



**Not everyone can save it all, no one should borrow it all, but everyone can work with MEFA to plan, save, and pay for college.**

About 70% of those who receive a bachelor's degree have education debt by the time they graduate.  
The Urban Institute 2018

When putting together your plan to pay for college, including borrowing college loans, factor in these considerations.

### 1. Evaluate Your College Savings

You may want to divide your college savings equally over all years of college, or use more savings now or later depending on other sources of existing and projected funds.

### 2. Look into an Interest-Free Monthly Payment Plan

Most colleges offer an interest-free monthly payment plan that allows you to split your bill into smaller, more manageable payments over several months. Contact the college financial aid or bursar's office for further details.

### 3. Consider Federal Student Loans

If you need to borrow, consider Federal Direct Student Loans, as they provide a unique combination of benefits. To receive these loans, submit the FAFSA at [fafsa.gov](https://fafsa.gov). If you have not yet submitted your FAFSA, you've still got time!

### 4. Don't Borrow More Than You Need

If you need to borrow beyond your Federal Direct Student Loans, use MEFA's My College Cost Calculator at [mefa.org/collegebound2019](https://mefa.org/collegebound2019) to determine what you'll need.

### 5. Don't Borrow More Than You Can Afford

Find out from each potential lender your projected monthly payment and total loan cost to determine if repayment will be manageable. Remember, if you expect to borrow in future years, your cumulative repayment costs will increase. Use MEFA's Loan Payment Calculator at [mefa.org/collegebound2019](https://mefa.org/collegebound2019) to create a smart financing strategy.

### 6. Pay Attention to Fees, Terms, and Conditions

Read the fine print for additional fees, which can boost the APR and increase your overall cost of borrowing. Selecting immediate repayment, choosing a shorter repayment term, or having a co-borrower might lower your interest rate.



For more information on borrowing wisely, visit [mefa.org/collegebound2019](https://mefa.org/collegebound2019)

## Important Terms When Considering Financing

**Annual Percentage Rate (APR):** The APR reflects the total cost of borrowing money over the life of the loan, factoring in the interest rate, fees, and length of repayment.

**Co-Borrower:** A co-borrower is someone who signs the loan application and loan note along with the primary borrower. A co-borrower might improve your chances of being approved or help you qualify for better terms. Keep in mind that the co-borrower shares full responsibility for repaying the loan if the primary borrower falters during repayment.

**Immediate, Interest-Only, and Deferred Repayment:** With immediate repayment, you'll receive your first monthly bill soon after the loan funds are fully disbursed to the school. Interest-only loans start with interest-only payments at first; the payment rises once the student graduates. Deferred loans don't begin repayment until after the student has graduated or left school.

**Fixed vs. Variable Interest Rate:** A fixed interest rate doesn't change during its term, so your monthly payment will remain the same for the life of the loan. With variable rate loans, the interest and your payments may go up or down over time, depending on the current market interest rates or other benchmarks. There may be no cap on how high the variable interest rate might go.

## Scholarships

Don't forget about scholarships when it comes to paying the college bill! Across the country, community organizations, foundations, non-profits, and corporations offer scholarships to help students pay for college. Known as private or outside scholarships, these funds are obtained through a separate nomination or application process. And they can make a significant impact in helping cover college costs.

Where to Look:

- Start with the high school guidance office
- Look for opportunities in your local community
- Seek out professional associations
- Use a search engine