

Rowan University

Financial Aid Newsletter

Spring 2009

Beyond Grants and Scholarships

For Starters: The Federal Student Loan Program is the best deal around. Here's why:

- These are loans made to students not parents
- Students don't have to start paying back their federal student loans until they get out of school.
- The interest rate on a federal student loan is almost always lower than that on a private loan
- Students with greater financial need might qualify to have the government pay their interest while they are in school.
- Students don't need a credit record to get a federal student loan.
- Students don't need a cosigner to get a federal student loan.

If that is not enough: The Federal PLUS Loan is a loan program designed to grant parents access to credit to finance their children's education. This is a 7.9% fixed interest rate loan and requires a credit evaluation. The credit evaluation is not exhaustive nor very stringent. Currently PLUS loan borrowers can postpone repaying the loan until their child is out of school. There are fees of 3%. Still, this is a relatively easy loan to obtain and monthly payments are usually based on a 10-year repayment period.

TEACH GRANTS

TEACH Grants are grants offered to students pursuing a career in teaching. The grants are for up to \$4,000 each year. Students must teach four years in a low-income school district. If the recipient does not end up teaching at a low-income school district, the grant will be treated as an Unsubsidized student loan and must be repaid. Currently, Unsubsidized student loans carry a fixed rate of 6.8%.

This program is limited to certain teaching majors including math, science, foreign language, and reading specialist. To apply you must complete an Agreement to Serve in addition to the FAFSA. The agreement and additional information are available at our website: <http://www.rowan.edu/provost/financialaid/TEACHGrant.htm>

From the desk of the Director of Financial Aid

Financing your children's education is a major undertaking. Rowan University provides a high-value low-cost education but, it can still be difficult to fund all college related expenses. In these times, just thinking about the additional expense of paying for college can be overwhelming. Considering everything else that is going on in the economy like high utilities and food prices, a tight credit market, declining home values, etc. most families find themselves in a bind. Bad economic news abounds, including questions about the availability of educational loans.

I want to assure you that the federal educational loan programs are not being affected by the credit crunch. In fact, recent legislation relaxed lending requirements for parents and increased the amount students are able to borrow on their own without co-signers or established credit history. The main purpose of this newsletter is to provide you with some information and options as to how you may be able to finance your child's education should that be necessary.



Federal student loan annual borrowing limits were recently increased by \$2,000 per year beginning

What if the PLUS loan is denied?

Sometimes student's parent(s) apply for but do not qualify for a PLUS Loan. Under these circumstances, students may borrow up to an additional \$4000 for their freshman and sophomore years and up to \$5000 for their junior and senior years. Please note this option is available ONLY when the parents apply but are turned down.

As a matter of practice, when we receive information indicating that the PLUS is denied, we inform the parent of the available options. One option is to get a co-signer. The other option is to have the financial aid office process what is known as an Extra-Unsub. That is, an Unsubsidized student loan, in the student's name, for up to the amounts mentioned earlier based on the student's grade level.

State Loans for Students or Parents:

The State of New Jersey offers an educational loan program called NJCLASS. These loans are available to New Jersey Residents as well as out-of-state students who attend Rowan University. These are fixed interest rate loans. Currently, the rate on these loans is 7.62%. As of this writing, we do not know what next year's rates will be. However, they are expected to be very competitive.

NJCLASS lending requirements are more stringent than those of the PLUS loan. Therefore, it is often possible for parents who are turned down for a NJCLASS to be able to borrow from the PLUS. The NJCLASS loan offers a couple of repayment options including postponing repayment until after your child is out of college.

Are there any other alternatives?

Recently, there has been a proliferation of private educational loans. We normally refer to non-government educational loans as alternative loans.

ROWAN IS COMMITTED TO ASSIST STUDENTS AND THEIR FAMILIES IN OBTAINING THE ALTERNATIVE LOAN OF THEIR CHOICE. However, we do warn you to be careful. Given the current credit environment, it is fair to say that borrowers with good credit can get a good deal from almost any alternative loan lender. However, if the borrower's credit is less than stellar the rates on

these loans can be pretty stiff. You should consider not just the advertised rates, but also any fees that may be involved. When dealing with alternative loans ALWAYS inquire about FEES!

To assist families through this process, we have surveyed a number of large alternative lenders and we have included them on our preferred lender list. Please see our website for a listing and the process through which they were selected.

IMPORTANT: The best loan option is the federal student loan. In order to apply for a federal student loan the student must file a FAFSA. The State of New Jersey offers an alternative loan program called NJCLASS. The NJCLASS requires the student to file a FAFSA. All responsible alternative loan lenders strongly encourage students to apply for federal student loans before considering their alternative offerings. For this reason, Rowan University requires all students who want to borrow from alternative loans to file a FAFSA. If you are considering any borrowing option but have not already filed a FAFSA, please do so ASAP. The FAFSA may be completed on-line at www.fafsa.ed.gov

Does Rowan Offer a Payment Plan?

Yes, you can choose to pay your term bill in three installments. Participation instructions will be provided along with your term bill.

Still have questions? We will discuss these and other issues in detail during new student orientation. Please plan to attend the financial aid presentation for parents and bring your questions with you.

News!!

- The interest rate on the Federal Subsidized Stafford Loan is going down to 5.6% effective July 1, 2009
- All students are now eligible to borrow \$2,000 more than two years ago. This additional borrowing capacity is from the Unsubsidized loan which carry a fixed rate of 6.8%
- Award Notices for the upcoming academic year will be sent to students' Rowan e-mail address beginning June 11, 2009.