Financial Education

Know Before You Owe

WHAT IF SPENDING ALL OUR MONEY MEANS WE HAVE NO MONEY LEFT?

Holly Wright
UM Financial Education Program Manager
Federal Student Aid Process
Financial Aid Package
Student Loans
Personal Finance
Budgeting
Credit Report
Manage Checking/Savings Accounts
BUDGETING

Budgeting

1. Calculate your total expenses for the semester:
   - Tuition
   - Books
   - Housing
   - Food
   - Transportation
   - Other

2. Calculate your total income for the semester:
   - Student Loans
   - Gifts/Grants
   - Work Study
   - Scholarships

3. Subtract the total expenses from the total income to determine the amount you need to work to meet your monthly budget.

Monthly Budget

- Monthly Income
  - Salary/Paycheck
  - Other
- Monthly Expenses
  - Rent/Deposits
  - Utilities
  - Transportation
  - Food
  - Entertainment

4. List one financial goal here:

5. See all accounts:
   - Cash
   - Credit Cards
   - Loans
   - Investments

6. Mint automatically updates and categorizes your information.
# Steve

<table>
<thead>
<tr>
<th>BUDGET ITEM</th>
<th>ALLOTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>540</td>
</tr>
<tr>
<td>Electric</td>
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</tr>
<tr>
<td>Groceries</td>
<td>150</td>
</tr>
<tr>
<td>Dining out</td>
<td>150</td>
</tr>
<tr>
<td>Car Pmt</td>
<td>200</td>
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<tr>
<td>Car Insurance</td>
<td>90</td>
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<tr>
<td>Car Repair/Registration</td>
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<tr>
<td>Gasoline</td>
<td>100</td>
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<tr>
<td>Phone</td>
<td>100</td>
</tr>
<tr>
<td>Internet/Cable</td>
<td>75</td>
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<tr>
<td>Vegas</td>
<td>205</td>
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<tr>
<td>Hotel</td>
<td>150</td>
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<tr>
<td>Credit Card Pmt</td>
<td>35</td>
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<tr>
<td>Personal Care</td>
<td>50</td>
</tr>
<tr>
<td>Charity</td>
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<tr>
<td>Clothing</td>
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<tr>
<td>Savings</td>
<td>25</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>2110</td>
</tr>
</tbody>
</table>

| Paycheck                  | 553       |
| Grants/Scholarships       | 700       |
| Grandma                   | 50        |
| TOTAL INCOME              | 1303      |

| SURPLUS INC               | -807      |

Works 20 hrs/wk at minimum wage
Has a 1 bedroom apartment off-campus
Has planned a trip to Vegas this month
BUDGETING

Budgeting Tools:
- Increase Income
- Decrease Expenses

- Start paying towards your loans while in school!

- Even if it's only $5 a month, create the habit of making payments
PAYING FOR COLLEGE

Scholarships
Grants
Work Study
Should have already filed your 2017-2018 FAFSA

The 2018-2019 FAFSA opened on October 1, 2017 at www.fafsa.ed.gov

You will use your 2016 tax info for the 2018-2019 FAFSA

Needed to submit your 2018-2019 FAFSA before December 1, 2017 in order to be in the Priority Group for UM

Your 2019-2020 FAFSA will open on October 1, 2018 and use the information from your 2017 taxes
You and one parent need an FSA ID
Applying is faster and easier with the IRS DRT!

Based on your response, we recommend that you transfer your information from the IRS into this FAFSA. The IRS Data Retrieval Tool allows users to link to the IRS Web site and securely transfer original IRS tax return information into their FAFSA.

If you use the IRS DRT, you will not have to provide additional IRS documentation later to qualify for federal student aid.

No Thanks
Grants

Based on Financial Need

- Most Common: Pell Grant

- Max Pell Grant is
  - $5,920 (for the 2017-2018 year)

- Can receive it for up to 6 years
Work-Study
Earn-as-you-go Aid

- Work a job to earn aid
- This aid comes as a bi-weekly paycheck
- Many different departments and locations
  - UDASH Bus Driver
  - Office Assistant for non-profit
  - Research Aide for Avian Study
  - After-school Program Assistant
Scholarships

Applications typically open in October/November

- **Financial Aid Office:** [www.umt.edu/scholarships](http://www.umt.edu/scholarships)
- **UM Scholarship Portal:** [www.umt.edu/finaid/scholarships/um-scholarship-portal](http://www.umt.edu/finaid/scholarships/um-scholarship-portal)
- **Your Department:** talk to staff at front desk or see your department website
- **External Databases:** [http://www.umt.edu/finaid/scholarships/external-scholarships](http://www.umt.edu/finaid/scholarships/external-scholarships)
- **Laure Pengelly Drake:** Director of External Scholarships and Advising
FANTASTIC WAYS TO FUND YOUR EDUCATION

GRADUATE AND PROFESSIONAL
• FELLOWSHIP FINDER
  www.grad.illinois.edu/fellowship

INTERNATIONAL STUDENTS
• SCHOLARS4DEV
  www.scholars4dev.com

UNDERGRADUATE EDUCATION
• FATOMEI
  www.fatomei.com
• UCHICAGO SCHOLARSHIP OPPORTUNITIES
  http://ccsa.uchicago.edu/

STUDY ABROAD
• FATOMEI
  scholarships.fatomei.com/study-abroad-scholarships.html

SERVICE LEARNING
• OBERLIN CAREER CENTER
  new.oberlin.edu/office/career-center/go/gap-year/service.dot
• VOLUNTEERS FOR PEACE
  www.vfp.org
• CATHOLIC VOLUNTEER NETWORK
  www.catholicvolunteernetwork.org

Contact: Laure Pengelly Drake
Coordinator for External Scholarships
www.umt.edu/external-scholarships
laure.pengellydrakesumtana.edu
LA 144, 406-243-6140
Scholarships
Applications typically close in February/March

- The Writing Center
- Think about what makes you distinctive
- **Create scholarships:** (sometimes businesses don’t advertise that they have scholarships) Your employer, your parents’ employer, local businesses, banks, utilities
- Veteran’s Benefits
Scholarships
Student Loans
Private, Federal and Institutional
LOANS

Federal / Institutional Student Loans

❖ Types of Federal Loans

• Direct Subsidized Loan, 4.45%

• Federal Perkins Loan, 5%

• Direct Unsubsidized Loan, 4.45%

• Direct Parent PLUS Loan, 7%
You do not have to accept the total amount of a loan. You can always accept a portion of it.
There are four main servicers used by the Department of Education for Direct Loans:

1. FedLoan Servicing
2. Nelnet
3. Navient
4. Sallie Mae
5. Great Lakes
There Are Caps To What You Can Borrow

- Dependent Undergraduates: $31,000
- Independent Undergraduates: $57,500
- Graduate or Professional Students: $138,500
- Medical Graduate Students: $224,000
Once You Get Your Aid, You Need To Keep It

You earn your aid by attending class. Stop attending class and you will have to pay your aid back.
Decide Now How Much You Are Willing To Borrow For Your Education

$20,000?  $30,000?  $50,000?

Make sure your borrowing patterns will total this amount and no more by the time you graduate.
Decide Now How Much You Are Willing To Borrow For Your Education

Freshman Year $5,500
Sophomore Year $6,500
Junior Year $7,500
Senior Year $7,500

Total: $27,000
Decide Now How Much You Are Willing To Borrow For Your Education

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
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<tr>
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<td>$5,500</td>
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Total: $27,000

Monthly Payments needed to pay off the loans in 10 years: approx. $279

Total paid: $33,501
LOANS

Repayment Plans

- Standard (fixed payments, 10 yrs)
- Graduated (low payments at first, then increase over 10 yrs)
- Extended Standard (fixed payments, up to 25 yrs)
- Extended Graduated (low payments at first, then increase; up to 25 yrs)
- Revised Pay As You Earn (payments 10% of discretionary income)
- Pay As You Earn (payments 10% of discretionary income)
- Income-Based Repayment, IBR (payments 15% of discretionary income)
- Income-Contingent Repayment, ICR (payments based on gross income, family size, total amount of loans)
- Income-Sensitive Repayment (payments based on annual income)

I want to pay off my loans in a set number of years

I can only make payments that are based on how much money I make
LOANS

Repayment Plans - Parent PLUS

- Standard (fixed payments, 10 yrs)
- Graduated (low payments at first, then increase over 10 yrs)
- Extended Standard (fixed payments, up to 25 yrs)
- Extended Graduated (low payments at first, then increase; up to 25 yrs)
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I want to pay off my loans in a set number of years

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STUDENT LOAN DEFAULT

- Last payment is over 270 days late
  - 24% collection agency cost
  - Wages garnished at 15%
  - SSI and SSDI benefits are garnished
  - Federal and state tax refund kept
  - Goes on your credit report

- Never ignore mail sent to you from your loan servicer.
Once You Graduate

Beware of Third-Party Companies