Financial Education
Know Before You Owe

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

Holly Wright
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Federal Student Aid Process
  Financial Aid Package
  Student Loans
Personal Finance
  Budgeting
  Credit Report
  Manage Checking/Savings Accounts
PAYING FOR COLLEGE

Scholarships
Grants
Work Study
Should have already filed your 2018-2019 FAFSA

The 2019-2020 FAFSA opens on October 1, 2018 at www.fafsa.ed.gov and on the myFAFSA app

You will use your 2017 tax info for the 2019-2020 FAFSA

Needed to submit your 2019-2020 FAFSA before December 1, 2018 in order to be in the Priority Group for UM
You and one parent need an FSA ID
IRS Data Retrieval Tool

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.

[LINK TO IRS]
Grants
Based on Financial Need

- Most Common: Pell Grant
- Max Pell Grant is
  - $6,095 (for the 2018-2019 year)
- Can receive it for up to 12 semesters
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
- Don’t have work-study? These companies help their employees pay for their education.
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
Student Loans
Private, Federal and Institutional
Types of Federal Loans

- Direct Subsidized Loan, 5.045%
  - Origination Fee: 1.066%
- Direct Unsubsidized Loan, 5.045%
- Direct Parent PLUS Loan, 7.595%
  - Origination Fee: 4.264%
You do not have to accept the total amount of a loan. You can always accept a portion of it.
Decide Now How Much You Are Willing To Borrow For Your Education

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

Decide early
Commit to the number you choose
There are four main servicers used by the Department of Education for Direct Loans:

- FedLoan Servicing
- Nelnet
- Navient
- SallieMae
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
You earn your aid by attending class. Stop attending class and you will have to pay your aid back.
Once You Graduate

Beware of Third-Party Companies
BUDGETING
(Covered in your Freshman Seminar Course)
Credit Score: a number that rates how well you handle credit, how much of a risk you are.

Credit Report: a summary of your financial history.

*One in four can have errors*

Check at www.annualcreditreport.com
CREDIT SCORE

The Higher The Better

Ranges from 300 to 850

Above 740: Very good credit history

640 to 740: Average, indicating basically good credit

Below 640: Greater credit risk
CREDIT SCORE

Credit Score Basics

A credit score is based on the information drawn from your credit report and there are about 30 individual factors are used to determine your score.

Credit score factors

- Payment history: 35%
- Types of credit in use: 10%
- Credit history: 15%
- Outstanding debt: 30%
- Pursuit of new credit: 10%
CREDIT SCORE

Improve Your Score

- Pay yours bills on time
- Do not max out your credit cards
- Establish a credit history (only need 1 or 2 account, start small)
- Keep old lines of credit open
- Apply for a secured loan at a credit union
- Stop using credit cards and pay down debts (credit is not an extension of your income)
- Check your credit report and correct any errors
- Be patient!
CREDIT REPORTS

Who Can Pull Your Credit Report

Those who have a valid reasons:
- Lender after you filled out a loan application
- Insurance Company after you apply for policy
- If you give WRITTEN permission: landlord, employer
CREDIT REPORTS

Opt-Out of Firm Offers

❖ Firm Offers: unwanted credit card offers and insurance quotes
❖ Stop or lessen the number you receive by opting out of these prescreened offers
  ❖ for 5 year periods
  ❖ opt out permanently
❖ Can lead to identity theft if someone gets a hold of one of your credit card offers, fills it out and starts making purchases

https://www.optoutprescreen.com/
UM FINANCIAL EDUCATION PROGRAM