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
### Alex's Budget

<table>
<thead>
<tr>
<th>BUDGET ITEM</th>
<th>ALLOTMENT</th>
<th>PAYMENT</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>Rent</td>
<td>540</td>
<td>Paycheck</td>
<td>575</td>
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<tr>
<td>Electric</td>
<td>100</td>
<td>Grants/Scholarships</td>
<td>700</td>
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<tr>
<td>Groceries</td>
<td>200</td>
<td>Grandma</td>
<td>50</td>
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<tr>
<td>Dining out</td>
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<td>TOTAL INCOME</td>
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<tr>
<td>Car Pmt</td>
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<td>SURPLUS INC</td>
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<td>Car Insurance</td>
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<td>Car Repair/Registration</td>
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<td>Gasoline</td>
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<td>Credit Card Pmt</td>
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<td>Clothing</td>
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<td>Savings</td>
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<td>Investments</td>
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<tr>
<td>TOTAL EXPENSES</td>
<td>1795</td>
<td></td>
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</tbody>
</table>
BUDGETING

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- Budgeting Tools:
  - Increase Income
  - Decrease Expenses

- Start paying towards your loans while in school!

- Even if it's only $5/month, get in the habit of making a payment
CREDIT REPORTS

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

Improve Your Score

- Pay your bills on time
- Establish a relationship with Local Lender (open a checking/savings account)
- Establish a credit history (only need 1 or 2 accounts and start small)
- 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
With the recent Equifax breach, it would be beneficial to consider a credit freeze.

Here is the link to the MT DOJ website with the information about credit freezes. Just scroll down to the section titled “Security Freeze” and it has the directions there!
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/
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.pengellydrakesumontana.edu
LA 144, 406-243-6140
Scholarships

Applications typically close in February/March

- The Writing Center
- Create scholarships: (sometimes businesses don’t advertise that they have scholarships) Your employer, your parents’ employer, local businesses, banks, utilities
- Veteran’s Benefits
Scholarships

For more opportunities visit ucnt.edu/financialaid. See Scholarships—Outside Donor.

Golden Key
International Honor Society
$1 Million Annually
In Scholarships & Awards
www.goldenkey.org
Student Loans
Private, Federal and Institutional
LOANS

Private Student Loans

- Issued by a private lender (not the government) to the student.
- Most require credit check, cosigner, occupation.
- May have higher interest rates than federal loans.
- Limited repayment options, loan forgiveness, deferment, etc.
- Cannot be consolidated with Federal or Institutional loans.
Types of Federal Loans

- Direct Subsidized Loan, 5.045%
- Direct Unsubsidized Loan, 5.045%
- Direct Parent PLUS Loan, 7.595%
You can accept a portion of your loan.

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?

Make sure your borrowing patterns will total this amount and no more by the time you graduate.

Go to a Loan Calculator to see what your payments would be BEFORE you accept a loan.
Dependent Undergraduates: $31,000
Independent Undergraduates: $57,500
Graduate or Professional Students: $138,500
Medical Graduate Students: $224,000

There Are Caps To What You Can Borrow
Do Not Spend Your Refund Check on Non-School Related Items

You should not spend your student loan money on TVs, vacations, pets, snowmobile, etc..
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.
There are four main servicers used by the Department of Education for Direct Loans:

- FedLoan Servicing
- Nelnet Education Planning & Financing
- Navient
- Sallie Mae
- Great Lakes
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)
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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