

FADES PROGRAM @ YORK COLLEGE

FINANCIAL AWARENESS AND DEBT MANAGEMENT EDUCATION for STUDENTS

**ENTRANCE COUNSELING and FINANCIAL
LITERACY**

Presented By Brenda Byfield
Senior Financial Aid Counselor & Default Manager

STEPS & OVERVIEW

- FAFSA *[Priority Deadline March 1st and May 1st]
- REGISTER FOR [6 CREDITS MIN]
- COMPLETE ENTRANCE COUNSELING QUIZ
- SUBMIT ENTRANCE COUNSELING CONGRATULATIONS PAGE & DIRECT LOAN REQUEST FORM TO FINANCIAL AID –via-CUNYFIRST
- You will be notified by mail within 3-6 weeks of the status of your loan request. If your loan is approved, at that time, you will sign your electronic Master Promissory Note (MPN) at studentaid.gov. Before a loan is disbursed, **you will have the opportunity to reject or adjust the type or amount of your loan(s)**
- SIGN MASTER PROMISSORY NOTE

[STUDENTAID.GOV](https://studentaid.gov)

Entrance Counseling

- Student loans are available to help defray the cost of higher educational expenses therefore it is important to borrower only what you need.
- **A loan is not a grant and it must be repaid with interest.**
- Only under special conditions will a federal loan be cancelled. Regardless, if you change your identity, decide you didn't like the education you received at your college, have a hard time securing employment in your field of study or didn't like your college, you are still obligated to pay back your student loans.
- It is very important to borrow responsibly.
- Don't let your investment become your burden.

What is Financial Aid Need

- Your remaining financial need will determine your loan eligibility

- Subsidized - vs - Unsubsidized

- Definition of Financial Need

Cost of Attendance (**COA**)

- Student Aid Index (**SAI**)
- Financial Aid (*Grants/ Loans/ Scholarships*)



= Unmet Need (**Financial Need**)

Entrance Counseling-

SUBSIDIZED -vs- UNSUBSIDIZED



	Subsidized Loan	Unsubsidized Loan
Based on financial need	X	Not based on financial need
Interest free during certain eligible periods	Interest free-during enrollment, and deferments only (Interest accrues during grace period)	You are responsible for paying the interest that accrues during all periods
Made to undergraduate, graduate and professional degree students	Undergraduates Only	All Students
Must be enrolled for at least 6 credits in a degree or certificate program	X	X
Credit based	N/A	N/A
You must maintain a 2.0 G.P.A. for continued eligibility	Must Meet Federal SAP	Must Meet Federal SAP
Fixed interest rate, fees and grace periods	3.86% Fixed Interest Rate 1.051% Origination fee 6 Months grace	3.86% Fixed Interest Rate 1.051% Origination fee 6 Months grace

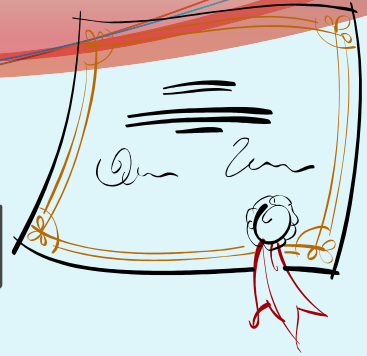
Maximum Annual Direct Loan Limits



Enrollment Status	Dependent Undergraduate Student	Independent Undergraduate Student	Graduate/Professional Student
Freshman (0-29 semester hours)	\$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.	\$20,500 – Unsubsidized loans only.
Sophomore (30-59 semester hours)	\$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.	\$20,500 – Unsubsidized loans only.
Junior/Senior (60 or more hours)	\$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.	\$20,500 – Unsubsidized loans only.
Maximum Total Debt from Subsidized/ Unsubsidized Loans When You Graduate	\$31,000 -- No more than \$23,000 of this amount may be in subsidized loans.	\$57,500 -- No more than \$23,000 of this amount may be in subsidized loans.	\$138,500 -- No more than \$23,000 of this amount may be in subsidized loans. The graduate debt limit includes loans received for undergraduate study.

- Undergraduate annual loan limits are subject to prorating if your program of study or final period of enrollment is less than an academic year in length.
- You may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called “Maximum Eligibility Period” (150% of 4 years = 6 years)
- If you do not have financial need (**Cost of Attendance – Student Aid Index = Financial Need**) for a subsidized Federal Stafford loan or have reached the aggregate limit in subsidized Federal Stafford loans, you may receive up to this entire amount in unsubsidized Federal Stafford loans [assuming you have remaining eligibility for the loan(s)].

Entrance Counseling- MPN



Master Promissory Note (MPN)

- **What is the Master Promissory Note?** Before you can receive the loan funds, you must sign a Master Promissory Note (MPN). **The MPN is a binding legal document that you sign to indicate that you agree to repay your student loans.** It must be signed by you before loan funds are disbursed by the Federal Government. It lists the conditions under which you are borrowing and the terms for the repayment of your loan. It is important that you thoroughly read and save this document for when you begin repaying your loan. The MPN is designed to be used as a multi-year note.
- **Disbursing of loan(s)?**
 - All loans are disbursed (paid out) in two equal payments; one disbursement for each semester. Once your attendance has been verified, your Direct Loan will disburse in accordance with the Payroll Calendar. If you request a semester only loan, your loan will also disburse in two equal payments for the semester.
 - If you wish to modify your original request you must submit a request in writing or complete an Increase, Reduction and Cancellation Request Form.

Entrance Counseling – RIGHTS & RESPONSIBILITY

- **Borrowers Rights and Responsibilities**

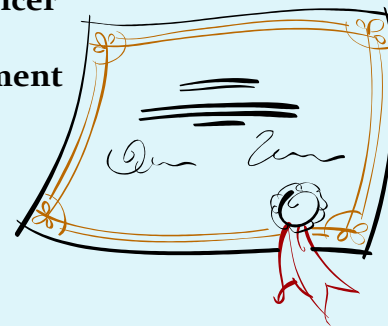
RESPONSIBILITIES

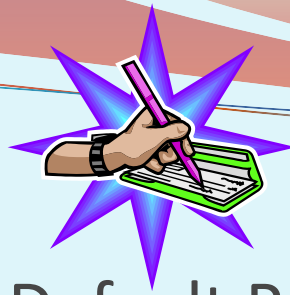
- Borrow only what you need.
- **Notify your school with changes in your attendance status.**
- **Notify your loan servicer to update your records**
- **If you call a loan servicer**, make a note of the date and the person with whom you spoke with.
- Complete exit counseling before leaving school or dropping below halftime enrollment
- **Keep the most recent name and address of your the loan servicer.**
- **Repay your federal loans according to the terms and conditions of your loan.**



RIGHTS

- **Receive a written disclosure statement**
- **Receive an explanation of default and its consequences.**
- **Receive, before repayment**, information on interest rates, fees, the balance owed on your loan(s), and a loan repayment schedule.
- **Receive, when you pay a loan in full, the original or true and exact copy of the note**
- **Receive notification of the name, address, and telephone number of your new lender/loan servicer**
- **Request a deferment**





Financial Literacy- Default Prevention Tips

Repaying Your Loan

- **Complete Exit Counseling.** Federal regulations require that you complete an Exit Interview when you graduate, drop below half-time enrollment (**6 credits or 6 equated credits**), take a leave of absence, withdraw from or transfer to another school.
- **Establish a budget and stick to it.** Having a consistent budget is the best way to be in control of your finances and make sure your money is going toward the expenses that matter most to you. Student loan payments are apart of your monthly bill obligations so when creating a budget don't forget to include it.



- **Make use of your grace period.** During this time you should get your finances in order. Calculate your current budget and add in your monthly student loan payments. Also you can use this time, if financially able, to start repaying your loans down. Doing this will reduce the amount of interest you pay on your student loans over time. Repayment calculators available at: studentaid.gov
- **Setting up automatic monthly payments saves time and money.** Payments will be deducted from your bank account each month as long as funds are available.
- **Contact your loan servicer immediately for assistance.** Do not wait until you have a missed payment. **You still have options while your loan is in good standing.**



Repayment Plans – Options for Repaying Your Loans

- **STANDARD REPAYMENT SCHEDULE:**

With the standard plan, you'll pay a fixed amount each month until your loans are paid in full, exclusive of deferment and forbearance periods, from the date the loan(s) enter repayment not to exceed 10 years.

- **GRADUATED REPAYMENT SCHEDULE:**

Under this plan your loans will be paid over a fixed period of time. Graduated payments start low and increase every two years not to exceed 10 years.

- **EXTENDED REPAYMENT SCHEDULE:**

- **FIXED OPTION:** Fixed payments are the same amount each month, as with the standard plan.
- **GRADUATED OPTION:** graduated payments start low and increase every two years.

- **INCOME – BASED REPAYMENT SCHEDULE:** Your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually and your repayment period may exceed 10 years. After a specific period of time you may qualify for cancellation of any outstanding balance on your loans.

- **INCOME – CONTINGENT REPAYMENT SCHEDULE:** Each year, your monthly payments will be calculated on the basis of your adjusted gross income (AGI, plus your spouse's income if you're married), family size, and the total amount of your Direct Loans. Borrowers have 25 years to repay under this plan, the unpaid portion will be forgiven. However, you may have to pay income tax on the amount that is forgiven.



Financial Literacy- Direct Loans

Deferments & Forbearances

- **Deferment is a postponement of payment on a loan, during which interest does not accrue if the loan is subsidized.** Types of deferments include: at least half-time enrollment at an eligible school, unemployment, serving on active duty or performing qualifying National guard duty during a war/military operation/or national emergency, and economic hardship.
- The Federal Government will pay the accrued interest on your Subsidized Direct Loan during deferment. You are responsible for the interest on Unsubsidized Direct Loans and on Grad PLUS Direct Loans.
- **Forbearance allows you to temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments.** You may request a forbearance if you are willing but unable to make your payments. You may also request a forbearance to reduce your payment amount for a short period of time. You are responsible for the interest that accrues on your loan(s) during the forbearance period. You may choose to pay the interest as it accrues or allow it to capitalize.



Deferments and Forbearances are not automatic. If you are eligible for a deferment or forbearance, it is your responsibility to complete the appropriate forms and submit them on a timely basis.

Financial Literacy- Direct Loans

Cancellations & Loan Forgiveness

- **Loan Discharge / Forgiveness / Repayment** There are a few situations in which your loan(s) may be repaid or discharged and your repayment obligation cancelled. Your Federal student loan(s) may be repaid, discharged or forgiven, in whole or part, if:



You are **totally and permanently disabled**. Your loan may be discharged if you are determined to be totally and permanently disabled and you meet certain other requirements.

- You are **unable to complete your program** of study due to the closing of your school.
- Your **school falsely certified your loan eligibility**, due to an unauthorized or forged signature on documents for loan funds from which you did not benefit, disqualifying status or your ability to benefit, or if your school failed to refund required loan funds to your lender on your behalf.
- Your **loan was falsely certified** as a result of the crime of identity theft.



- Your **loan is discharged in bankruptcy**. (Available under limited circumstances)

You are eligible for the **Teacher Loan forgiveness Program** or **Service in Areas of National Need Loan Forgiveness Program**.

- You are eligible for the **Civil Legal Assistance Attorney Loan Repayment Program**.

- You are eligible for loan forgiveness under **Income-Based Repayment**.



- You are **employed in a public service job** and consolidate your Federal Family Education Loan Program (FFELP) loans into a Direct Consolidation Loan and participate in the Loan Forgiveness Program for Public Service Employees.

- You are **deceased**. Your loan will be canceled if a family member or other representative provides acceptable documentation of your death.

- **Cancellations are not automatic.** If you are eligible for a cancellation, it is your responsibility to complete the appropriate forms and submit them on a timely basis.

studentaid.gov

Financial Literacy

Delinquency & Default



- **Delinquency & Default** | If you fail to make loan payments when due, your loan becomes delinquent. Delinquent loans can adversely affect your credit rating. In addition, failure to pay all or part of an installment payment when due can result in the addition of late charges.
- **If a loan is delinquent for 270 days, it will be declared in default.** If you default, the entire unpaid balance and any accrued collection fees on the applicable loans will become immediately due and payable.

studentaid.gov

Financial Literacy – Direct Loans



Default

- The consequences of default may include any or all of the following:
 - Adverse credit reports resulting in damage to your credit rating.
 - Garnishment of your wages.
 - Withholding of your federal and state income tax refunds.
 - Litigation which is legal action against you.
 - Federal debt collection procedures against you.
 - Collection charges (including attorney fees) being assessed against you.
 - Loss of deferment entitlements.
 - Loss of your professional license.
 - An increase in the interest rate on your loan.
 - Loss of eligibility for federal and state financial aid.
- Loan Rehabilitation:
 - You may rehabilitate your defaulted Federal Direct Loan only Once
 - You must make payment arrangements with your loan servicer (11 consecutive monthly on-time payments)
 - Once your loan is rehabilitated, your account will be current or paid in full, you will regain eligibility for federal and state assistance and you will receive a new 10 year repayment period

Financial Literacy

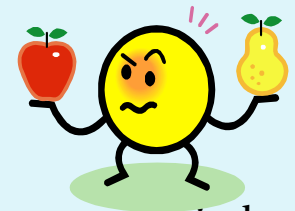
Loan Consolidation: A Federal Consolidation Loan is designed to assist you with managing your federal education debt. It allows you to combine one or more existing federal student loans into a single new loan, thus having one loan payment and one lender.

- **Advantages:**

- Extended repayment for up to **30 years** depending on the balance of your qualifying education loans.
- Single monthly payment.
- Lower, more manageable monthly payment amount.
- Fixed interest rate. (Possible low interest rate for in-school and in-grace consolidation)
- Can be prepaid with no penalty.

- **Disadvantages:**

- Longer repayment period.
- Greater interest paid over the life of the loan when using a longer repayment period.
- Loss of eligibility on Perkins loans for certain deferments, interest-free periods, and public service cancellation based on years of qualifying service.
- May lose current loan incentive benefits.



- **Be Careful, Consolidation is Final!**



Final Reminder

- VISIT [STUDENTAID.GOV](https://studentaid.gov) TO COMPLETE YOUR ENTRANCE COUNSELING INTERVIEW AND TO SIGN YOUR MPN
- A MINIMUM OF 6 CREDITS ARE REQUIRED TO MAINTAIN FEDERAL DIRECT LOAN ELIGIBILITY
- BORROW ONLY WHAT YOU NEED
- EXIT COUNSELING IS REQUIRED BEFORE YOU GRADUATE OR DROP BELOW HALF TIME ENROLLMENT
- REPAYMENT BEGINS AFTER YOUR 6 MONTHS GRACE PERIOD
- CONTACT YOUR SERVICER TO DISCUSS REPAYMENT PLANS AND OPTIONS IMMEDIATELY
- AVOID DEFAULT
- REMEMBER A LOAN IS NOT A GRANT AND IT MUST BE REPAYED WITH INTEREST!!!

IF YOU DON'T NEED IT DON'T TAKE IT!

Entrance Counseling

• Federal Loan Service Contact Information

- Visit studentaid.gov/loan-simulator/ to obtain information about your account and repayment calculators
- Visit studentaid.gov to obtain information about all your Federal Student Loans
- Visit studentaid.gov/loan-consolidation/ to obtain information for Direct Consolidation Loans
- Visit www.ftc.gov to obtain information about Identity Theft and how to obtain your Credit Report

Federal Direct Loan:



- Direct Loan Servicing Center • 800.848.0979
- Direct Loan Servicing Center • Borrower Services Department
P.O. Box 5609 Greenville, TX 75403-5609
- Direct Loan Servicing Payment Center • U.S. Department of Education
Direct Loan Payment Center • P.O. Box 530260 • Atlanta, GA 30353-0260

York College:

- York College Financial Aid Office • 718.262.2230 • finaid@york.cuny.edu
- York College Default Manager • Brenda Byfield
718.262.2234 • bbyfield@york.cuny.edu • fadesworkshop@york.cuny.edu
- York College Direct Loan Coordinator • 718.262.2051 • LLynch1@york.cuny.edu





Q & A

THANK YOU!
PLEASE LOG ONTO
[STUDENTAID.GOV](https://studentaid.gov) TO COMPLETE
YOUR ENTRANCE COUNSELING SESSION.
PRINT THE CONGRATULATIONS PAGE AND
SUBMIT WITH YOUR DIRECT LOAN REQUEST