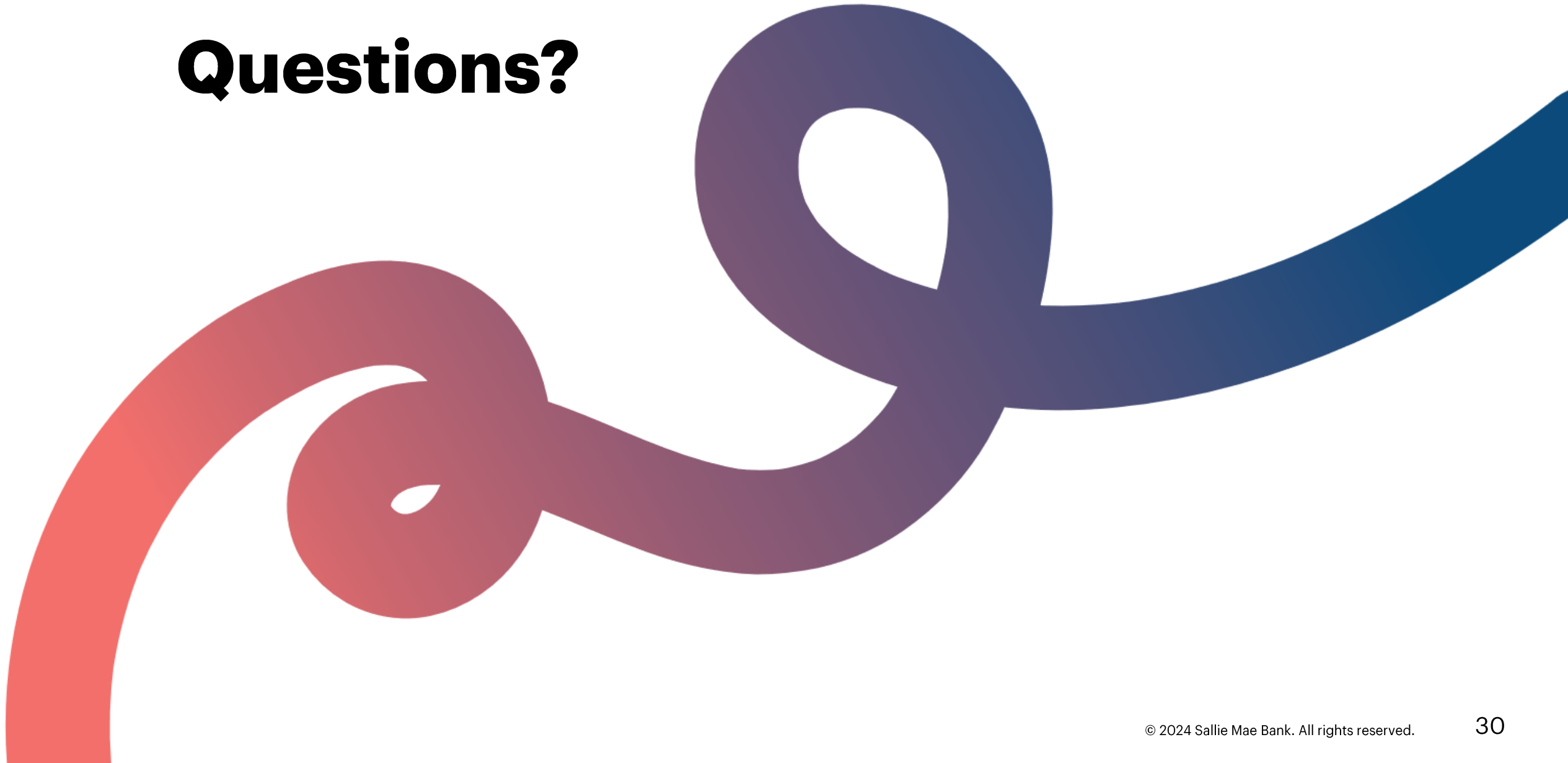
Federal loan rate and fee information is provided by Federal Student Aid, an Office of the U.S. Department of Education.

FAFSA is a registered service mark of U.S. Department of Education, Federal Student Aid

SLM Corporation and its subsidiaries, including Sallie Mae Bank, are not sponsored by or agencies of the United States of America.

©2024 Sallie Mae Bank. All rights reserved. W345523 0224

Questions?



Sallie Mae Medical Loan Features –

Covers up to 100% of your graduate school costs. No annual or aggregate limits.

No origination or pre-payment penalty fees.

Choose a fixed or variable rate.

We offer three in-school repayment options so you can choose to make in-school payments or defer until after school. You choose what best fits your financial and professional goals.

- Deferred repayment option (no payments while in school and grace period)
- Fixed repayment option (\$25 monthly while in school and grace period)
- Interest only option (interest only while in school and grace period)

.25 percentage point interest rate reduction when enrolled in and make monthly payments through automatic debit

.50 percentage point interest rate reduction when you choose the interest repayment option vs. deferred repayment option

Graduate students are nearly four times more likely than undergrads to be approved on your own, but finding a parent or other creditworthy individual to cosign the loan may increase your chance of getting a loan approved or may help you get a lower interest rate.

Sallie Mae Features

- 36 month grace period—for loans in good standing, unpaid interest doesn't capitalize (get added to the principal amount) until the end of the grace period
- 15-year repayment term, with no prepayment penalty
- With our Graduated Repayment period, qualifying students can elect to make 12 monthly interest only payments upon entering repayment – Now with an 18-month enrollment window
- 48 months of residency and fellowship deferment (you will get the same in-school repayment plan you initially selected).

For all loans, please refer to your promissory note and disclosure statement for specific details or contact Sallie Mae

SESSION DESCRIPTION:

This session highlights the differences between the Federal Grad PLUS Loan and private student loan programs. The focus of this presentation will be on encouraging responsible borrowing and helping students find the right solutions to help pay for their education.

OR

Applying for grad school? Wondering how you'll pay for your graduate school experience? Join us for a discussion on tools and resources to help you make your plan.