

STUDENT LOAN ENTRANCE COUNSELING

PRESENTED BY:

FAQS

How much interest will accrue on (be added to) my student loan?

Here's the formula for answering that question and an example of how to use it:

Interest accrued = Principal x Rate x Time

Example: During her freshman year, Sally borrows \$5,500 at an interest rate of 6.8%. She takes five and a half years to graduate. How much interest will have accrued on her student loan? What is her total principal balance?

$$\$5,500 \times .068 \times 5.5 = \$2,057$$

Interest accrued after 5½ years = \$2,057

New principal balance = \$7,557

If Sally had been able to pay interest while in school, this would have added up to about \$31 per month. Paying the interest along the way would have kept her total debt balance at the original amount she borrowed (\$5,500) when she graduated, putting her ahead of the game as she entered repayment!

What will happen if I don't stay enrolled at least half-time ?

If you decide to drop a class, you'll want to make sure this does not put you below half-time enrollment, because that will start the process of putting your loan into repayment. For most financial aid, including federal student loans, you have to maintain half-time enrollment.

I think I borrowed more money than I need; can I still cancel my loan?

Before your loan money is paid out, you may cancel all or part of your loan at any time by contacting your school. After it's been credited to your account, you can still cancel the loan before the first day of the payment period, or within 14 days of receiving the notice. It's possible to cancel loans even after that period. Check with your financial aid office.

Are there any tax benefits that I may qualify for?

One thing to know about taxes is that interest, tuition, and fees can all be considered deductions (which reduce the amount of income you owe taxes on). There are also credits that you or your parents might be able to take called the American Opportunity (formerly Hope) and Lifetime Learning tax credits. Basically, money paid during the tax year for college tuition and fees and required course materials may count against the tax debt you owe, reducing your tax bill. For more details on these credits, you can go to www.irs.gov.

SCHOOL CONTACT INFORMATION

ANNUAL LOAN LIMITS

| YEAR | DEPENDENT STUDENTS* | INDEPENDENT STUDENTS |
|--|--|--|
| First-Year Undergraduate | \$5,500 No more than \$3,500 of this amount may be in subsidized loans. | \$9,500 No more than \$3,500 of this amount may be in subsidized loans. |
| Second-Year Undergraduate | \$6,500 No more than \$4,500 of this amount may be in subsidized loans. | \$10,500 No more than \$4,500 of this amount may be in subsidized loans. |
| Third-Year and Beyond Undergraduate | \$7,500 No more than \$5,500 of this amount may be in subsidized loans. | \$12,500 No more than \$5,500 of this amount may be in subsidized loans. |
| Graduate or Professional Students | Not Applicable (all graduate and professional students are considered independent) | \$20,500 (unsubsidized only) |

**Dependent undergraduate students whose parents are unable to obtain PLUS Loans may be eligible for larger annual loan limits.*

AGGREGATE LOAN LIMITS

| DEPENDENT UNDERGRADUATES | INDEPENDENT UNDERGRADUATES | GRADUATE AND PROFESSIONAL STUDENTS |
|---|---|--|
| \$31,000 No more than \$23,000 of this amount may be in subsidized loans. | \$57,500 No more than \$23,000 of this amount may be in subsidized loans. | \$138,500 No more than \$65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study. |

NOTES

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