FINANCING COLLEGE

PERSONAL FINANCE FOR MILITARY LIFE

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LEARN MORE EARN MORE

Earning a college degree is often viewed as a stepping stone to the American dream. Though a higher education comes with the potential for higher income, first you have to tackle the challenge of paying for it.

Whether you're saving for a child, spouse or yourself, the sooner you start planning for education costs, the better.

CHECK YOUR FINANCIAL PRIORITIES

College is an important goal, but when it comes to setting your financial planning priorities, it shouldn't necessarily come first.

What could be more important? For starters, retirement is the most expensive goal most of us will ever save for and, unlike college, you can't borrow money to make it through.

Before saving for your child's college, it's important to make sure your own financial house is in order, which means first addressing these needs:

» **BUDGET:** Strive to create a budget that includes saving 10% to 15% of monthly gross pay.

» **EMERGENCY FUND:** Try to save an amount equivalent to three to six months of your living expenses.

» **ADEQUATE INSURANCE:** Carry insurance to protect savings and earnings against the cost of unexpected hardships.

» **PAY DOWN DEBT:** Prioritize paying down high-interest debt before saving for college.

» **PRIORITIZE FINANCIAL GOALS:** Remember, student loans are available to help pay for college — there are no loans to help afford retirement.

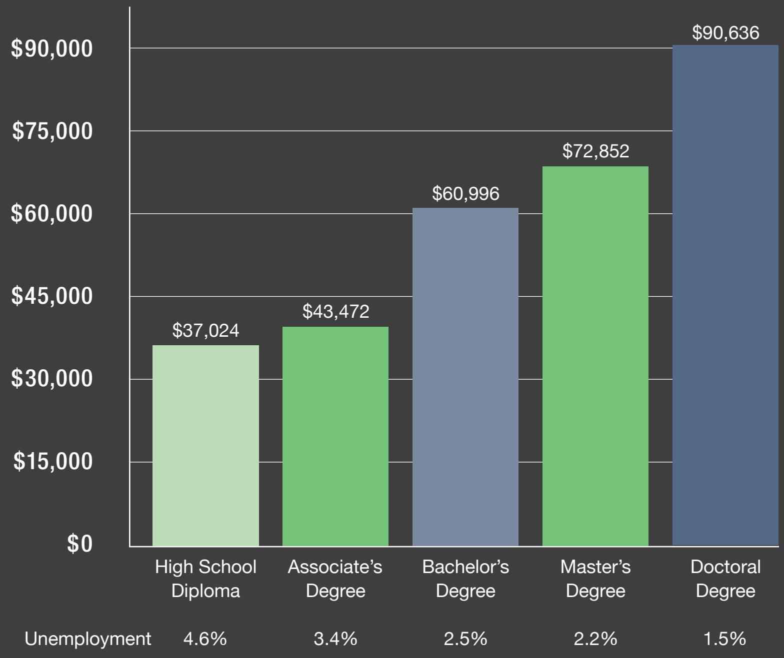
THE VALUE OF ADVANCED EDUCATION

Is a college degree worth the cost? While it depends on what you study and how much you pay, generally speaking, the answer is yes.

College graduates typically earn higher salaries than those who stop at high school. In fact, according to the Bureau of Labor Statistics, a person with a bachelor's degree can earn as much as $1 million more over a lifetime than those with just a high school diploma.

A college education also makes you more appealing to a wider variety of employers, and gives you greater job flexibility to adapt to changes in your workplace and in the economy. The result: lower unemployment for college graduates.

EARNINGS BY EDUCATIONAL ATTAINMENT



Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.

Source: U.S. Bureau of Labor Statistics, Current Population Survey.

THE COST OF COLLEGE

College can be expensive, but don't be discouraged if you can't save enough to cover the entire cost.

For perspective, consider another major purchase — like buying a house. Most buyers can't afford to pay cash. Instead, they make a down payment and borrow the rest.

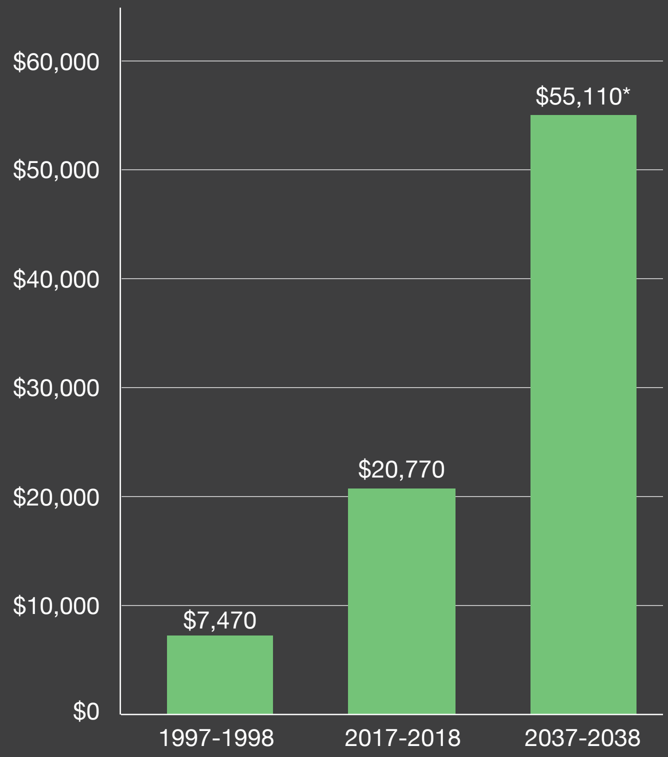
College is no different. While many parents want to save enough to pay for their child's college, it may require a combination of savings, income, scholarships and student loans to get the job done.

AVERAGE COST OF A FOUR-YEAR PUBLIC UNIVERSITY

According to data reported by ***CollegeBoard.org***, the average cost of a four-year public university (tuition, fees, room and board) has increased significantly over the past 20 years. Even projecting a slightly lower rate of inflation over the next 20 years (5% versus 5.25%) results in some eye-popping future college costs.

RISING COST

Average Public, In-State College Costs
Tuition, Fees, Room and Board



**Assuming 5% inflation*

https://trends.collegeboard.org/college-pricing/figures-tables/tuition-fees-room-and-board-over-time

WHAT YOU'LL HAVE TO PAY FOR

Here's an idea of what you and your child will have to pay for. For more information on college expenses, visit the National Center for Education Statistics at *nces.ed.gov.*

TUITION: Generally higher for private colleges or if your child attends a public university as an out-of-state student.

FEES: For labs, technology and activities.

BOOKS: Textbooks and other required reading materials.

SUPPLIES: Technology devices (computer, printer, peripherals), paper and related supplies.

HOUSING AND MEAL PLANS: If your child attends a four-year university, they may be required to live on campus at least the first year and purchase a meal plan in one of the dining halls.

PERSONAL EXPENSES: Cell phone, Internet, clothes, laundry, entertainment, spending money and other costs of daily life.

TRANSPORTATION: The cost for your child to travel to and from college. If your student will take a vehicle, include parking, fuel and maintenance costs.

INSURANCE: A renters insurance policy will protect students' property from theft or destruction, and auto insurance is a must to drive any vehicle, even if they don't bring one to school. Check with your insurer for details and state requirements.

HEALTH INSURANCE: Many schools provide student coverage, but ask your own health insurer about how your current policy covers students.

MEMBERSHIPS: Fraternity, sorority or other club dues, membership fees and related activity expenses.

SAVING FOR COLLEGE

Wherever your student is headed after high school, you should start planning for that destination today. Even if their graduation date is drawing near, it's still possible to save something and put a dent in the amount of loans or financial aid they'll need to attend their school of choice.

ASK YOURSELF

» What type of higher education do I envision for my child?

» What will the total costs be?

» How much time do I have availible to save?

» Do I expect my child to share some of the financial burden?

» Will I be saving for more than one child?

» Can I jump-start the savings with a lump sum? If not, how much can I afford to set aside periodically?

» What if my child decides not to attend college?

A BEGINNER'S EDUCATION IN INVESTING FOR COLLEGE

A MOVING TARGET

According to ***FinAid.org***, current college costs increases have averaged 5% to 8%. If this continues, you could be paying a lot more for college by the time your child goes than you'd have to pay today.

RATES OF RETURN

To keep up with inflation, you may need to look beyond the most conservative investment options in hopes of achieving higher returns.

INVESTMENT CONTRIBUTIONS

Saving is easier when you don't have to remember to transfer funds, or make a conscious decision to save each month. Consider an automatic monthly withdrawal from your bank account.

INVESTMENT FEES

Look carefully at the costs of any investment option. High investment costs are counter to your goals of accumulating money for college.

RISK AND TIME HORIZON

The younger your child, the more risk you can potentially take on because you have more time to endure the inevitable ups and downs of the markets. Talk to a financial professional.

LIQUIDITY

You should be able to access funds when you need them, so make sure your college savings accounts won't limit or penalize you when it's time to pay the bills.

TAXES

If you're saving outside of a tax-advantaged college savings account, consider how your investment earnings and growth will be taxed.

FINANCIAL AID IMPLICATIONS

It's a frustrating truth: saving for college can decrease the amount of aid you qualify for. That's even more true when the account is held in the name of the student instead of the parent.

PUMP UP THE SAVINGS

Building real momentum in your college savings is easier than you think.

» Set up an automatic withdrawal from your checking account that goes straight to college savings every month.

» Expand your savings whenever you pay off a loan or credit card by sending that same payment to your college savings, instead.

» Done with day care? Up your college savings contribution in light of newly reduced household expenses.

» Instead of toys or clothes, encourage grandparents, family and friends to chip into a college savings account.

INSURE YOUR SUCCESS

The death of a parent is a terrible emotional blow, but it doesn't have to be a financial one. The right type and amount of life insurance can protect a child's future by providing the money they need to achieve their dreams.

SAVINGS PLAN CHOICES

There are several strategies to save for your child's education. The key differences are:

» Account ownership

» Tax advantages

» Annual contribution limits

GENERAL INVESTMENT ACCOUNTS

Here, we're not talking about accounts with special education tax breaks — just a regular account held in a parent's or grandparent's name.

ADVANTAGES

» No contribution limits.

» Parents control how the account is invested and used.

» No income or age limitations.

DISADVANTAGES

» All interest, dividends and gains are taxed for federal income tax purposes at the account owner's tax rate.

» These accounts may impact the Expected Family Contribution calculation made by a college's financial aid department to determine financial aid eligibility.

529 COLLEGE SAVINGS PLANS

» A tax-advantaged investment account designed to encourage saving for the future higher education expenses of a designated beneficiary.

» In 2017, K-12 public, private, and religious school tuition were included as qualified expenses for 529 plans along with post-secondary education costs with passage of the Tax Cuts and Jobs Act.

ADVANTAGES

» Qualified withdrawals are exempt from federal and possibly state income taxes.

» Funds can be used for all qualified education expenses, including tuition, certain room and board expenses, fees, supplies and equipment required for enrollment at any accredited school in the U.S. or abroad.

» Typically, these have less impact on financial aid eligibility than other types of accounts.

» Large contributions are permitted, and the account owner maintains control of the assets.

» Generally, anyone can contribute, regardless of residency or income.

» Potentially transferable to another family member without a penalty.

DISADVANTAGES

» Withdrawals that aren't used to cover qualified expenses are subject to a 10% penalty on earnings, in addition to ordinary federal and state taxes on those earnings.

» Limited investment options, an uncertain ending value and the possibility of losses.

For more information about 529 college savings plans, including pre-paid tuition plans, visit ***collegesavings.org*** *for state-specific details.*

COVERDELL EDUCATION SAVINGS ACCOUNTS

- Only a parent or legal guardian is allowed to open the account.
- As of 2018, the annual contribution limit is $2,000 per beneficiary.

ADVANTAGES

- Funds can be used for qualified elementary, secondary or college expenses, including tuition, room and board, books, equipment and supplies.
- Earnings are federal income tax-free when used for qualified expenses.
- Offers a variety of investment options, and the flexibility to change the student beneficiary as needed.

DISADVANTAGES

- You may gain or lose money depending on how it is invested.
- Gifts are irrevocable and considered assets of the beneficiary.
- No contributions are allowed once the beneficiary reaches age 18, and funds must be used by age 30.
- There is a 10% penalty on investment earnings plus federal income taxes if funds are not used for qualified education expenses.
- Contributions are limited to $2,000 total per beneficiary each year, no matter how many accounts are established.
- Families with high income may not qualify.

UNIFORM TRANSFER TO MINORS ACT (UTMA) AND UNIFORM GIFT TO MINORS ACT (UGMA

- Allows parents, grandparents and others to contribute an irrevocable gift.
- These are accounts owned by the child but managed by parents, under your state's Uniform Gifts (or Transfers) to Minors Act.

- The parent controls the account until the child is an adult under the state law — generally age 18 or 21.
- Earnings and gains may be taxed at a lower rate than what the parent would pay if he or she owned the account. Some distributions may not be taxed at all.

- In some circumstances, earnings and gains are taxed at the parent's tax rate.
- Gifts are irrevocable — once it goes in the account, it is the legal property of the child.
- Ownership of the account can't be changed, and the money can't be used for a different child.
- Money owned by children may have a negative effect on financial aid eligibility.

PREPAID TUITION PLANS

» Allows parents, grandparents and others to lock in current tuition rates.

» Participants purchase units of tuition (years, semesters or credits) at current costs for state colleges, then use them to pay for future college costs.

ADVANTAGES

» Anyone can contribute regardless of income.

» With most plans, proceeds may be transferred to another family member.

» Plans are guaranteed by state governments, and as such, are subject to state-specific rules.

DISADVANTAGES

» Most plans cover in-state tuition only.

» Generally, room and board, books, equipment and supplies are not covered.

» There is a 10% penalty on investment earnings plus federal income taxes if funds are not used for qualified higher education expenses.

» Limited enrollment periods during each year.

SAVINGS BONDS

» U.S. savings bonds are issued by the U.S. Department of the Treasury.

» Savings bonds are considered one of the safest investments because they are backed by the full faith and credit of the U.S. government.

ADVANTAGES

» Savings bonds are easy to purchase.

» The bond purchase price, or your principal, is guaranteed.

» Earnings are exempt from federal income taxes if used to pay qualified education expenses.

DISADVANTAGES

» Relatively low yields.

» Penalty for early redemption.

» When cashed in, colleges will factor the income into the Expected Family Contribution calculation used in determining financial aid.

PAYING FOR COLLEGE

Is college right around the corner and you haven't saved enough? Don't fret. Fortunately, there are many other sources of money available to you and your child.

Free money is better than borrowed money, so look hard for grants and scholarships before turning to federal and private loans.

Whether your family receives financial aid depends on your Expected Family Contribution (EFC), which is the amount of money the government expects you to be able to pay for your education. The calculation is based on the income and assets of parents and students.

If your family's income is too high to qualify for federal or state aid, you may be eligible for another U.S. Department of Education loan program or other loan sources. Before borrowing from a private lender, talk to a financial aid counselor at your child's school, or to your financial advisor.

GENERAL ELIGIBILITY REQUIREMENTS FOR FEDERAL AID

- Demonstrated financial need (for most programs).
- U.S. citizenship or eligibility as non-citizen.
- Valid Social Security number.
- Male applicants must register with Selective Services between the ages of 18 and 25.
- Must be enrolled or accepted for enrollment as a regular student in an eligible degree or certificate program.
- Applicants must maintain satisfactory academic progress.
- You and/or your child will have to sign statements on the Free Application for Federal Student Aid (FAFSA) stating that you are not in default on any other federal student loan, do not owe money on a federal student grant, and federal student aid will only be used for educational purposes.
- Students must show they are qualified to obtain a college or career school education by having a high school diploma or a recognized equivalent such as a General Educational Development (GED) certificate.

FINANCIAL AID

There are a variety of financial aid tools available to students today, including scholarships, student loans, needs-based awards and work-study employment.

There are two basic types of aid:

- » Merit: These dollars are given to those who've demonstrated exemplary academic performance.
- » Need-based: These awards are based on a family's ability to cover the costs of the college a student plans to attend.

FAFSA

To be considered for government financial aid, you must first complete the U.S. Department of Education's Free Application for Federal Student Aid (FAFSA). It's a lot of work to fill out all the financial information required, but it could really pay off.

You can complete the FAFSA online at ***fafsa.ed.gov***, or do it on paper with a form you download, get from your high school guidance counselor, or request by calling **800-4-FED-AID**.

Though you may be eager to submit it, you cannot file your FAFSA before January 1 of the year your child will begin college. Generally, funds are assigned by July 1 of that same year, so you should complete it promptly in January.

CSS Profile

The College Scholarship Service Profile is a different financial questionnaire that's distributed by the College Board. It is primarily used by private colleges for making their own financial aid determinations.

The CSS Profile is more detailed than the FAFSA, and requires the payment of an application fee. You can get started on this one earlier, typically on October 1 in the year before your student starts college. Learn more at ***collegeboard.org***.

STUDENT LOANS

Federal Student Loans charge lower interest rates than loans from private institutions.

» Repayment does not start until you graduate, leave school or change your enrollment status to less than half-time.

» The interest rate is fixed.

» Some are subsidized, which means the government pays the interest on the loan while you're in school.

» They offer more flexible repayment terms than private loans, and can even be partially or fully forgiven in some circumstances.

Types of Direct Federal Loans

» **Subsidized Loans** are made to students who demonstrate financial need.

» **Unsubsidized Loans** don't require you to demonstrate need.

» **Plus Loans** are made to graduate or professional students and parents of dependent undergrads.

» **Consolidation Loans** let you combine all your eligible federal loans into one easier-to-manage loan.

The Federal Perkins Loan Program is for undergraduate and graduate students who have exceptional financial needs. Here, the school acts as the lender.

Private Student Loans are offered by non-government institutions such as banks, credit unions and colleges. They're usually more expensive and less flexible when it comes to repayment, so they should be your last resort after exhausting all other options.

TOP TIPS FOR STUDENT LOANS

- **Avoid Them.** The best strategy to paying back a student loan is not needing one in the first place. Explore scholarships, grants, working part-time, military programs, or employer tuition reimbursement programs to help pay for school.
- **Minimize Them.** Once you have exhausted all efforts to avoid student loans, try to minimize the amount you borrow. To save money, consider attending community college before transferring to a public or private institution. Or, consider attending a less expensive college.
- **Learn Your Options.** Visit ***studentaid.ed.gov*** for more information about paying for college.
- **Choose Federal Over Private.** If you need to borrow for college, start with federal loans first. Federal loans typically offer lower interest rates and more flexible repayment options than private loans. Federal loans also can be tax deductible, and have the potential to be subsidized or even forgiven under certain conditions.
- **Complete the FAFSA.** All students interested in financial aid should complete the Free Application for Federal Student Aid (FAFSA) annually by October 1.
- **Understand Repayment Options.** Federal student loans offer a number of repayment options, including many that are income-based. Private loans also offer some choices for how to pay back your debt though they are more limited than federal loans. Be sure to work with your lender or loan servicer to determine the repayment options that work best for you.
- **Consolidate Carefully.** Avoid for-profit companies promising to consolidate your loans for a fee. You can often do this yourself. Visit the National Foundation for Credit Counseling *(nfcc.org)* for additional information.
- **Communicate With Your Lender.** If you run into trouble making student loan payments because of unemployment, health problems, or other financial challenges, it's important to communicate these problems with your lender. Though they should be used carefully, there are legitimate ways to postpone your federal loan payments, such as deferments and forbearance.

FEDERAL GRANTS:

Federal grants give you college money that does not need to be paid back. They're awarded based solely on financial need.

FEDERAL PELL GRANTS

The maximum amount awarded under Pell Grants can change yearly but, as of 2017-18, eligible students could receive up to $5,920 per year. The actual amount is determined by:

» Your financial need

» Your cost of college attendance

» Your status as a full-time or part-time student

» Whether you plan to attend school for a full academic year or less than a full year

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG)

The FSEOG program is "campus-based aid" administered by the financial aid office at participating schools. Check with your school's financial aid office to find out if the FSEOG is offered.

Qualifying undergraduate students with exceptional financial need may receive up to $4,000 a year. There's a limited pool of money, so make sure you apply in a timely manner.

STATE, LOCAL AND OTHER GRANTS

State governments also offer grant programs, with varying eligibility and application requirements. Some are specific to preparing for particular careers, such as teaching.

Additionally, local governments, private organizations and individual colleges and universities may offer grants to students with financial need or demonstrated meritorious achievements in high school. Contact your high school guidance counselor or college financial aid office for the most current information.

TRADITIONAL SCHOLARSHIPS

Scholarships are provided by a wide variety of individuals, organizations and institutions from across the country and your community. Your child may not be able to apply for scholarships before their senior year in high school, but it is wise to start your research early.

Visit *collegeboard.org* and *collegscholarships.org* for more information on scholarships, or speak to your high school guidance counselor.

THE REWARDS OF A SCHOLARSHIP

Scholarships do not require repayment.

» Some scholarships require financial need, but many do not.

» Not all are based on academic achievement.

» Some require essays that allow your child to spotlight their particular talents, personality and writing ability.

» There may be far less competition for local scholarships, so seek them out.

» Encourage your child to take an active role in the scholarship search.

WORK-STUDY PROGRAMS

» Provides part-time employment while a student is enrolled in school.

» Is available to undergraduate, graduate and professional students with financial need.

» Is available to full-time or part-time students.

» Is administered by schools participating in the Federal Work-Study Program. Check with your school's financial aid office to verify participation.

MILITARY SERVICE ACADEMIES

These academies, such as the United States Military Academy at West Point and Naval Academy at Annapolis, are among the most prestigious colleges in the United States. If accepted, a student can expect to attend school tuition-free and receive an annual salary in return for a commitment to serve at least five years of active duty military service.

IRAQ AND AFGHANISTAN SERVICE GRANT

Children of parents or guardians who died as a result of military service in Iraq or Afghanistan after 9/11 may be eligible for additional aid.

LIFE INSURANCE AND TAX RELIEF FOR MILITARY FAMILIES

Thanks to the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART), individuals who receive military death gratuities or payments under the Servicemembers' Group Life Insurance (SGLI) program can roll their benefit over to a Roth IRA and/or Coverdell Education Savings Account (ESA), without having to pay federal income tax.

SERVICE MEMBER EDUCATION BENEFITS

As a member of the U.S. Military, one of the advantages of serving is the wide range of education benefits available to you, your spouse and dependent family members. Many of the education benefits apply to service members still in uniform, and others are also available after you transition to the civilian world, such as the Montgomery GI Bill, the Post-9/11 GI Bill and Veterans Education Assistance Program (VEAP).

POST-9/11 GI BILL

If you have at least 90 days of aggregate active duty service after September 10, 2001, are still on active duty, or were honorably discharged with a service-connected disability after 30 days, you may be eligible for this VA-administrated program.

The Post-9/11 GI bill provides up to 36 months of education benefits. Other benefits may also include:

» Monthly housing allowance

» Annual books and supplies stipend

» One-time rural benefit payment

Some service members may also transfer unused GI Bill benefits to their dependents

For details of this program, visit ***gibill.va.gov*** or call (888) 442-4551.

Each service branch also offers its own scholarships, college funds, tuition assistance, work-study programs, loan repayment programs and other forms of assistance.

ADDITIONAL MILITARY EDUCATION ASSISTANCE

Anyone who enlists in the armed forces may be eligible for one of the following education assistance programs:

THE MONTGOMERY GI BILL: This program, which is available to active duty members and reservists with a six-year obligation who are actively drilling, provides education benefits in exchange for contributions made by the service member.

VETERANS EDUCATIONAL ASSISTANCE PROGRAM (VEAP): Some states may offer Veterans Affairs benefits that are transferable to family members. Check with your state's veterans' organizations to see if education assistance is available.

SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE PROGRAM: This program provides education and training to dependents of vets who are permanently and totally disabled due to a service-related condition, or vets who die on active duty OR as a result of a service-related condition.

MARINE GYSGT JOHN DAVID FRY SCHOLARSHIP: This program provides benefits to children and surviving spouses of service members who died in the line of duty, while on active duty after September 10, 2001.

RESERVE OFFICERS TRAINING CORPS (ROTC) SCHOLARSHIPS:

Offered at hundreds of colleges nationwide, ROTC allows students to attend school full-time while preparing for a career as a commissioned military officer. Some ROTC cadets qualify for scholarships that are awarded based on merit only—not financial need.

VETERANS BEWARE

As a veteran, your education benefits could be worth tens of thousands of dollars. Unfortunately, some fly-by-night education providers are highly motivated to turn your benefits into their profits.

When you're researching schools, watch out for these statements.

"We have a 95% job placement rate."
Inflated claims about your job prospects are one of the favorite lures used by profit-driven schools.

"You can transfer our credits to other schools."
Your response to that statement should be a pointed question: "To what schools, exactly?" Depending on a school's level of accreditation, you may find that very few others are actually willing to accept the work.

"Your GI Bill will cover all your expenses."
Some veterans have enrolled in schools with the understanding that they'd have a completely free ride on Uncle Sam, only to be presented with a bill at the end of the semester.

"We're veteran-friendly."
At sleazy programs, this really means "we love cashing in on veterans' benefits." Don't let warm and fuzzy talk trick you into letting down your guard.

"Sign this preliminary paperwork."
No matter where you are in the process, read everything carefully before signing your name—if you don't, you could accidentally enroll in a program or sign up for expensive loans.

"The enrollment deadline is tomorrow."
Haste makes waste—and it can also make you vulnerable to a rip-off. Don't let anybody rush your decision-making.

UNDERSTANDING ACCREDITATION

When you're evaluating an educational institution, it's very important to pay close attention to accreditation. When a school is accredited, it means an outside organization has conducted an evaluation and determined the school meets certain standards for providing a quality education.

ACCREDITATION IS IMPORTANT BECAUSE IT DIRECTLY AFFECTS:

- Whether other schools will allow you transfer credits from that school
- Whether employers will be impressed by the work you've done
- Whether licensing boards will accept your education

Not all accreditation is the same. There are two major types: national and regional. It may seem counter-intuitive, but regional accreditation is much more valued than national accreditation.

You'll also want to make sure that not only does the school have the right accreditation, but that the specific program you're considering is accredited too.

IN-STATE TUITION FOR VETERANS

At state colleges and universities, there can be a huge difference between the tuition charged to residents of that state and what's charged to non-residents.

As a veteran, though, you may get to pay the in-state resident rate even if you haven't established residency in that state thanks to a provision in the Veterans Access, Choice and Accountability Act.

This applies to the Post-9/11 GI Bill, Montgomery GI Bill-Active Duty and the GySgt John D. Fry Scholarship. Learn about time limits and other details at ***benefits.va.gov***.

PAYING BACK STUDENT LOANS

A higher education comes with the potential to earn a greater income, but it often means taking on student debt that can limit your progress toward financial security. An American Institute of CPAs survey found half of respondents said they have delayed contributions to retirement accounts due to student loan debt.

Properly managing your debt can protect your credit rating and help you achieve other goals like home purchases and retirement.

THE WORLD OF STUDENT LOAN REPAYMENT

PRIVATE LOAN REPAYMENT

The repayment options for private student loans are set by the lender. However, the most common choices are listed in the chart below. In most cases, you can refinance and consolidate your private student loans to extend your loan term and possibly qualify for a lower interest rate.

REPAYMENT PLAN	DESCRIPTION	BENEFITS	CONSIDERATIONS
IMMEDIATE REPAYMENT	Principal and interest payment start as soon as the loan is disbursed.	You will pay less over time than other plans.	Immediate payments can be difficult for many borrowers while they are in school.
INTEREST-ONLY	Make interest-only payments while you are in school. Principal and interest payments start once you leave or drop below half time.	You will save money on interest because it won't accrue while you're in school.	Payments, while smaller than a principal and interest payment, are still required while borrower is in school.
FIXED	Make low, fixed monthly payments while you are in school. Principal and interest payments start after you leave or drop below half time.	Your monthly payments will be more affordable.	Interest will still be added to your loan balance when you start making principal and interest payments.
FULL DEFERMENT	No payments while you are in school at least half time. Principal and interest payments start approximately six months after you leave.	You make no payments while you are in school, and you have more time to find a job before repayment.	Biggest drawback is the total cost of the loan. Interest continues to accrue during the deferment period and will be added to your loan balance when you start making payments.

FEDERAL STUDENT LOAN REPAYMENT

There are a number of repayment plans for federal student loan debt. The key is to work with your loan service provider to choose a plan that is affordable for you.

Remember, even if you selected or were assigned a repayment plan when you took your loan, you can change at any time.

Not all Federal Student Loans will be eligible for every plan listed below. See ***studentaid.ed.gov*** for more complete details.

REPAYMENT PLAN	DESCRIPTION	BENEFITS	CONSIDERATIONS
STANDARD	Payments are fixed up to 10 years or up to 30 years for consolidation loans.	You will pay less over time than other plans.	Slightly higher payments than other plans.
GRADUATED	Payments start lower and increase, normally every two years. Loans are up to 10 years or up to 30 years for consolidation loans.	Lower payments while establishing your career.	While the graduated payments will never exceed three times other payments, this loan will cost more than the standard loan.
EXTENDED	Payments may be fixed (like the standard) or graduated up to 25 years.	Monthly payments are more affordable.	You will pay more over time than under the standard plan.

Not sure who owns your student loans? Visit the National Student Loan Data System (NSLDS) to find out. Student loan debt counseling and advice can be found at ***www.nfcc.org***.

INCOME-BASED LOAN REPAYMENT

Student loan debt prevents many people from building emergency funds, saving for retirement, or paying for adequate insurance. If your student loan payments are high compared to your income, you may want to consider either an income-driven or income-sensitive repayment plan.

Income-based repayment plans are intended to be affordable and are typically calculated based on income and family size.

Not all Federal Student Loans will be eligible for every plan listed below. See ***studentaid.ed.gov*** for more complete details.

REPAYMENT PLAN	DESCRIPTION	BENEFITS	OTHER INFORMATION
REVISED PAY AS YOU EARN (REPAYE) **PAY AS YOU EARN (PAYE)**	Monthly payments as a percent of discretionary income: » REPAYE = 10% » PAYE ≤ 10% Recalculated annually.	Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years.	REPAYE payments could be more than the 10-year standard plan, but PAYE payments will never be more. Taxes may be owed on any amount forgiven.
INCOME-BASED REPAYMENT (IBR)	Monthly payment will be 10% or 15% of discretionary income. Recalculated annually.	Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years.	Payments will never be higher than the 10 year standard plan. Taxes may be owed on any amount forgiven.
INCOME-CONTINGENT REPAYMENT (ICR)	Monthly payment will be the lesser of: » 20% of discretionary income, or » Amount you would pay on a 12-year fixed payment plan adjusted to income.	Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 25 years.	Payments could be higher than 10 year standard plan. Taxes may be owed on any amount forgiven. Parent PLUS Loans can consolidate into a Direct Consolidation Loan.
INCOME-SENSITIVE	Monthly payment is based on annual income and varies according to lender.	Lower monthly payments up to 15 years.	You will pay more over time than under the standard plan.

PAYING BACK STUDENT LOANS: SERVICE MEMBERS

The programs and exemptions listed below can help qualifying service members pay back their student loans.

THE PUBLIC SERVICE LOAN FORGIVENESS (PSLF) PROGRAM:

This program forgives the remaining balance on your Direct Loans after you have made 120 qualifying payments under a qualifying repayment plan while working full-time for a qualifying employer. To learn more about this great benefit and how it can potentially help you, visit the Federal Student Aid website at ***studentaid.ed.gov*** and search for PSLF.

ZERO PERCENT STUDENT LOAN INTEREST RELIEF:

Service members are exempt from paying interest on certain student loans for up to 60 months while serving in an area qualifying for hostile fire or imminent danger pay. Service members and veterans may receive a refund if they overpaid interest during previous periods of qualifying service.

The 0% provision applies to Direct Loans or a portion of Direct Consolidation Loans issued on or after October 1, 2008. Contact your loan servicer to take advantage of this valuable exemption. Or for more information on Zero Percent Student Loan Interest Relief, visit ***studentaid.ed.gov*** and search for the publication *For Members of the U.S. Armed Forces*.

THE SERVICEMEMBERS CIVIL RELIEF ACT (SCRA) INTEREST RATE CAP:

Under the SCRA, interest on student loans obtained prior to your military service is capped at 6% during periods of active duty. Federal and private loans are eligible for this benefit, but check with your loan servicer for more details.

STUDENT LOAN DEFERMENTS

Service members may be able to postpone student loan repayments during certain periods of active duty and immediately following active duty. These deferments can apply to Federal and some private student loans. Contact your loan servicer for information about your specific situation.

Paying back student loans is never easy, but for qualifying service members these programs and exemptions can help.

NOTATIONS

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- Financial Planning and Goal Setting
- Building Your Savings
- Understanding Credit
- Managing Debt
- Buying or Renting a Home
- Buying a Vehicle
- Basic Investing
- Planning for Retirement
- Individual Retirement Accounts (IRAs)
- Financing College

PERSONAL FINANCE FOR MILITARY LIFE

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