



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

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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

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College applications



Residency  
Determination Service



Transcripts



State Education  
Loan Servicing



FAFSA resources



Career exploration



Scholarship portal



529 Savings Plan

# Presenter



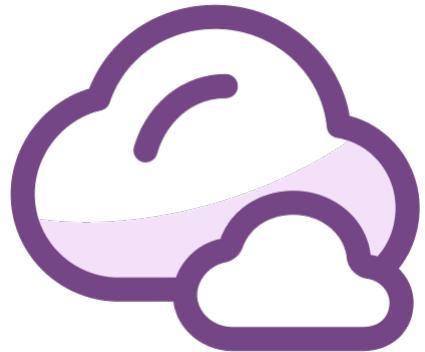
## Timeka Ruffin

Regional Representative- 704/980 area  
CFNC



## Ka'Nijuh Tillery

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



**What comes to mind when you think of  
student loans?**

- ① 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.

<https://educationdata.org/average-student-loan-debt>

<https://educationdata.org/average-student-loan-debt-by-year>

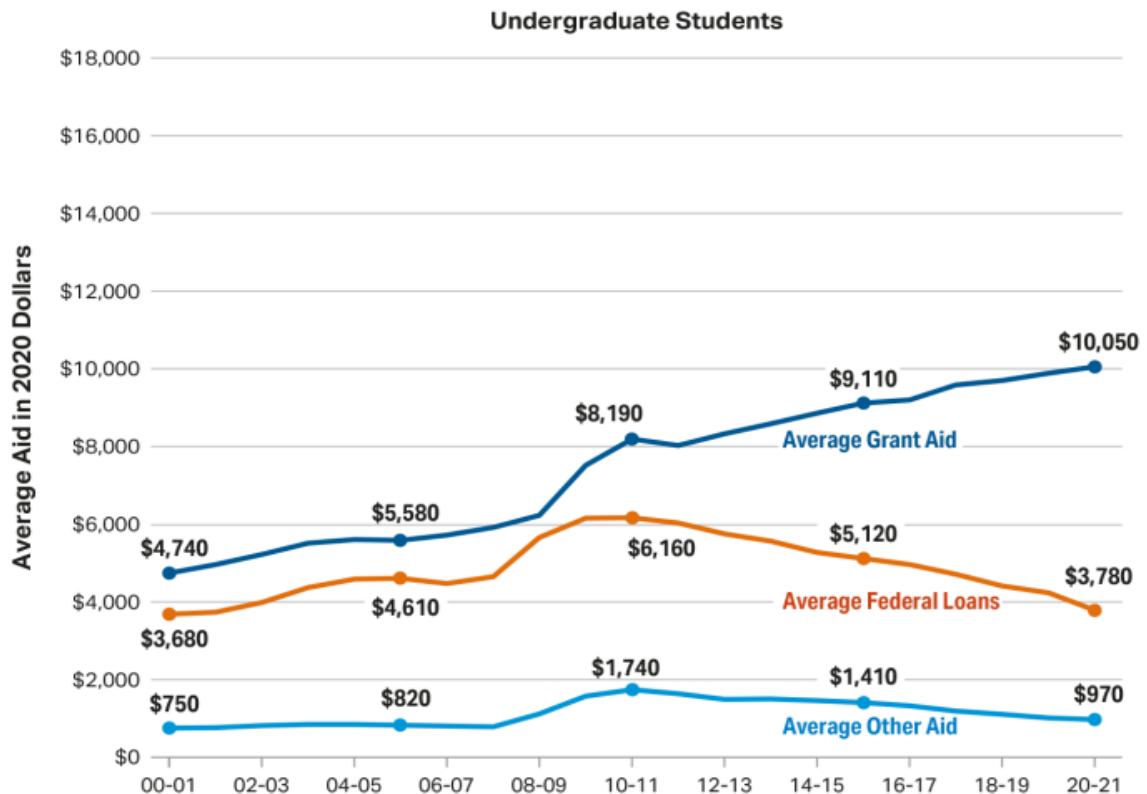
# Student Loan Debt in NC- The Facts

- 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:

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

# Student Loan Sources

## Student Loans

### Federal

- Subsidized Loan
- Unsubsidized Loan
- Parent PLUS Loan

### State

- Forgivable Education Loans for Service
- NC Assist

### Alternative

- Banks
- Credit Unions
- Financial Institutions

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# *Federal Student Loans*

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# 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

# 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 loans 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.

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# *State Loans*

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# Forgivable Education Loans for Service (FELS)

**FINANCIAL SUPPORT  
TO HELP YOU MAKE  
A DIFFERENCE**

NCSEAA 



**FORGIVABLE  
EDUCATION LOANS  
FOR SERVICE**



For more information visit:  
[CFNC.org/FELS](http://CFNC.org/FELS)  
or contact us at  
866.866.CFNC

**NCSEAA** 



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, 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 for more details.

#### How do I apply?

The application for the upcoming academic year will be available starting in January at 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](mailto: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](http://NCAssist.org)



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# *Alternative Loans*

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# 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**

<b>Citizens</b> Citizens Fixed Rates ⓘ 4.43% - 12.86% APR  1-800-708-6684 <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>	<b>Funding U</b> No-Cosigner Student Loan Funding U Fixed Rates ⓘ 6.99% - 12.4% APR  855.537.5457 <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>	<b>CFI</b> College Foundation, Inc. Fixed Rates ⓘ 6.25% - 6.95% APR  866-866-2362 <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>
<b>ADVANTAGE</b> Education Loan KHEAA/KHESLC Fixed Rates ⓘ 4.49% - 8.04% APR  800.988.6333 <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>	<b>CUSTOM CHOICE</b> Custom Choice Loan® powered by Cognition Financial Fixed Rates ⓘ 4.43% - 14.56% APR  (866) 232-3889 <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>	<b>DISCOVER</b> Student Loans Discover Bank® Fixed Rates ⓘ 4.49% - 14.99% APR  1-800-STUDENT <span style="border: 1px solid #ccc; padding: 2px 5px;">VIEW</span>

**① 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

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# *Practical Advice*

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# Strategies for Saving Money on Education

# Agenda

1

Take  
advantage of  
scholarships  
and grants

2

Create a  
budget

3

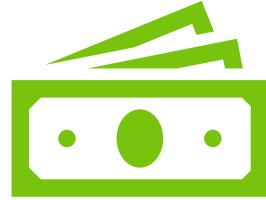
Be aware of  
interest rates  
and terms of  
your loans

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
  - Dinning 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

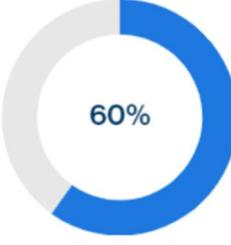
College Scorecard- <https://collegescorecard.ed.gov/>

Financial Aid & Debt

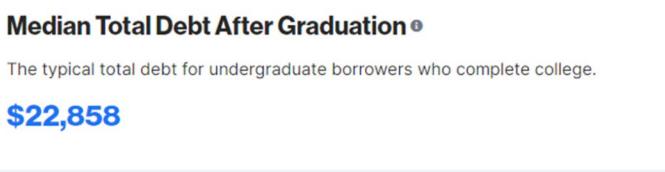
LOAN TYPE

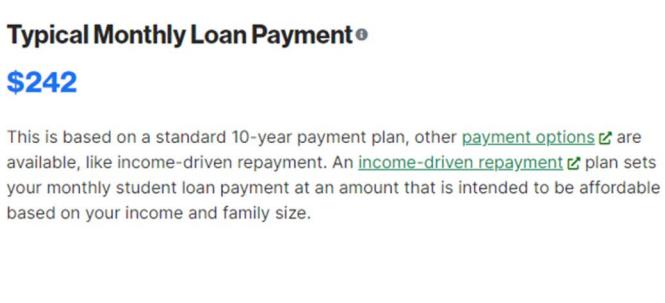
Federal Student Loans

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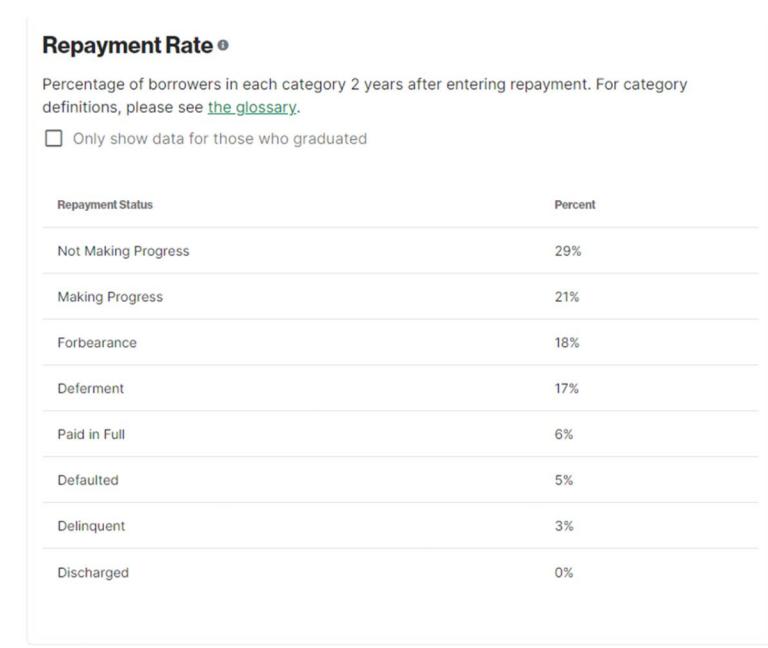
**Students Receiving Federal Loans**   
60%

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**

# Resources

## 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**

North Carolina

**Field**

Healthcare Practitioners and Technical Occupations

**Occupation**

Physical Therapists

#### 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](http://www.CFNC.org/events)