

FIVE STEPS TO SAVE, PLAN, AND PAY FOR COLLEGE

UNDERGRADUATE STUDENTS



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Five steps to save, plan, and pay for education

Planning for the cost and how to pay for college can be overwhelming... that's why we're here to help.

5 Steps to Save, Plan, and Pay for Your Student's Undergraduate Education:

1. Saving for higher education
2. Selecting your school
3. Determining cost
4. Calculating financial need
5. Paying for higher education



STEP 1

SAVING FOR EDUCATION

Step 1: Saving for Higher Education

In this economy, saving for college can be challenging, but every little bit counts. It's never too early or too late to start saving; so it's important to have a plan in place. Even a small amount saved might reduce the amount you need to borrow.

Remember, we often have several decades to save for retirement, but usually only 18 years at most to save for college.



Sallie Mae's 1-2-3 Approach to Saving for College

1. Open a savings account

- Set up and designate a savings account as your college fund
- Deposit gifts from friends and family
- Sign up for free services that let you earn cash back to save for college

2. Set a goal and regularly contribute money

- You may want to consider opening a savings account that helps you set and track your progress toward a goal, like college
- Automatic deposits make saving easy and help your college fund grow



3. Explore tax-advantaged options

- Such as 529 college savings plans

Step 1: 529 College Savings Plans

- ✔ A 529 college savings plan is a tax-advantaged plan created to help families save for a child's future higher education expenses. Funds from a 529 plan can be used for qualified higher education expenses¹, which include tuition, fees, books, computers, supplies, and certain room-and-board costs. Computers are now a qualified education expense!
- ✔ 529 plans grow tax-deferred and many states offer residents tax incentives for their contributions into a state 529 plan.
- ✔ Regardless of the 529 plan you select, assets generally can be used at any eligible 2-year or 4-year college, vocational/technical school or graduate school in the country (and some abroad, too)¹.
- ✔ Check out all the relevant information on 529.com

¹Please refer to the disclosure slide for additional information.

Step 1: 529 College Savings Plans; Top 7 Benefits

1. 529 plans offer unsurpassed income tax breaks
2. Your own state may offer tax breaks as well
3. You, the donor, stay in control of the account
4. Low maintenance
5. Simplified tax reporting
6. Flexibility
7. Everyone is eligible to take advantage of a 529 plan



¹Please refer to the disclosure slide for additional information.

This information was gathered on 08/2017 from http://www.savingforcollege.com/intro_to_529s/name-the-top-7-benefits-of-529-plans.php

Step 1: Investment Instruments

Saving for college through investments can include a variety of options such as:

- Money market funds
- Certificates of deposit
- Stocks and bonds
- Mutual funds
- Individual Retirement Accounts



Consult with an investment planner to ensure the accounts you're considering are right for your college savings plan. Consider options that are tax deferred and flexible. Because over time, programs, investments, and tax laws may change along with your ability to save.

STEP 2

SELECTING YOUR SCHOOL

Step 2: Selecting Your School

Picking the school that the student is most likely to attend for the entirety of their degree will help in the long run. Doing so, you can avoid the hassle and expense of transferring and possibly losing credits in the process.

Consider some of these critical elements when reviewing potential schools:

- ✔ Curriculum/Degree/Major
- ✔ Size (small rural campus or city life)
- ✔ Admission requirements
- ✔ Facilities
- ✔ Campus life, athletics
- ✔ Retention/Graduation rates
- ✔ Cost



Step 2: Selecting Your School

You should not choose a school JUST because of its reputation and price tag. Make sure the right education is being offered for the right price.

- Cost of Attendance (COA) is a huge factor for many families and can also be the deciding factor once award letters are received.
- Don't assume that a more expensive school will have the highest cost of attendance.
- Financial aid awards must be factored into the college choice decision. Many state schools, which can appear to be less expensive than private schools, have limited funding to offer students.
- More expensive private schools often have private grants that can make cost of attendance equal to or perhaps even less expensive than a state institution.



Step 2: Selecting Your School

Select several schools for application consideration.

- Make sure the choices are INFORMED (do your research on everything from programs offered to admission criteria to cost to location)
- Make sure the choices are REASONABLE (after researching, these are choices that you are fairly certain will offer admission, are likely to be affordable for you, offer the programs desired, have a culture that fits, and are located in personally desirable places)
- Make sure your choices are HEARTFELT (the choices should be those that feel right to your intuition and instinct – going with your gut).

Then based on the above preparation, apply for the right schools:

- One or two "dream" colleges, as long as you think you might have any chance of getting in.
- Two or three realistic colleges, still close to what you want, but not as selective as the dream schools.
- Two or three "safe" choices—colleges you think you'll like and that you know will admit you.



STEP 3

DETERMINING COST

Step 3: Determining Cost

What is the average cost of attendance?

Average Annual Cost of College	<p>Students attending:</p> <ul style="list-style-type: none">• Two-year public colleges = \$11,580 (1.8% increase from 2015-16)• Four-year public colleges and universities in-state = \$20,090 (2.7% increase from 2015-16)• Four-year public colleges and universities out-of-state = \$35,370 (3.4% increase from 2015-16)• Four-year not-for-profit private colleges and universities = \$45,370 (3.4% increase from 2015-16) <p>Source: <i>College Boards Trends in College Pricing 2016-17</i></p>
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As you understand the various costs of college, it is also important to forecast and compare those costs for each school being considered.

Sallie Mae's College Planning Calculator can help you.
SallieMae.com/CollegePlanningCalculator

Step 3: Determining Cost

Generally there are two types of college costs: direct and indirect.

Direct costs are assessed by the school but can vary a bit from student to student. Indirect costs are those that you can influence based on choices you make.

- ☑ Direct Costs
 - Tuition
 - Fees (health center, student activity, special campus fees, etc.)
 - On-campus room and board

- ☑ Indirect Costs
 - Books and supplies
 - Equipment (art fees, athletics, computers, etc.)
 - Transportation (travel to and from school)
 - Personal living expenses (pizza, movies, etc.)
 - Off-campus room and board



4 California Examples – Freshman Year

American River College
(living at home)

Indirect Expenses:	\$ 9,756
Books and Supplies:	\$ 1,854
Tuition/Fees:	\$ 1,104
TOTAL:	\$12,714

Sacramento State University
(living in dorms)

Room/Board	\$14,396
Personal/Transp.	\$ 2,288
Books and Supplies	\$ 1,854
Tuition/Fees	\$ 7,204
TOTAL:	\$25,742

UC Berkeley
(living in dorms)

Room/Board	\$15,716
Personal/Transp.	\$ 3,722
Books and Supplies	\$ 894
Tuition/Fees	\$14,068
TOTAL:	\$34,400

St Mary's College of California
(living in dorms)

Room/Board	\$15,320
Personal/Transp.	\$ 3,240
Books and Supplies	\$ 1,278
Tuition/Fees	\$45,686
TOTAL:	\$65,524

Step 3: Determining Cost

What's included in Cost of Attendance (COA)?

COA is the average cost to attend for one academic year (fall through spring). It includes tuition and fees, books and supplies, room and board, transportation, and personal expenses. Colleges adjust the COA yearly to reflect changes to these costs.

How does the COA drive your financial aid?

The college subtracts your [Expected Family Contribution](#) from the COA to calculate how much federal aid (such as grants, loans and work study) a college estimates your student is eligible to receive. Your EFC does not vary by college, but the amount of aid your family is eligible to receive will vary by college, based on each school's evaluation.

What is Expected Family Contribution?

The Expected Family Contribution (EFC) is a measure of your family's financial strength and is calculated according to a formula established by law.

The information from your Free Application for Federal Student Aid (FAFSA) is used to calculate your EFC. Schools use the EFC to figure out your federal student aid eligibility and financial aid award.

Note: Your EFC isn't the amount of money your family will have to pay for college and it isn't the amount of federal student aid you'll receive.

Step 3: Determining Cost

COA and Net Price

Your bottom line to attend any college is not the COA - it's the net price and it helps families understand the true cost of a college based on a student's eligibility for federal aid as well as grants and scholarships awarded by the college. The net price you pay for a particular college is specific to you because it's based on your personal financial situation and the college's financial aid policies. This is the total out-of-pocket cost that you will actually pay.

Total Cost of Attendance (COA)

- Family's EFC
- The student's estimated eligibility for grants/scholarships (Free money)
- = The student's estimated net price of the college

What's next....Visit collegecost.ed.gov to find a specific college's net price calculator and estimate your net price to attend any college!

Information gathered on 9/2017 from <https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/focus-on-net-price-not-sticker-price>
<https://secure-media.collegeboard.org/CollegePlanning/media/pdf/Difference-Between-EFC-Net-Price-Results.pdf>
<https://collegecost.ed.gov/netpricecenter.aspx>

STEP 4

CALCULATING FINANCIAL NEED

How Awards are Determined - Overview

- To determine if a family is eligible for aid they must complete the Free Application for Federal Student Aid (FAFSA) at www.fafsa.gov
 - Beginning in 2016, families can submit the FAFSA as early as October 1 for the upcoming Academic Year
- Once the FAFSA is completed the U.S. Department of Education will send students a Student Aid Report (SAR)
- Please note that some schools also require filing of the College Board PROFILE (www.collegeboard.com/profile)
 - The student must confirm with the individual schools if this form is necessary for institutional aid eligibility at their college or university
- The SAR summarizes the data from the FAFSA and indicates the Expected Family Contribution (EFC)
 - EFC is calculated using federal guidelines and is based on information submitted in the FAFSA. It is based on a formula and is an index number that college financial aid staff use to determine the amount of federal student aid students are eligible to receive if they were to attend their school.
- To determine the financial aid award, a school subtracts the EFC from the cost of attendance (COA) to determine the students financial need
 - $COA - EFC = \text{financial need and the amount of the award}$
- The federal financial aid award takes into consideration cost of attendance, family income, family size, number of family members in college or graduate school, family background, scholarships or grants not received through the school, major or field of interest, athletic abilities

Step 4: Calculating Financial Need

The main factor in determining your financial need is the Free Application for Federal Student Aid (FAFSA)

- ✔ The FAFSA is used to determine eligibility for all federal student financial aid programs. It is also the official form for applying for most state and school aid.
- ✔ Much of the information required on the FAFSA comes from your tax return. On October 1st of each year, you can start filling out the FAFSA and use two years' prior information from the data retrieval tool. This means that a family completing the FAFSA for AY 2018-19 can use their 2016 tax return.
- ✔ The FAFSA is comprehensive and may take an hour to complete. You can complete the form online at fafsa.gov.

Tip

To reduce the FAFSA completion time, you may want to gather information such as:

- Your driver's license and social security number
- Your parent's social security numbers and birth dates
- Your family's latest federal income tax returns
- W-2 forms
- Bank statements
- Information on your family's investments

Step 4: Calculating Financial Need

The U.S. Department of Education will use the FAFSA information to calculate your Expected Family Contribution (EFC).

A family's EFC is calculated from the information they report on the FAFSA and is based on a formula established by law. The formula to calculate EFC considers

- family finances,
- assets,
- family size,
- number for family members in college, etc.

The EFC is not the amount of money a family will have to pay to attend a particular school; it represents an **index number** that each college uses to determine the amount of federal student aid students are eligible to receive if they were to attend a particular college. Colleges subtract the EFC from the total cost of attending their school. The total cost — which includes tuition, fees, room and board, books and supplies, personal expenses, and transportation costs -- minus the EFC is how much federal financial aid a college estimates a student is eligible to receive. So the EFC does not vary by school, but the amount of aid a family is eligible to receive will vary by school, based on each school's evaluation.

This information was gathered on 7/27/17 from <https://studentaid.ed.gov>

Step 4: Calculating Financial Need

EFC Factors - Assets included on the FAFSA:

1. Rental property, land and second or summer homes
2. Trust Funds
3. Uniform Gifts for Minors Act (UGMA) custodial accounts
4. Uniform Transfer to Minors Act (UTMA) custodial accounts
5. Money Market Funds, Mutual Funds and CDs
6. Stocks, stock options and bonds
7. Other Securities
8. Installment and land sale contracts (including mortgages held)
9. Commodities
10. 529 Plans
11. Coverdell Education Savings Accounts

This information was gathered on 7/27/17 from <https://studentaid.ed.gov> and www.finaid.org/savings/ugma.phtml

Step 4: Calculating Financial Need

EFC Factors - Assets NOT included on the FAFSA:

1. Principal place of residence/family farm
2. Small business with 100 or < employees
3. Value of Life Insurance
4. Retirement Plans (401K plans)
5. Pension Funds
6. Annuities
7. Non-education IRAs
8. Keogh Plans
9. Personal possessions (car, furniture, clothes, etc.)
10. Personal debts (credit card)

This information was gathered on 7/27/17 from <https://fafsa.ed.gov/>

Step 4: Calculating Financial Need

What Happens After you Apply?

- ✔ Within three to five days of submitting the FAFSA on the Web, the student will receive a Student Aid Report (SAR).
- ✔ The SAR will list your EFC. It's important to review the SAR carefully for errors. If you find an error, you can update and resubmit the SAR for processing.
- ✔ Once the SAR is finalized, any institutions listed on your FAFSA will receive copies of the SAR.

Evaluate Award Letters

- ✔ After receiving your EFC, colleges at which you have been accepted present you with a financial aid package or award letter. This could be a paper or an electronic letter.
- ✔ It will outline the total cost of attendance and any aid that the school is offering to the family.
- ✔ When award letters arrive, it helps to compare the offerings of each school of interest. Be sure to look at both the total amount of aid received and the types of aid offered. This could be very helpful when trying to choose between two schools.

This information was gathered on 7/27/17 from <https://studentaid.ed.gov/sa/fafsa/next-steps/accept-aid>

Typical Award Letter Calculations

Sample 2016/2017 Award Notification (Freshman)			
		Fall	Spring
Estimated costs:	<ul style="list-style-type: none"> • Tuition & Fees: • On Campus Housing: • Meal Plan: • Books/Supplies: • Transportation: • Other Expenses: 	\$18,000 \$3,000 \$2,500 \$500 \$250 <u>\$750</u>	\$18,000 \$3,000 \$2,500 \$500 \$250 <u>\$750</u>
	Total estimated costs:	\$25,000	\$25,000
Grants and Scholarships:	<ul style="list-style-type: none"> • Dean's Scholarship • State Grant: • PELL Grant: • Federal (SEOG): Grant: 	\$1,000 \$1,000 \$1,500 <u>\$1,500</u>	\$1,000 \$1,000 \$1,500 <u>\$1,500</u>
	Total Grants and Scholarships:	\$5,000	\$5,000
Work Study:	<ul style="list-style-type: none"> • Federal Work Study Eligibility: 	\$1,250	\$1,250
Federal Student Loans:	<ul style="list-style-type: none"> • Federal Direct Subsidized Loan: • Federal Direct Unsubsidized Loan: 	\$1,750 <u>\$1,000</u>	\$1,750 <u>\$1,000</u>
	Total Federal Student Loans:	\$2,750	\$2,750
Estimated Remaining Balance:		\$16,000	\$16,000
To cover the remaining balance you may apply for or receive other sources to finance your education, including: <ul style="list-style-type: none"> • Outside Scholarships • College or Other Savings Plans • Tuition Payment Plans • Non-federal Private Student Loan • Federal Parent PLUS Loan • Non-federal Private Parent Loan 			

Financial Aid Timeline

FAFSA (Free Application for Federal Student Aid) submission date is now October 1.

By moving the FAFSA application start date to October 1, students and their families have more time to fill out the FAFSA with tax information readily at hand, and more time to review schools' financial aid packages.

Students enrolling in college for Academic Year 2018-2019 will need their 2016 federal tax return. They can submit a FAFSA at fafsa.ed.gov beginning October 1, 2017.

Students enrolling in college for Academic Year 2019-2020 will need their 2017 federal tax return. They can submit a FAFSA at fafsa.ed.gov beginning October 1, 2018.

Schedule



Source: <https://studentaid.ed.gov/sa/about/announcements/fafsa-changes> and SMSCH MKT12709A 0617

STEP 5

PAYING FOR EDUCATION

Sallie Mae's 1-2-3 Approach to Paying for College

Sallie Mae recommends students and families follow its 1-2-3 approach to paying for college:

1. Maximize money that does not need to be repaid, such as scholarships and grants
2. Explore federal student loans
3. Consider a responsible private student loan



Step 5: Grants

- ✔ Grants, which do not require repayment, are typically awarded annually based on information provided on the FAFSA.
- ✔ Grants are offered by numerous sources, such as federal and state governments, colleges, and independent organizations.
- ✔ The remaining federal grant programs:
 - Federal Pell Grant*
 - The Pell Grants are need based.
 - Awards up to \$5,920 for 2017-18 and awarded to all who qualify.
 - Federal Supplemental Educational Opportunity Grant (FSEOG)*
 - FSEOG are for students with exceptional financial need.
 - Awards from \$100-\$4,000 and on a first come, first served basis.

*This information was gathered on 7/27/17 from <https://studentaid.ed.gov/sa/types/grants-scholarships/pell> and <https://studentaid.ed.gov/sa/types/grants-scholarships/fseog>

Cal Grants

Available for California high school graduates attending California schools, who meet certain eligibility and financial requirements.

Cal Grant A and B are renewable for up to 4 years

Cal Grant C is renewable for 2 years

To apply, you must submit the Free Application for Federal Student Aid (FAFSA) or the California Dream Act Application (CADAA), and your verified Cal Grant GPA by the March 2 Cal Grant application deadline.

Your verified Cal Grant GPA. Check with your school to see if they will submit your GPA for you or whether you'll need to submit it using the Cal Grant GPA Verification Form. If you need to submit your GPA, you can pick up the form at your school or find the [GPA Verification Form online](#). The GPA verification form must be certified by your school and returned to the Commission no later than March 2.



Cal Grants

Cal Grant A – helps pay for tuition and fees at four-year colleges.

- For low to middle income students who meet financial need criteria
- Amounts vary depending on type of college. Range from \$5,742 to \$12,630
- High School GPA requirement of 3.0
- Course of study must lead to a degree.

Cal Grant B – helps pay for both tuition and living expenses at two and four year colleges

- For high need students only (Pell eligible).
- Provides a living allowance of up to \$1,672 for the first year.
- Tuition subsidy similar to Cal Grant A is added after the first year.
- Requires at least a 2.0 GPA

Cal Grant C – for students interested in a technical, vocational or career education.

- Provides up to \$1,094 for books and equipment and up to \$2,462 for tuition and fees.
- Renewable for two years.

Step 5: Scholarships

Scholarships, are typically merit-based and awarded for a variety of reasons including:

- ✔ Academic achievement
- ✔ Financial need
- ✔ Community involvement
- ✔ Organizational membership
- ✔ Sports
- ✔ Talent or skill
- ✔ Leadership/school activities
- ✔ Ethnicity
- ✔ Religious affiliation
- ✔ Parent affiliation with work, club, or activity



Scholarships, which do not require repayment, are typically awarded on an annual basis. While the federal and state governments award some scholarships, the majority of funds are awarded by the institution in which students enroll and by private organizations.

Scholarships Play An Increasingly Important Role In Paying For College

Average annual scholarship amount among undergraduates who used them in AY 16-17

\$9,712

In AY 16-17 **49%** of families used scholarships to fund undergraduate education



Scholarships and grants covered **35%** of college costs



1. Source: *How America Pays for College 2017*, Sallie Mae and Ipsos.

Scholarship Resources

There are many resources for scholarships:

- Local or community-based scholarships
- Federal and state agencies
- College-specific scholarships offered by the colleges your students are interested in attending
- Religious organizations
- Employers
- Libraries
- Private organizations or major companies
- Online search engines that aggregate scholarship offerings and allow users to be matched to scholarships based on a personal profile



Scholarships Resources

✔ Private Resources

- KFC Scholarships
- Coca-Cola Scholarships
- Wal-Mart Scholarships
- Exxon Mobil Scholarship
- Scholarship America
- General Electric Foundation Scholarships
- Target Scholarships
- Ronald McDonald House Charities Scholarships
- AT&T Labs Fellowship Program

✔ Examples of Free Search Engines

- Sallie Mae® Scholarship Search provides free access to more than 5 million scholarships worth up to \$24 billion
SallieMae.com/ScholarshipSearch
- Fastweb features over 1.5 million scholarships worth up to \$3.4 billion
Fastweb.com/college-scholarships
- Big Future by the College Board offers scholarships, other financial aid and internships from more than 2,200 programs, totaling nearly \$6 billion
bigfuture.collegeboard.org/scholarship-search

Step 5: Federal Work Study

Federal Work-Study provides part-time jobs for students with financial need and is granted to students as part of their financial aid package

Federal Work-Study program

- Jobs arranged through school participating in the Federal Work-Study program
- On or off campus
- Pays at least minimum wage
- Limited hours
- May be tied to academic interests or major

Often there are a wide variety of work-study jobs on each campus

Information gathered on 7/27/17 from <https://studentaid.ed.gov>

Step 5: Federal Loan Programs - Undergraduates

Federal Loan Programs

Federal Direct Subsidized and Unsubsidized Loans are low-interest loans for students enrolled in college at least half time.

- ✔ Direct Subsidized Loans are available to eligible undergraduate students with demonstrated financial need. Interest is paid by the federal government while the student is in school at least half-time and during their six-month grace/separation period.
- ✔ Direct Unsubsidized Loans are available to undergraduate students. Students are not required to show financial need. Payments are not required while the student is in school, but interest does accrue during school.

This information was gathered on 7/27/17 from <https://studentaid.ed.gov>

Federal Loan Program Details - Undergraduate

Various deferment options are available for unemployment, economic hardship, school enrollment, and military service.

Here are some additional details regarding Federal Direct Subsidized and Unsubsidized Loans:

- Borrowing limits are \$5,500 (first year), \$6,500 (second year) and up to \$7,500 (third and final years), with higher amounts for independent students.
- Interest Rates and fees

Loan Type	Borrower Type	Interest Rate (Loans first disbursed on or after 7/1/16 and before 7/1/17)	Fees on or after 10/1/16, and before 10/1/17	Fees on or after 10/1/17 and before 10/1/18
Direct Subsidized Loan	Undergraduate	4.45%	1.069%	1.066%
Direct Unsubsidized Loan	Undergraduate	4.45%	1.069%	1.066%

- Military members may be eligible for special interest benefits regarding their federal loans
- Payments begin 6 months after leaving school, graduating, or dropping to less than half time enrollment
- Flexible repayment options with terms of up to 10-25 years.
- Various loan forgiveness options.

Other Loan Programs

Your other options to meet any outstanding costs may include:

- ✔ Federal PLUS Loans – another loan available in the Federal Direct Loan Program
- ✔ Private Education Loans
- ✔ Home Equity Loans
- ✔ Other Lines of Credit



Federal PLUS Loans

Federal Parent PLUS Loans allow parents (with undergraduate students) to borrow the remainder of what a student owes after any other aid and federal loans are applied.

- ✔ Students must be enrolled at least half-time
- ✔ Amounts can generally be paid back over a 10-year period
- ✔ Maximum loan amount is the cost of attendance (determined by the school) minus any other financial aid received
- ✔ Federal Parent PLUS loans are not eligible for income-based repayment
- ✔ Check studentaid.ed.gov for interest rates



This information was gathered on 7/27/17 from <https://studentaid.ed.gov>

Private Education Loans for Students

Private student loans can help cover the remaining college costs. When using private loans we encourage borrowers to pay a little now to save a lot later. Making small payments while still in school can result in savings on a student's total loan cost. Securing a creditworthy cosigner may help a student qualify or reduce their interest rate.

The following loan information may vary depending on the lender³.

Private Education Loans For Students

- Offer a variety of in-school repayment options that include
 - Immediate Repayment (Pay Now),
 - Deferred Repayment (Pay Later),
 - Fixed Repayment (Pay Less options) and
 - Interest Repayment (Pay More Now)
- Cosigners may help increase the chance of approval and may result in a lower interest rate
- Students can choose from fixed and variable rates

³Please see disclosure section for additional information.

Private Education Loans for Parents

Private parent education loans can also help cover the remaining college costs. Unlike the federal PLUS loan where the parents or guardian of the dependent undergraduate can borrow, these loans are available to any qualified person that wants to borrow a loan to help a student go to college.

The following loan information may vary depending on the lender³.

Private Education Loans for Parents

- Parents, legal guardians, family members, or other creditworthy individuals may borrow for undergraduate and graduate students who are enrolled, accepted for enrollment, or previously enrolled at an eligible institutions
- Typically the borrower, cosigner, and student are U.S. citizens or permanent residents
- Repayment terms vary from 5 years up to 25 years
- Offer a variety of repayment options to choose from such as
 - Immediate Repayment (Pay Now)
 - Interest Repayment (Pay More Now)
 - Deferred Repayment (Pay Later)
- Annual loan limits can be up to the cost of education less other aid or limited to a lower number
- May require school certification

³Please see disclosure section for additional information.

Tax Benefits

Don't forget to consider many of the tax benefits that are offered to families with college students. Federal income tax law provides a number of tax benefits for the current tax year to qualifying taxpayers funding a higher education. To find out if you qualify, call the IRS Help Line at 800-829-1040 or review IRS Publication 970, Tax Benefits for Education at [irs.gov](https://www.irs.gov).

- American Opportunity Credit provides federal taxpayers with a tax credit of up to \$2,500 per student per year for up to four years, for qualified tuition and related expenses.
- Lifetime Learning Credit provides federal taxpayers with a non-refundable tax credit of up to \$2,000 per student per year per eligible school tuition and fees, as well as for books, supplies, and equipment that were required for the course and had to be purchased from the school
- Coverdell Education Savings Account allows up to \$2,000 a year to be put aside for student's education expenses (Elementary, secondary, or college). Contributions aren't deductible, but amounts deposited in the account grow tax free until distributed. If, for a year, distributions from an account aren't more than a designated beneficiary's qualified education expenses at an eligible educational institution, the beneficiary won't owe tax on the distributions.
- Qualified Tuition Programs (QTP) are also called "529 plans". No tax is due on a distribution from a QTP unless the amount distributed is greater than the beneficiary's adjusted qualified education expenses.
- Student Loan Interest Deduction allows taxpayers who qualify to deduct up to \$2,500 of student loan interest paid during the tax year directly from their taxable income.

Please consult your tax advisor or the IRS regarding student loans and taxes.



Questions?

Disclosures

We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

¹529 Plan Disclosures:

Earnings on non-qualified distributions are subject to federal income tax and may be subject to a 10% federal penalty, as well as state and local income taxes. The availability of tax advantages or other benefits may be contingent on meeting other requirements. Please consult your financial, tax, or other advisors to learn more about how state-based benefits and limitations would apply to your specific circumstance. You may also contact your home state's 529 plan(s), or any other 529 plan, to learn more about those plans' features, benefits and limitations.

Before investing in any 529 plan, please consider whether you or the designated beneficiary's home state offers its taxpayers any benefits that are only available through that state's 529 plan. Investment objectives, risks, charges, expenses, and other important information are included in each 529 plan's offering statement; please read and consider it carefully before investing in a 529 plan.

When you invest in a 529 plan, you are purchasing municipal securities whose value may vary based on market conditions. Investment returns are not guaranteed, and you could lose money by investing in a 529 plan. Account owners assume all investment risks as well as responsibility for any federal and state tax consequences.

529 savings plans are not FDIC insured, carry no bank guarantee and may lose value.

²Upromise GoalSaver:

Subject to \$10 minimum transfer amount.

Advertised Annual Percentage Yield (APY) for the Upromise GoalSaver Accounts variable and may change after account opening, applies to personal accounts only, and is accurate as of 9/1/17. Fees could reduce earnings. Please refer to the Account Terms and Conditions Agreement for details. Upromise GoalSaver Accounts are offered through Sallie Mae Bank, Member FDIC.

Cash rewards will post to Upromise GoalSaver Account(s) in the form of interest payments and is subject to taxable income rules. Each cash reward program is subject to individual eligibility requirements:


- 10% Match on Upromise Rewards: To be eligible for the 10% annual match on your Upromise earnings from Upromise, you must link your Upromise GoalSaver Account to your Upromise Rewards Account and either: 1. Within 90 days of opening your Upromise GoalSaver Account, make your first of at least 10 credit/deposit transactions, initiated from your Upromise GoalSaver Account, into the Upromise GoalSaver Account and complete at least 10 credit/deposit transactions, initiated from your Upromise GoalSaver Account, within the anniversary year or 2. Within 90 days of opening your Upromise GoalSaver Account, fund your Upromise GoalSaver Account with \$5,000 or more and maintain an average daily balance of \$5,000 or more during the 12 months from Account opening. Should you fail to meet the requirements during the anniversary year, you will have the opportunity to become eligible for the 10% match in additional years if, by your anniversary date, you (a) link your Upromise GoalSaver Account to your Upromise Rewards Account, and (b), you either meet the \$5,000 average daily balance minimum funding requirement, or you meet the 10 Upromise GoalSaver Account initiated credit/deposit requirement in the anniversary year. If you qualify for the 10% match based on having the average daily balance of \$5,000 in your Upromise GoalSaver Account, you must maintain that average balance in your Upromise GoalSaver Account for the duration of the anniversary year for which your transferred earnings will be matched. Once you complete the steps above, Upromise will match 10% of your Upromise earnings that you transfer from your Upromise Rewards Account into your Upromise GoalSaver Account during each anniversary year. Your match will be deposited into your Upromise GoalSaver Account within 60 days after your anniversary date, provided that both Accounts remain active at time of transfer. Please refer to GoalSaver FAQs for additional information.
- Annual Bonus: \$10 Annual Bonus will post to your Upromise GoalSaver Account within 60 days of the completion of each anniversary from the date your Account was opened. To be eligible for the bonus each year, you must have a recurring deposit, initiated from your UPromise GoalSaver Account, post at least 10 out of the 12 months in an amount not less than \$10 each deposit and your Account must be in an open status at the time of bonus posting.
- Loyalty Bonus: \$100 will post to your Upromise GoalSaver Account within 60 days of the completion of the 3rd year anniversary of when your Upromise GoalSaver Account was opened. To be eligible the Upromise GoalSaver Account must maintain at least \$0.01 up until the day before the 3rd anniversary date, a \$5,000 balance must be reached by and remain in the account on the 3rd anniversary date and the Upromise GoalSaver Account must be in an open status at the time of bonus posting. We reserve the right to modify or discontinue features, benefits and services including cash rewards and bonuses at any time without notice. Other terms and conditions may apply. Upromise Rewards Accounts are not FDIC-insured, carry no bank guarantee and may lose value. Please visit Upromise.com for most up-to-date product features.

³Private Education Loan information based on 9/13/17review of competitors' loan programs and repayment features.

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