



**NUMERICA**<sup>®</sup>  
CREDIT UNION

# PAYING FOR COLLEGE

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**NUMERICA CREDIT UNION**

## PAYING FOR COLLEGE OR TRADE SCHOOL

You worked hard, got good grades, and now you're preparing for your next big adventure. Whether you're considering a four-year university, a community college, or a vocational/ trade school, it's essential to evaluate all of your academic options and how they can impact your financial future.

**What educational options are you considering after you graduate?**

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### Start with your FAFSA

To access financial aid, you want to fill out your Free Application for Federal Student Aid, also known as the FAFSA. Available at [studentaid.gov](http://studentaid.gov), you can complete the FAFSA as early as Oct. 1 of your senior year of high school. The FAFSA requests financial information from the "prior-prior" year. For example, if you are applying for financial aid for the fall of 2023, the FAFSA will use your information from 2021. The earlier you fill it out, the better!

The FAFSA determines your Expected Family Contribution, or EFC. Your EFC is the estimated expected amount you or your family will pay toward your education each academic year. This number determines how much financial aid you will be offered. This can come in the form of Federal Pell Grants, federal subsidized and unsubsidized loans, work study, and state-specific college grant programs. The lower your EFC, the more need-based financial aid you will be offered. (The lowest possible EFC is \$0.)

### Before we look at loans...

Your FAFSA will determine what loans you have access to. Only access loans you need to pay for your education. While surplus loan funds may be dispersed to you directly for other expenses (books, rent, etc.), **remember that whatever you spend you have to pay back.**



## STUDENT GRANTS AND LOANS

### Federal SEOG Grant

- Federal grant for undergraduate students with exceptional financial need

### Federal Pell Grant

- Federal grant for undergraduate students with financial need
- Does not need to be repaid — though if you leave school or fail a class you may have to!

### Direct Subsidized Loan

- Federal loan based on financial need
- Must be paid back, regardless of graduation status
- No interest charged to student while in school
- Six-month grace period after leaving school before interest starts to accrue and payments are due
- Standard 10-year repayment term.

### Direct Unsubsidized Loan

- Federal loan based on financial need
- Must be paid back, regardless of graduation status
- Interest accrues while student is in school and continues through life of loan
- Standard 10-year repayment term

### Direct PLUS Loan

- Federal loans offered to eligible parents and graduate or professional students
- Loan a parent can take out to help child pay for college is commonly referred to as a parent PLUS loan
- Tend to carry higher interest rates than other federal loans
- Standard 10-year repayment term

### Private student loan

- Loan offered by a lender, such as a bank, credit union, state agency, or school
- Higher interest rate is common
- Typically begins accruing interest as soon as the loan is dispersed
- Not forgivable through any government program

## STUDENT LOAN STATS

- Student loan debt in the United States totals \$1.75 trillion
- 43 million student borrowers have an average debt of \$35,453
- 2.4 million borrowers owe an average of \$54,921 each in private loans
- The average college student borrows \$38,000 to earn a bachelor's degree
- The average monthly student loan payment is \$460, and the average borrower takes 20 years to pay off student loans
- The average trade school program costs \$33,000, compared to about \$90,000 to attend an in-state public college and live on campus all four years

Sources: 1. [nerdwallet.com/article/loans/student-loans/student-loan-debt](https://nerdwallet.com/article/loans/student-loans/student-loan-debt)  
2. [bestcolleges.com/trades/the-value-of-trade-schools](https://bestcolleges.com/trades/the-value-of-trade-schools)

## DID YOU KNOW?

- Student loan repayment typically begins 6-12 months after you leave or complete school.
- Federal student loans are one of the only loans not forgiven in bankruptcy.

## OTHER FUNDING SOURCES

### Scholarships

Scholarships are a great way to help you pay for college! **Each year, over \$7 billion in scholarships are awarded to students.** Don't miss out on your share. There are several places to search for scholarships:

- Numerica scholarships (yep, your local credit union has a variety of scholarships available)
- University scholarships (from academic and athletic to volunteer and work-based)
- Community scholarships (check with your local Rotary and Kiwanis clubs)
- Local business scholarships
- Free websites (finaid.org, ed.gov, and fastweb.com)

A key to accessing scholarships — especially scholarships at your preferred school — is to fill out your FAFSA early and apply for early admission. Some scholarships are awarded on a priority admission deadline, so don't miss out by waiting.

### Work more, pay less

**Get a part-time job** to help with your expenses. The more you work and save, the less you'll have to borrow in student loans. The more you can save before starting college, the less student debt you'll wind up with. (Your future, graduated self will thank you!)

While you're in school, look into work opportunities on or off campus. Work study allows you to work on campus to help pay your tuition bill but may have financial need requirements, depending on the school. An off-campus job may pay better and could lead to some hands-on experience for your career. Who knows — you could find a job where your **employer offers tuition assistance.**

You can also apply to be a resident assistant, or RA, after your freshman year at college or university. RAs often get their room and board paid for by serving as an on-campus resource for fellow students. It is a tough job but can save you thousands of dollars per year.

### Start saving now

Open a 529 college savings plan, a state-sponsored investment plan that can help you save money for education expenses. These plans can be opened by parents, grandparents, aunts, uncles — anyone who wants to contribute to your education. The money saved in them can be used to pay for tuition, on-campus room and board, and student fees at any college, university, trade, or vocational school that offers federal student aid.

## HOW MUCH WILL YOUR SCHOOL COST?

### Net price calculator

Most colleges, universities, and trade schools offer a net price calculator to help you estimate your total cost of attendance, including tuition, room and board, books, and other fees.

Simply search for “net price calculator” on your chosen school’s website to see what your total cost of attendance could be and what financial aid could be available to you.

### Sample financial aid award letter

Financial Aid		\$39,945	
GRANTS AND SCHOLARSHIPS	Fall	Spring	Total
Faculty Scholarship	\$15,500	\$15,500	\$31,000
Federal Pell Grant	\$1,323	\$1,322	\$2,645
Federal Supplemental Education Opportunity Grants (FSEOG)	\$400	\$400	\$800
<b>LOANS</b>			
Federal Direct Subsidized Loan	\$1,750	\$1,750	\$3,500
Federal Direct Unsubsidized Loan	\$1,000	\$1,000	\$2,000

Estimated Cost of Attendance		\$46,826	
DIRECT BILLABLE COSTS	Fall	Spring	Total
Tuition	\$15,585	\$15,585	\$31,170
Fees	\$180	\$180	\$360
Room/Housing	\$4,010	\$4,010	\$8,020
Meals/Meal Plan	\$2,688	\$2,688	\$5,376
<b>INDIRECT COSTS</b>			
Book/Supplies	\$550	\$550	\$1,100
Transportation	\$225	\$225	\$450
Other Educational Costs	\$175	\$175	\$350

Total Estimated Balance		\$6,881	
ESTIMATED MONTHLY PAYMENT OPTIONS			
<b>\$689</b>	<b>\$573</b>		
10 payments per year	12 payments per year		

#### ACCEPTING YOUR FINANCIAL AID AWARD

Log into our website and accept, decline or partially accept your financial aid award.

WORK STUDY	Fall	Spring	Total
Federal Work Study	\$1,250	\$1,250	\$2,500

#### PAYMENT PLAN

We offer 10 and 12 month payment plans. Payment plans are calculated by semester and subject to change. You need to sign up for a payment plan each semester.

*If you have any questions or concerns related to this award letter, please contact the financial aid office.*

### Financial aid

All of the aid your college has offered you, including scholarships, grants, and direct loans.

### Estimated cost of attendance

Total cost for a school year, combining direct costs (like tuition and your meal plan) and estimated indirect costs (like books and transportation).

### Total estimated balance

This is the remaining amount you’d have to pay each year — your estimated cost of attendance minus your financial aid. You have several options for how to pay this, including a monthly payment plan.

### Resources to pay your balance

This section gives you the opportunity to accept your financial aid award letter. Remember, you can decline any of the loans you are offered if you have another option to pay your bill.

### Once you receive your award letter

Review your letter in full. Then, call your financial aid office and ask them to walk you through the letter. Ask questions like:

- How much debt would I graduate with based on the financial aid I’ve been offered?
- What would a monthly loan payment look like for me when I graduate?
- Is there anything else you can offer to help make this more affordable for me?

Some schools are willing to negotiate for financial aid for students. It never hurts to ask!

## CHOOSING A SCHOOL



Meet Jill. She just graduated high school and is going to college to get her bachelor's degree in nursing. She is considering three different education options to get her degree.

In all three scenarios, Jill will be working part time to help pay for her college classes so she can minimize her student loan debt.

### Scenario 1

Jill attends her local community college for two years while living at home. She will then transfer to her in-state, four-year university and live at home while pursuing her bachelor's degree.

#### Cost breakdown

Two years at community college, two years at state university (living at home)			
Expense	Cost	Paid out of pocket	Paid with student loans
Community college tuition and fees (two years)	\$4,750 per year	\$4,750 per year	\$0
Books and supplies	\$1,000 per year	\$1,000 per year	\$0
Room and board	Free — lives at home	\$0	\$0
<b>Total cost of attendance first two years</b>	<b>\$11,500</b>	<b>\$11,500</b>	<b>\$0</b>
In-state university tuition and fees (two years)	\$12,400 per year	\$6,000 per year	\$6,400 per year
Books and supplies	\$2,000 per year	\$0	\$2,000 per year
Room and board	Free — lives at home	\$0	\$0
<b>Total cost of attendance last two years</b>	<b>\$28,800</b>	<b>\$12,000</b>	<b>\$16,800</b>
<b>Total cost of attendance</b>	<b>\$40,300</b>	<b>\$23,500</b>	<b>Total debt accrued \$16,800*</b>

\*Total debt accrued is an estimate, as it does not account for daily interest that might be accruing over the length of the loan.

If Jill does not receive any grants or scholarships but works and saves \$500 a month for tuition, her total debt accrued in scenario 1 is **\$16,800**.

Upon graduation, Jill will have a monthly payment of approximately:

- **10-year loan:** \$178 a month at 5% interest, paying a total of \$21,383 (\$4,583 in interest)
- **20-year loan:** \$111 a month at 5% interest, paying a total of \$26,909 (\$9,809 in interest)

**What are some things Jill could do to bring her total amount of student loans down?**

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## CHOOSING A SCHOOL

### Scenario 2

Jill attends her local in-state, four-year university and lives on campus all four years. She receives a \$5,000 university scholarship toward her tuition each year.

#### Cost breakdown

Four years at in-state university			
Expense	Cost	Paid out of pocket	Paid with student loans
In-state university tuition and fees (four years)	\$12,400 - \$5,000 scholarship = \$7,400 per year	\$6,000 per year	\$1,400 per year
Books and supplies	\$2,000 per year	\$0	\$2,000 per year
Room and board	\$12,600 per year	\$0	\$12,600 per year
<b>Total</b>	<b>\$22,000 per year</b>	<b>\$6,000 per year</b>	<b>\$16,000 per year</b>
<b>Total cost of attendance</b>	<b>\$88,000</b>	<b>\$24,000</b>	<b>Total debt accrued \$64,000*</b>

\*Total debt accrued is an estimate, as it does not account for daily interest that might be accruing over the length of the loan.

If Jill works while she's a student and saves \$500 a month for tuition in addition to her \$5,000 annual scholarship, her total debt accrued in scenario 2 is **\$64,000**.

Upon graduation, Jill will have a monthly payment of approximately:

- **10-year loan:** \$679 a month at 5% interest, paying a total of \$81,458 (\$17,458 in interest)
- **20-year loan:** \$422 a month at 5% interest, paying a total of \$101,369 (\$37,369 in interest)

## CHOOSING A SCHOOL

### Scenario 3

Jill attends an out-of-state public university and pays out-of-state tuition, which is much more expensive. She lives on campus all four years and receives an annual \$5,000 university scholarship toward her tuition.

#### Cost breakdown

Four years at out-of-state university			
Expense	Cost	Paid out of pocket	Paid with student loans
Out-of-state university tuition and fees (four years)	\$27,800 - \$5,000 scholarship = \$22,800 per year	\$6,000 per year	\$16,800 per year
Books and supplies	\$2,000 per year	\$0	\$2,000 per year
Room and board	\$12,600 per year	\$0	\$12,600 per year
<b>Total</b>	<b>\$37,400 per year</b>	<b>\$6,000 per year</b>	<b>\$31,400 per year</b>
<b>Total cost of attendance</b>	<b>\$149,600</b>	<b>\$24,000</b>	<b>Total debt accrued \$125,600*</b>

\*Total debt accrued is an estimate, as it does not account for daily interest that might be accruing over the length of the loan.

If Jill works while she's a student and saves \$500 a month for tuition in addition to her \$5,000 annual scholarship, her total debt accrued in scenario 3 is **\$125,600**.

Upon graduation, Jill will have a monthly payment of approximately:

- **10-year loan:** \$1,322 a month at 5% interest, paying a total of \$155,862 (\$34,262 in interest)
- **20-year loan:** \$829 a month at 5% interest, paying a total of \$198,937 (\$73,337 in interest)







## SCHOOL DEBT IMPACTS FUTURE YOU

The overall cost of attending college can add up quickly — especially when considering out-of-state options. It's important to consider the impact your monthly student loan payment will have on you as you graduate and begin your career.

A general rule to follow is that your total student loan debt when you graduate should be less than your first-year salary in your chosen career field. For example, if you want to become a nurse and your starting salary when you get your first full-time nursing position will be \$75,000, your total student loan debt would ideally be \$75,000 or less. That keeps your debt manageable and your life affordable.

Large loans mean large loan payments, and these payments could mean you will have to sacrifice in other areas. A manageable monthly payment or no payment in your future budget means financial freedom down the road to do the things you really want to do. Buy a house, a car, or retire early? We promise, future you will thank you!

Bottom line, **living within a budget is the key to keeping student loans to a minimum** before and during college. It's also the most important tool to help you pay down student loan debt afterward.

**Think back to your answer on the first page of this section about educational opportunities you are considering after high school. How can you prepare now to pay for that education?**

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**When should you solidify your future plans?**

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**Are there alternatives to going to a college or university that might be a good fit for you (trade school, vocational program, military service, etc.)?**

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**Questions? Want to continue your financial education journey?**

Contact the Numerica Financial Education team at [FinancialEd@numericacu.com](mailto:FinancialEd@numericacu.com) or check out website articles and resources at [numericacu.com](https://numericacu.com).

*Starting Off RIGHT*

We partner with GreenPath Financial Wellness to offer free financial counseling and education resources. Their certified financial counselors provide individual advice to help you set up a budget, build credit, and more. They also offer interactive online courses on a variety of financial topics. Connect with a GreenPath counselor by calling 855-400-3710, or check out their online financial education tools by visiting [greenpath.com/partner/numERICA](https://greenpath.com/partner/numERICA).







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