

# *Starting Off* **RIGHT**

**Numerica's Financial Education Program: *Paying for College***

# Paying for College



You worked hard, have good grades, and now you're preparing for your next big adventure – college! 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 what they mean for you financially.

## Start with your FAFSA

There are a lot of options available to help you pay for college. The first place to start is filling out your Free Application for Federal Student Aid, also known as your FAFSA Application.

The FAFSA Application helps to determine your Expected Family Contribution, or EFC score. The EFC score is the expected amount you or your family will pay towards your education and determines how much federal grant money or federal loans you will be offered. This comes in the form of Pell Grants, Federal Subsidized and Unsubsidized loans, and work-study.

## Student Loans & Grants

**Subsidized Loan** - Federal **loan** based on financial need and must be paid back, regardless of graduation status.

Students aren't charged interest while they are in school and have a six-month grace period once they are done with school before interest starts to accrue.

**Unsubsidized Loan** - Federal **loan** based on financial need and must be paid back, regardless of graduation status.

Interest is accrued from the start and continues to accrue through the life of the loan.

**Federal Pell Grant** - A federal **grant** for undergraduate students with financial need. Grants don't need to be repaid. (Although if you leave school or fail a class you might have to!)

**Private Loan** - A nonfederal **loan** made by a lender such as a bank, credit union, state agency, or school.

Private loans often have a much higher interest rate and typically begin accruing interest as soon as the loan is dispersed.

These loans are not forgivable through any government program.

**Parent Plus Loan** - Federal **loan** for parents of dependent undergraduate students. Loan is not based on family's income or asset information provided on the FAFSA and must be paid back, regardless of graduation status.

You may be offered more loans than you need by your school of choice.

The Golden Rule is to only take what you need in student loans.

While it is tempting to use that excess money for living expenses, remember that all borrowed funds must be repaid. That extra cash now really adds up when repayment starts.

# Paying for College



## How can I save before I get to college

If you're looking to lower your college expenses, decisions start before school even does. Here are some common ways you can save on college costs:

- Online courses
- Renting textbooks
- Living at home
- Military service
- Western Undergraduate Exchange

### Consider Course Offerings

If you're still in high school, consider taking **AP classes or college classes** while in high school. The Running Start Program encourages academically motivated and qualified public high school students to earn high school and college credit simultaneously, tuition-free up to 15 credits

Check into colleges or universities that offer online courses or even full programs. Typically, online courses cost less in tuition and fees than traditional courses, thus reducing the average cost of attendance.

### Textbooks

Renting used textbooks could save you time and money. Websites like [chegg.com](https://www.chegg.com) could save you hundreds of dollars!

### Housing

Compare the costs of living on-campus with living at home. While independence from parents sounds tempting, **living at home while attending college** could save you those additional living expense. The general rule of thumb is that if the college is in a big city like New York or Los Angeles, where rent is notoriously high, then it will probably be cheaper to live on campus.

**Before making a decision about where you will live, it might be helpful to ask the following questions:**

- How much is the apartment per month?
- Are utilities included?
- How long is the lease?
- How much is the security deposit (usually one month's rent)?
- Will you have a roommate?
- How will bills be paid (get in writing)?
- Will you need a co-signer?
- What will you need to furnish your apartment?

# Paying for College



## Military Service

Did you know that military veterans (officers and enlistees) who have served at least 36 months of active duty are entitled to financial assistance for their education? Yep! This benefit includes:

- 36 months of undergraduate or graduate tuition and fees
- Housing allowance
- Stipend for books and supplies

If you're considering college and the military as viable post-graduation options, attending a military academy might be the best of both worlds.

## Western Undergraduate Exchange

The Western Undergraduate Exchange (WUE) is an agreement among the Western Interstate Commission for Higher Education's where eligible students can choose from hundreds of undergraduate programs outside their home state, and pay no more than 150 percent of that institution's resident tuition rate.

Paying out of state tuition may cost as much as 300 percent of resident rates! WUE provides more higher-education options for students while keeping tuition low to minimize student loan debt.



# Paying for College



## Student Loan Stats<sup>99</sup>

- Student loan debt in the United States totals \$1.70 trillion dollars
- 47.9 million student borrowers each have an average of debt of \$35,453
- 2.4 million borrowers owe an average of \$54,921 each in private loans
- The average public university student borrows \$30,030 to attain a bachelor's degree
- The average monthly student loan payment is \$393
- 240 payments or 20 years is the average length of time for students to repay their loans
- The average student loan interest rate is 6%
- The average student loan accrues \$26,000 in interest over the life of the loan

## Did you know?

Even if you don't graduate with a degree, you're still responsible for repaying your loans. Repayment typically begins 6 to 12 months after you leave or complete school.

Student loans are one of the only loans not forgiven with bankruptcy.

## Scholarships

Apply for as many scholarships as you can, they are a great way to help you pay for college!

Every dollar in scholarships means one less you have to pay back! There are several places to search for scholarships:

- Numerica Credit Union scholarships (Yep! Your local credit union has a variety of scholarships available.)
- University scholarships (EX: academic, athletic, volunteer based, club based, leadership based, ethnic, religious, school of study, fellowship/work based, etc.)
- Community scholarships (EX: Rotary Club, Kiwanis, etc.)
- Local business scholarships
- Free websites ([finaid.org](http://finaid.org) and [ed.gov](http://ed.gov))
- Private donors (relatives or individuals offering unique scholarships)

## 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 aid 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 potentially find **an employer that offers tuition assistance.**

# School Choice



Meet Allie – Allie just graduated high school and is ready to begin her career path in nursing by obtaining her Bachelor’s in Nursing (BSN). She is considering three different options before making her decision.

In all three scenarios, Allie works part-time to help pay for her college classes so she can minimize her student loan debt.

## Scenario 1

Allie attends the local community college for two years while living at home. She will then transfer to WSU School of Nursing Spokane’s campus so she can live at home while pursuing her 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 (2 years)	\$4,608 per year	\$4,608 per year	\$0
Books & Supplies	\$1,134 per year	\$1,134 per year	\$0
Room and board	Lives at home - Free	\$0	\$0
<b>TOTAL COST OF ATTENDANCE FIRST TWO YEARS</b>	<b>\$11,484</b>	<b>\$11,484</b>	<b>\$0</b>
WSU Spokane Tuition (2 years)	\$10,617 per year	\$6,000 per year	\$4,617 per year
Books & Supplies	\$2,370 per year	\$0	\$2,370 per year
Room and board	Lives at home - Free	\$0	\$0
<b>TOTAL COST OF ATTENDANCE FIRST TWO YEARS</b>	<b>\$25,974</b>	<b>\$12,000</b>	<b>\$13,974</b>
<b>TOTAL COST OF ATTENDANCE</b>	<b>\$37,458</b>	<b>\$23,484</b>	<b>Total debt accrued \$13,974*</b>

If Allie does not receive any grants or scholarships, but works and saves \$500 a month for tuition, her total debt accrued in scenario 1 is **\$13,974**.

Upon graduation, Allie will have a monthly payment\*\*\*\* of approximately:

- **\$155** a month for 10 years at 6%, paying a total of **\$18,617 (\$4,643 paid in interest)** over the life of the loan or
- **\$100** a month for 20 years at 6%, paying a total of **\$24,027 (\$10,053 paid in interest)** over the life of the loan.

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

# School Choice



## Scenario 2

Allie attends Washington State University and lives on campus for all four years.

### Cost Breakdown

Four years at State University			
EXPENSE	COST	PAID OUT OF POCKET	PAID WITH STUDENT LOANS
WSU Pullman Tuition (4 years)	\$10,617 per year	\$6,000 per year	\$4,617 per year
Books & Supplies	\$2,370 per year	\$0	\$2,370 per year
Room and board	\$11,848 per year	\$0	\$11,848 per year
TOTAL	\$24,835 per year	\$6,000 per year	\$18,835 per year
TOTAL COST OF ATTENDANCE	\$99,340	\$24,000	Total debt accrued \$75,340*

If Allie does not receive any grants or scholarships, but works and saves \$500 a month for tuition, her total debt accrued in scenario 2 is **\$75,340**.

Upon graduation, Allie will have a monthly payment\*\*\*\* of approximately:

- **\$849** a month for 10 years at 6%, paying a total of **\$100,371 (\$25,031 paid in interest)** over the life of the loan or
- **\$540** a month for 20 years at 6%, paying a total of **\$129,542 (\$54,202 paid in interest)** over the life of the loan.

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

# School Choice



## Scenario 3

Allie attends Montana State University and lives on campus all four years.

### Cost Breakdown

Four years out of State University			
EXPENSE	COST	PAID OUT OF POCKET	PAID WITH STUDENT LOANS
Out of State Tuition	\$27,400 per year	\$6,000 per year	\$21,400 per year
Books & Supplies	\$1,450 per year	\$0	\$1,450 per year
Room and board	\$10,400 per year	\$0	\$10,400 per year
TOTAL	\$39,250 per year	\$6,000 per year	\$33,250 per year
TOTAL COST OF ATTENDANCE	\$157,000	\$24,000	Total debt accrued \$133,000*

If Allie does not receive any grants or scholarships, but works and saves \$500 a month for tuition, her total debt accrued in scenario 2 is **\$133,000**.

Upon graduation, Allie will have a monthly payment\*\*\*\* of approximately:

- **\$1,477** a month for 10 years at 6%, paying a total of **\$177,189 (\$44,1892 paid in interest)** over the life of the loan or
- **\$953** a month for 20 years at 6%, paying a total of **\$228,685 (\$95,685 paid in interest)** over the life of the loan.

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

Large loans mean large loan payments, and these payments could mean that you will have to sacrifice in other areas. A manageable monthly payment or no payment in your future budget means more financial freedom down the road to do the things you really want to do like 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, as well as the most important way you can pay down student loan debt afterwards. With determination, creativity, and planning, college doesn't have to mean crushing debt or living the top ramen life.

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

\*\*<https://time.com/54342/it-doesnt-matter-where-you-go-to-college/>

\*\*\*<https://time.com/54342/it-doesnt-matter-where-you-go-to-college/>

\*\*\*\*<https://educationdata.org/average-student-loan-payment>



# Notes



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# Contact Us



**Any questions?  
Contact our Financial Education team!**

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