



Only Use What You Need: Student Loan Options and Minimization Strategies

February 8, 2024

Introduction



1. Ask questions

2. Share on social media – use #CFNC

3. Recording available

NCSEAA

North Carolina State Education
Assistance Authority

Helping North Carolina
Students Plan and Pay
for Their Education



Help with the
college-going process



College applications



Residency
Determination Service



Transcripts



State Education
Loan Servicing



FAFSA resources



Career exploration



Scholarship portal



529 Savings Plan

Presenter



Timeka Ruffin

**Regional Representative- 704/980 area
CFNC**



Ka'Nijuh Tillery

**MBA Candidate, Fayetteville State University
John M. Belk Endowment Impact Fellow**

slido



What comes to mind when you think of student loans?

ⓘ Start presenting to display the poll results on this slide.

Student Loan Debt- The Facts

- About half of all undergraduate students use student loans at some point to finance their education.
- The average federal student loan debt is **\$37,338** per borrower.
- Private student loan debt averages **\$54,921** per borrower.
- The average public university student borrows **\$32,637** to attain a bachelor's degree.
- The difference in average debt per student borrower for the Class of 2007 to the Class of 2023 is roughly \$10,000 when accounting for inflation.

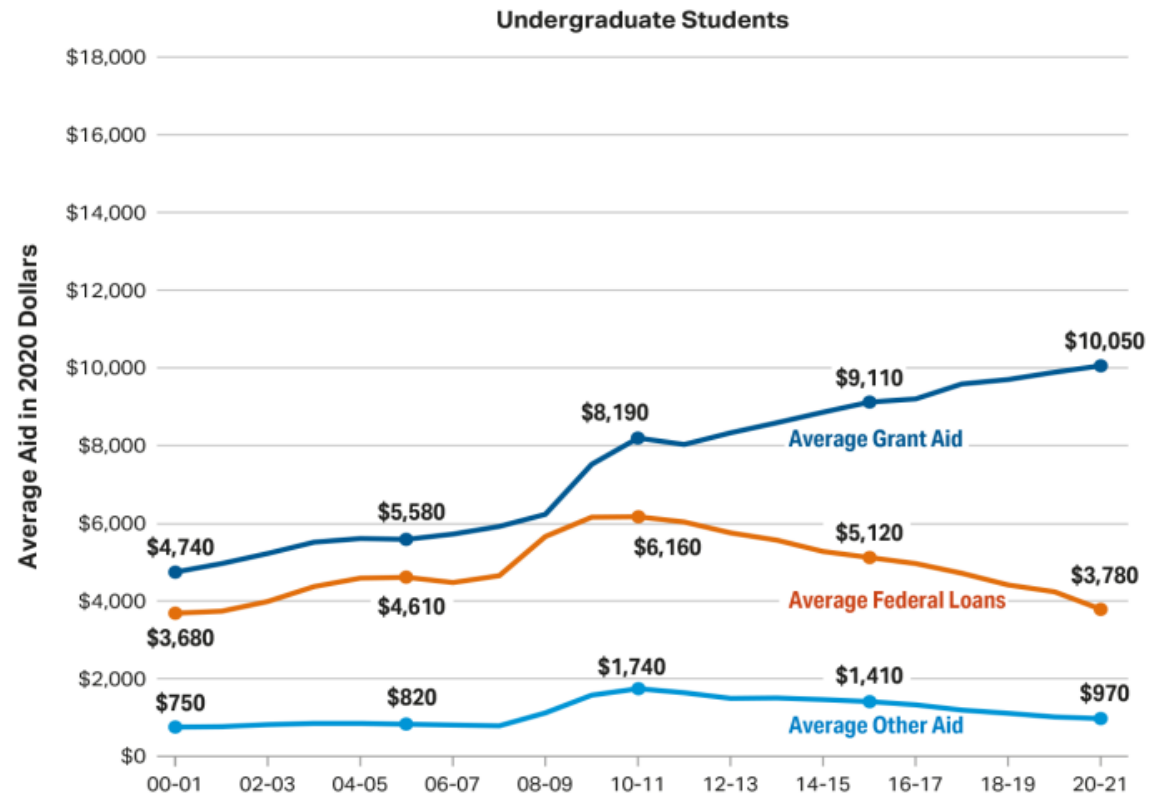
Student Loan Debt in NC- The Facts

- The average student loan debt is \$37,721.
- 1,304,3000 student borrowers live in NC.
- 52.3% are under the age of 35.

FAMILIES & STUDENTS FEAR TAKING OUT STUDENT LOANS.

The use of student loans has decreased over the last decade.

Average Aid per Full-Time Equivalent (FTE) Undergraduate Student in 2020 Dollars, 2000-01 to 2020-21



How to Pay for College – 3 main ways:

Family Funds	Financial Aid			Gap Funds
	Federal	State	College	
<ul style="list-style-type: none">• Savings• Gifts• Wages• Personal loan	<ul style="list-style-type: none">• Pell Grant• Other grants• Federal Work Study• Loans• ETV• Tax Credits• GI Bill• WIOA	<ul style="list-style-type: none">• In-state tuition• Early college credit• State Scholarships• Golden LEAF Scholarship• FELS• 529 Savings• Loans	<ul style="list-style-type: none">• Scholarships<ul style="list-style-type: none">- need-based- Merit- Athletic- alumni	<ul style="list-style-type: none">• Community scholarships• Employer education benefits• College credit through exams

Student Loan Sources

Student Loans		
Federal	State	Alternative
<ul style="list-style-type: none">• Subsidized Loan• Unsubsidized Loan• Parent PLUS Loan	<ul style="list-style-type: none">• Forgivable Education Loans for Service• NC Assist	<ul style="list-style-type: none">• Banks• Credit Unions• Financial Institutions

Federal Student Loans

Federal Loans for Undergraduate Students

1. Subsidized Loans

- Available to undergraduate students with financial need
- The government pays the interest while a student is in college

2. Unsubsidized Loans

- Available to all undergraduate students; need isn't required
- Interest builds while the student is in college
- Also available to graduate students

<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>

Federal Loans for Undergraduate Students

3. PLUS Loans

- Credit-based loan for biologic or adoptive parents to finance an undergraduate student's education
- Can be offered in the student's financial award letter or the parent can seek out the information
- Must meet general eligibility requirements for federal student aid
- PLUS loan are also available for graduate and professional students

Federal Student Loans Terms- Undergraduate Students

	Interest Rate	Repayment	Additional Info
Federal Direct Loan	Subsidized- 5.50%	6 months after you graduate, leave school, or drop below half-time enrollment	Subsidized- no interest is charged to the student while student is in school
	Unsubsidized- 5.50%		Unsubsidized- interest builds while the student is in school; student pays the loan and the interest
Federal Parent PLUS Loan	8.05%	As soon as the loan is fully issued. May be deferred until 6 months after student graduates or drops below half-time enrollment	Interest builds while the student is in school; parent pays the loan and the interest

Federal Student Loan Limits- Undergraduate Students

	Dependent Students	Independent Students
First Year Undergraduate Loan Limit	\$5,500- No more than \$3,500 may be subsidized	\$9,500- No more than \$3,500 may be unsubsidized
Second Year	\$6,500- No more than \$4,500 may be subsidized	\$10,500- No more than \$4,500 may be subsidized
Third Year and Beyond	\$7,500 per year- No more than \$5,500 may be subsidized	\$12,500 per year- No more than \$5,500 may be subsidized
Subsidized and Unsubsidized Loan Limit	\$31,000- No more than \$23,000 may be subsidized	\$57,500- No more than \$23,000 may be subsidized
Parent PLUS Loan	The cost of attendance at the school your child will attend minus any other financial assistance they've received.	

Steps for Receiving a Federal Loan

1. Apply by submitting the FAFSA
2. Accept only what you need.
3. Complete entrance counseling.
4. Sign a loan contract (Master Promissory Note).
5. The loan will be applied directly to your school account.

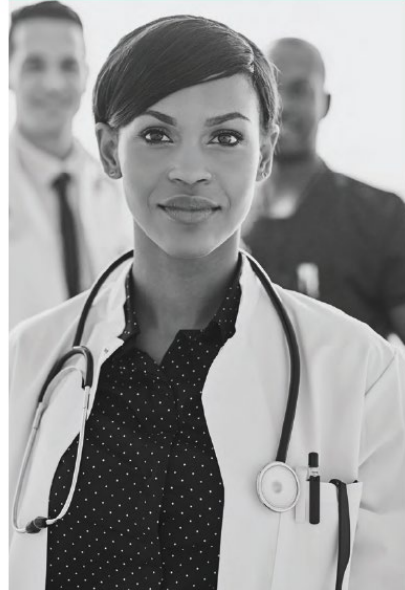
State Loans

Forgivable Education Loans for Service (FELS)

FINANCIAL SUPPORT
TO HELP YOU MAKE
A DIFFERENCE



FORGIVABLE
EDUCATION LOANS
FOR SERVICE



For more
information visit:

[CFNC.org/FELS](https://cfnc.org/FELS)

or contact us at
866.866.CFNC



Are you
interested in: *Nursing,
Teaching,
Allied Health,
or Medicine?*

Forgivable Education Loans for Service (FELS) can help you obtain the degree you want — and they don't have to be repaid in cash if you stay in North Carolina to work in your field.

Who receives FELS?

Forgivable Education Loans for Service are available for qualified students who are enrolled in one of the approved education programs and are committed to working in North Carolina in areas with a critical need for more employees, such as nursing, teaching, allied health fields, or medicine.

At [CFNC.org/FELS](https://cfnc.org/FELS), you can find:

- A list of approved education programs
- Eligible institutions
- Student eligibility requirements
- Annual loan amounts and limits

How do they work?

Loan funds are provided to help students with their higher education expenses. Prior to receiving any funding, recipients sign a promissory note agreeing to work in North Carolina after graduation in an approved position one year for each academic year of funding received.

Who is eligible?

In order to qualify for FELS, you must be a legal North Carolina resident, maintain satisfactory academic progress according to the policies of your institution, and meet minimum GPA requirements. There may be other requirements as well; visit [CFNC.org/FELS](https://cfnc.org/FELS) for more details.

How do I apply?

The application for the upcoming academic year will be available starting in January at [CFNC.org/FELS](https://cfnc.org/FELS). Applications and supporting documentation must be received by March 1. You can also call CFNC at 866-866-CFNC for information about applying and qualifying for FELS.



Forgivable Education Loans for Service (FELS)

- FELS provides financial assistance to qualified students enrolled in an approved education program and committed to working in critical employment shortage profession in NC
- Administered by NCSEAA
- Borrower agrees to work in an approved position or repay the loan with interest at 7%
- For every year of full-time employment, one academic year of loans is forgiven.
- Open to undergraduate students, but at the bachelor's degree level ONLY junior and seniors; sophomores if in their program of study can apply, but must provide documentation

For more information, contact information@ncseaa.edu

Forgivable Education Opportunities

- Public Service
 - AmeriCorps VISTA- Segal AmeriCorps Education Award- <https://americorps.gov/>
 - College Advising Corps- <https://collegeadvisingcorps.org/>
 - National Health Service Corps- <https://nhsc.hrsa.gov/>
- Public Service Loan Forgiveness- <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>
- Employer assistance- The SECURE 2.0 Act

Key Facts

- Competitive Fixed Interest rates
- Non Profit Lender
- **NO** Loan Fees
- Flexible Borrowing limits
- Grace Period
- Repayment Options
- Financial Education Resources
- \$1000 No Essay Scholarship Giveaway every month!

NC Assist Loan

NCAssist.org				Federal Direct Loans U.S. Department of Education		
Borrower	Loan Type	Rate	Loan Fee	Loan Type	Rate	Loan Fee
Parent	NC Parent Assist	6.25%	\$0	Direct PLUS	8.05%	4.60%
Undergraduate Student	NC Student Assist	6.95%	\$0	Direct Subsidized and Unsubsidized	5.50%	2.05%
Graduate or Professional Student	NC Student Assist	6.95%	\$0	Direct Unsubsidized	7.05%	3.60%
Graduate or Professional Student with Additional Need	NC Student Assist	6.95%	\$0	Direct PLUS	8.05%	4.60%
For loans made from applications started on or after May 1, 2023 through June 30, 2024.				for loans disbursed on or after July 1, 2023 and before July 1, 2024.		
				For loans first disbursed on or after October 1, 2020 and before October 1, 2024.		



NCAssist.org



Alternative Loans

Alternative Student Loans

- Money that you borrow from sources other than the government
 - Banks, credit unions, financial institutions
- There's an application process; approval isn't always guaranteed
- It's often the most expensive way to finance a college education, so do so wisely

Alternative Loans- Questions to Ask







- What are the requirements to receive a loan?
- How much can I borrow?
- What are the interest rate and fees?
- What are my repayment options?
- How much do I need to finance one year? All years?

Beyond Federal Student Loans: Alternative/Private Loans

All Lenders are not the Same!

Compare!

- Fixed vs Variable Interest rates
- Range of Interest Rates
- Loan Fees
- How long to repay
- For Profit vs. Non Profit
- Possible Benefits
 - Grace period
 - Deferment / forbearance
 - Pre-payment
- Qualifications/ Requirements

 Citizens Fixed Rates ⓘ 4.43% - 12.86% APR 1-800-708-6684 VIEW	 Funding U No-Cosigner Student Loan Fixed Rates ⓘ 6.99% - 12.4% APR 855.537.5457 VIEW	 College Foundation, Inc. Fixed Rates ⓘ 6.25% - 6.95% APR 866-866-2362 VIEW
 KHEAA/KHESLC Fixed Rates ⓘ 4.49% - 8.04% APR 800.988.6333 VIEW	 Custom Choice Loan® powered by Cognition Financial Fixed Rates ⓘ 4.43% - 14.56% APR (866) 232-3889 VIEW	 Discover Bank® Fixed Rates ⓘ 4.49% - 14.99% APR 1-800-STUDENT VIEW

ⓘ **APR & Rate Type: 4.49% - 14.7% FIXED**

- Choose 5, 7, 10 or 15 years to repay
- 0.25% reduction for Autopay^^
- 0.25% Returning Scholar Discount ^^^
- 0.25% Family Discount^^^^
- Past Due Balance up to 12 months (365 days)
- Cosigner Release option
- Apply as early as 210 days before the semester starts

Co-Signers are Typically Needed by Students for Alternative Lending

- Credit Check Required
- Be at least 21 Years of age
- Usually must be a parent, grandparent, sibling, spouse of student
- Be a current U.S citizen
- Understand that the student's loan may appear on their credit report
- Accept **EQUAL** responsibility for paying the debt, including any collection fees

Practical Advice

The background features a series of concentric circles in light gray, some solid and some dashed, creating a ripple effect. A large, solid green speech bubble is centered on the page, pointing downwards. The text is white and centered within the bubble.

Strategies for Saving Money on Education

Agenda

1

Take
advantage of
scholarships
and grants

2

Create a
budget

3

Be aware of
interest rates
and terms of
your loans

4

Avoid
borrowing for
non-essential
expenses

5

Keep track of
your loans



Step 1: Take advantage of scholarships and grants

- Free money that you do not have to pay back
- Apply for as many as you can **big or small**
- Research for scholarships:
 - At your university/college
 - Local community
 - Online
- Reduce the number of loans and interest rates



Step 2: Create a budget

- Request or view a copy of your billing statement from your school
 - Detailed summary of what you will pay for the year
- Determines much money you have from:
 - Scholarships
 - Grants
 - Savings
- Remaining amount you will need to borrow through student loans
- **Borrow what you need!**



Step 3: Be aware of the interest rates and terms of your loans

- Federal loans interest rates are typically lower than private loans
- Take advantage of **federal loans first!**
- Be aware of repayment options
 - May require you to make payments in school
 - May offer you a grace period
 - May not be eligible for loan forgiveness
- **Can I afford this?**



Step 4: **Avoid** borrowing for non-essential expenses

- Do not use your student loans to splurge on unnecessary:
 - Clothes
 - Vacations
 - Dining out
- **Remember: Loans still must be paid back!!**
- Instead, consider getting a part-time job to fund those luxuries



Step 5: Keep track of your loans

- Helps you know:
 - Which loans are you borrowing
 - How interest rates are being calculated
 - When you need to make payments
- Avoid taking out more loans than necessary
- **Extremely recommended when it's time to repay your loans!**

Resources

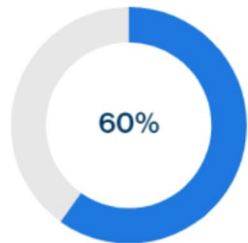
College Scorecard- <https://collegescorecard.ed.gov/>

Financial Aid & Debt

LOAN TYPE

Federal Student Loans

Students Receiving Federal Loans[®]



At some schools where few students borrow federal loans, the typical undergraduate may leave school with \$0 in debt.



Median Total Debt After Graduation[®]

The typical total debt for undergraduate borrowers who complete college.

\$22,858

Typical Monthly Loan Payment[®]

\$242

This is based on a standard 10-year payment plan, other [payment options](#)  are available, like income-driven repayment. An [income-driven repayment](#)  plan sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size.

Repayment Rate[®]

Percentage of borrowers in each category 2 years after entering repayment. For category definitions, please see [the glossary](#).

☐ Only show data for those who graduated

Repayment Status	Percent
Not Making Progress	29%
Making Progress	21%
Forbearance	18%
Deferment	17%
Paid in Full	6%
Defaulted	5%
Delinquent	3%
Discharged	0%

Get Help Paying for College

Submit a *Free Application for Federal Student Aid* (FAFSA[®]) form. You may be eligible to receive federal grants or loans.

[Start My FAFSA[®] Form](#)

Typical Earnings

CFNC's Smart Borrower Calculator

Smart Borrower Calculator

Most students need to borrow to afford higher education, but the amount you can comfortably repay may depend on your career choice and salary. While it isn't possible for all students, a common rule of thumb is to limit higher education borrowing to no more than your first-year's salary.

Desired Career

To estimate the maximum most experts would suggest you borrow, select your anticipated state of residence, field of study, and job title.

📌 Note that some careers require an advanced degree.

State

Field

Occupation

Physical Therapists

Recommended Maximum Loans: \$60,291 – \$66,990

Most experts suggest borrowing *no more* than your first year's starting salary. To be conservative, consider limiting your loans to 90% of your estimated first-year salary of \$66,990*.

About Your Career Choice

In North Carolina, the median salary for this career is \$87,164, meaning an equal number of physical therapists earn more and an equal number earn less. There are approximately 6,910 individuals employed as physical therapists in North Carolina.

Upcoming Webinars

February is Financial Aid Awareness Month

February 15th - How to Pay for College: Strategies for Middle Income Families

February 22nd - FAFSA's Done- Show Me the Money!

February 29th - Evaluating Financial Aid Letters



For more information
and to register scan QR
code or go to
www.CFNC.org/events