



Paying for a Marietta College Education

Once you have applied for and received your financial aid award package, your next question may be, “How do I take care of the costs that financial aid doesn’t cover?” If your family cannot meet the financial responsibilities from current income and/or assets, there are a variety of financing options available. It is important to remember that paying for higher education is not like purchasing a consumable product. Higher education is a long-term investment with long term value, similar to the purchase of a house. A description of Marietta College financing options are outlined below for you to consider. As you review this information, you may decide that one method best fits your needs or you may elect to use a combination of payment plan for part of the cost with a loan for the remainder. Please contact the Student Financial Services Office (800) 331-2709 or (740) 376-4712 if you have any questions or if we can be of assistance to you in considering the various options.

Payment Plan Options:

You will receive a mailing from the Marietta College Student Accounts Office in early July containing instructions on how to access the eBill system and enroll in the payment plan.

Marietta College offers two payment options for full-time domestic undergraduate students:

Semester Payment Plan – Payments are made once per semester. The payment for fall semester is due on August 1st and for spring semester on January 2nd.

Monthly Payment Plan – Semester charges can be divided equally into either 4 monthly payments with no enrollment fee **or** 3 monthly payments with a \$150 enrollment fee. The first payment for fall semester is due on August 1st and for spring semester on January 2nd.

Payment and/or payment arrangements are expected to be made no later than August 1st for fall semester and January 2nd for spring semester in order for a student’s registration to be considered valid and receive campus services. Payment plan enrollment is required **each** semester.

For more detailed information about payment and how to enroll, please reference:

http://www.marietta.edu/departments/Student_Accounts/payment_options_and_information.html
or contact the Student accounts Office at (800) 274-4619.

Borrowing Options:

If you are thinking about borrowing to help pay for your student's higher education, first learn all you can about education loans, study your cash-flow position, and then borrow only what is necessary.

PLUS Loan – You may be eligible for a Federal Parent Loan for Undergraduate Students (PLUS) for the 2016-2017 academic year. PLUS loans are for parents, stepparents or legal guardians of dependent undergraduate students. You may borrow up to the total cost of education less any other financial aid received. To be eligible for the PLUS loan, the borrower must be considered credit-worthy. If the parent's loan application is denied, the student becomes eligible to borrow an additional Unsubsidized Stafford Loan of **up to \$5,000**, depending on need and grade level.

To apply for a PLUS loan, complete and return the "PLUS Loan Credit Authorization" form. Upon receipt, Marietta College will check for credit-worthiness and, if eligible will create a PLUS loan promissory note through the Federal Direct Loan system and send it to you for your signature.

Alternative/Supplemental Loans – Students who have borrowed the maximum allowable under the Federal Stafford Loan program, but who need to borrow additional amounts may want to consider borrowing an alternative loan. Alternative loans are borrowed from a bank, and are not restricted by the Department of Education. However, since they are education loans, they may include advantages that are similar to some of the federal education loans such as deferment options and lower interest rates. Alternative loans usually require a credit-worthy cosigner if the student does not have a favorable credit history.

To apply for an alternative/Supplemental loan, you will need to research and choose a lender. You are welcome to use any lender. A sample of lenders that we know to have outstanding service and differing credit approval methodologies is provided on the back of this brochure and on line. There are 5 application components students and their cosigners must complete for an alternative loan. 1) Initial application submission for credit check. 2) Lender credit approval. 3) Completion of a promissory note. 4) Acceptance and completion of a Loan Disclosure. 5) Completion of a Self-certification Form. The alternative loan process can take up to four weeks or longer for completion. The order in which these items are presented varies by lender.

Home Equity Loan – If you are a homeowner, you may be able to borrow a home equity loan. One of the biggest advantages to this loan is that the interest is tax deductible if the borrower itemizes deductions on their federal income tax return. For more information about home equity loans, contact a lending institution near you.

Life Insurance – Your life insurance policy may have options for borrowing for education purposes. For more information, contact your insurance agent.

Refer to the last page of this brochure for charts that compare these borrowing options. For more information about federal or alternative loans, contact our Loan Coordinator, Peggy Arnold, in the Office of Student Financial Services at (800) 331-2709 or (740) 376-4713.

FINANCIAL PLANNING WORKSHEET

If using a payment plan alone is more than the maximum you can afford each month but you would like to keep the loan interest charges to a minimum, using a combination of payment plan and loan might be to your advantage. Use the information supplied below to calculate the most advantageous combination of loan and payment plan for your family. **This information shows only examples and does not show the effect of loan origination fees.**

For all options:

1. Determine what your family can afford to pay each month.
2. If Federal work-study is part of the financial aid package, subtract it from the total award *unless* the student is planning to apply the entire work-study amount to their bill.
3. Then, subtract the amount of financial aid that remains from the total expenses listed on the award letter.
4. The amount remaining is the family's cost.

To use the Semester Payment Plan: Divide the family's cost by 2.

To use only the Monthly Payment Plan: Divide the family's cost by 6 or 8 (depending on which plan you elect to use) to determine your monthly payment amount. You will need to *sign up each semester* for the monthly payment plan.

To calculate your monthly payment on a PLUS loan: Use the repayment calculator at <http://www.mappingyourfuture.org/paying/standardcalculator.cfm> entering an interest rate of 6.84 and the family's cost for the principal amount of loan.

Example: If Marietta College total expenses are \$43,440 and the financial aid award is \$28,064 (once work-study has been subtracted), the family cost is \$15,376. In this example, the maximum the family can afford to pay each month is \$600.

Using the Semester Payment Plan, the family would have to pay \$7,688 at the beginning of each semester. (\$15,376 divided by 2)

Using only the Monthly Budget Plan, the family would have to pay \$1,922 per month. (\$15,376 divided by 8).

Borrowing the entire amount through a PLUS loan at 6.84%, the family would pay \$177.26 per month but would pay a total of \$5895.56 in interest over the life of the loan.

However, since the family can afford to pay more than \$177.26/month, they would save interest charges by making part of their payment through the Monthly Payment Plan and borrowing part through a PLUS loan. If the family contracted with Marietta College to pay \$450/month for a total of \$3600 and decided to pay the rest through a PLUS loan of \$11,976, the PLUS loan payments would be \$138.05/month. Adding the two payments together would mean a total monthly payment of \$588.05. Using this combination, the family would save over \$1,303 in interest over the life of the loan by borrowing less, yet still be within their affordable monthly payment range.

Comparison of Borrowing Options

Type of Loan	Advantages	Disadvantages
Unsubsidized Stafford (student loan)	<ul style="list-style-type: none"> ◆ Guaranteed by federal government ◆ Low est interest rate (and cap) of any education loan ◆ Interest can be deferred ◆ 6 month grace period and graduated repayment option ◆ No credit criteria ◆ Loans can be consolidated ◆ Forbearance available ◆ Cancellation provisions same as other Title IV program 	<ul style="list-style-type: none"> ◆ Student responsible for paying interest during in-school, grace and deferment periods (though it may be capitalized) ◆ 1.068% origination fee is charged and deducted from loan proceeds ◆ Insurance premium of up to 1% may be charged by guaranty agency ◆ Shifts debt burden to dependent student and away from parent
PLUS (parent loan)	<ul style="list-style-type: none"> ◆ Loans are guaranteed by federal government ◆ Parents of all income levels can apply ◆ Low est interest rate (and cap) of any "parent" loan ◆ Loans can be consolidated ◆ Cancellation provisions ◆ Forbearance available, some deferments ◆ Graduated repayment available from some lenders 	<ul style="list-style-type: none"> ◆ Without annual or aggregate borrowing maximums, parents must be very careful not to borrow more than they can repay ◆ Immediate repayment; "in-school" deferment ◆ Guarantee/insurance premium fees up to 4.272% of principal ◆ Though minimum credit standards are set by ED, lenders' policies may vary in credit review
Alternative Loans (private student loan)	<ul style="list-style-type: none"> ◆ Repayment deferred until student is out of school ◆ May be used for prior year balances ◆ Student with no credit history may borrow, with co-signer ◆ Flexible repayment options dependent on lender 	<ul style="list-style-type: none"> ◆ Generally, a co-signer with a "clean" credit record and acceptable debt-to-income ratio is required to qualify ◆ No cancellation provisions unless borrower purchases such an option ◆ Cannot be consolidated
Home Equity Loan (parent loan)	<ul style="list-style-type: none"> ◆ Interest is tax deductible if borrower itemizes deductions on tax return 	<ul style="list-style-type: none"> ◆ There may be fees (title search, appraisal) associated with obtaining the loan ◆ Accumulating all the paperwork and processing the loan can take as long as 3 months, depending on the lender's volume ◆ The family home is put up for long-term debt at a time when many people, facing retirement, want their home debt-free.
Borrowing from Life Insurance (parent loan)	<ul style="list-style-type: none"> ◆ Easy to obtain funds ◆ Low fixed rate on borrowing likely ◆ Depending on dividends/cash value, interest may never have to be repaid ◆ Loan automatically repaid at death 	<ul style="list-style-type: none"> ◆ Interest expense is generally non-deductible ◆ Death benefits are reduced ◆ Some policies have major changes to dividends, cash value build-up or death benefits as a result of borrowing ◆ Does not change financial aid qualification factors but does reduce family cash-flow

Loans at a Glance

Name and Sponsor	Maximum Amount	Credit Requirements	Fees and Interest Rates until 6/30/16	Maximum Terms	Principal Deferral
Federal Direct Unsubsidized Stafford Loan U.S. Department of Education (800) 433-3243	1st year students: up to \$5,500 2nd year: up to \$6,500 3rd - 5th: up to \$7,500 annually	None	Fixed: 4.29% Loan fees: 1.068%	10 years	Yes
Federal Direct PLUS Loan U.S. Department of Education (800) 433-3243	Cost of education minus other aid	No current loan delinquencies of 90 days or longer	Fixed: 6.84% Loan fees: 4.272%	10 years	Yes
Alternative Private Loans - The interest rate on the loans listed below is subject to change both up and down based on the changes of an underlying interest rate index.					
Citizens Bank Student Loan 800-708-6684 www.citizensstudentloans.com	\$1000 minimum Cost of education minus other aid	Creditworthy individual or co-signer	One-month LIBOR + 2.5% to 9.25% with a co-signer; Fixed rate available; No loan fees	15 years	Yes
PNC Solution Loan (800) 762-1001 www.pnconcampus.com	\$1000 minimum Cost of education minus other aid up to \$40,000 annually	Creditworthy individual or co-signer	3.39% to 9.76% variable 6.23% - 11.99% fixed No loan fees	15 years	Yes
Sallie Mae Smart Option Student Loan (877) 279-7172 www.SallieMae.com	\$1000 minimum Cost of education minus other aid	Creditworthy individual or co-signer	One-month LIBOR + 2% to 9.875% Co-signer may reduce interest rate; No loan fees	5 years to 15 years	Yes
Wells Fargo Collegiate Loan (800) 658-3567 www.wellsfargo.com/student	\$1000 minimum - 1st time borrower Cost of education minus other aid	Creditworthy individual or co-signer	3.5% - 9.24% variable rate 6.74% - 11.99% fixed rate No loan fees	15 years	Yes
Loan Aggregator - Compare multiple alternative loans side-by-side					
Private Student Loan Marketplace http://ohio.privateloanmarketplace.com	Cost of education minus other aid	Presents side-by-side, specific loan rates and terms that you would see if you applied with each lender directly. The Marketplace pulls your credit report once to simulate actual terms of loans from local and national lenders.			