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Source Newsletter

Student Financial Services

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Northeastern University - Student Financial Services

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July 15, 2007
Summer Edition

Smart Borrowing

by Jillian DeTeso

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As many of you already know, when it comes time to make a decision on how best to finance your education, combing through the details of loan programs can be a confusing ordeal. For a great glossary of commonly used loan terms, please see our website at www.financialaid.neu.edu.

Here are some key points when choosing your loan:

- **Know your Cost of Attendance (COA)**

The Cost of Attendance is a dollar amount that is an ***estimate*** of how much money will be required to attend school for one year at Northeastern, including all education-related expenses. This includes the costs of books, personal items (like clothing, toiletries, etc.) and the cost of transportation. These are not billed costs, but costs you might incur. Most people, when budgeting for college, look at the tuition and assume that tuition is more or less the "price tag" for that school, when the reality is that tuition may be only a part of the larger picture.

- **Know your Repayment Options**

Students who take federal Stafford loans will be expected to begin repayment six months from the day they graduate, drop below half-time enrollment, or otherwise leave the university. Perkins loans, which are paid back to Northeastern, go into repayment after a nine month grace period.

For Federal Parent PLUS loans, repayment of interest and principal begins 60 days after the loan is fully disbursed for the loan period. An option for in-school forbearance is available for up to 60 months. The loan repayment term extends up to 10 years.

Loans from private lenders vary in the grace periods available. However, there are numerous options such as loan consolidation, deferment, and forbearance that can extend the repayment period, depending upon your circumstances.

A great website for understanding the terms of loan repayment is: http://www.finaid.org/loans/repayment.phtml.

Northeastern University has preferred lenders for our loan programs. What exactly is a preferred lender? We recommend lenders for loans based on the quality of their service and loan programs. These lenders offer zero or low fees and competitive interest rates to Northeastern students. You are not required to use one of our preferred lenders. If you choose to use another lender, make sure you not only take into consideration the interest rate, but also origination, disbursement, or repayment fees when calculating your total cost of borrowing. A list of our preferred lenders is available here: http://www.financialaid.neu.edu/loans/federal_and_state.php

Many lenders offer loan discounts as part of their repayment options. The most common loan discounts include interest rate reductions for having your monthly loan payments directly debited from your bank account and additional discounts for making the first 24 or 48 of your monthly payments on time. You need to remember, however, that the on-time payments must be consecutive (no skips) and start when the loan enters repayment. You might lose this benefit if one of your loan payments over that two or four year period is even one day late.

Keep in mind that if you choose to consolidate, you will lose the repayment benefits offered by your current lender.

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Summer Orientation 2007

On June 18th, Northeastern University kicked-off their New Student Orientation Sessions. We welcomed new students and parents to the community and were able to answer their questions and put them at ease as they begin their academic journey here at Northeastern. Financial aid counselors met with students and parents individually and walked them through the financial aid packages they received. In addition, Student Financial Services presented on important topics, such as The Awarding Process, Loans and Loan Entrance Interview Sessions, Money Management, and Student Employment. The turn-out was great: we had 350 students and 301 parents in attendance for our first session. We will continue these sessions every Monday and Tuesday until August 18th.

Student Financial Services Goes Paperless

by Kimberly Huse

Going paperless not only saves trees, it saves money.

In 2006-2007, you may have noticed an increase in emails from Student Financial Services as we sent out missing information and revised award letters to students electronically. This summer, for the first time, the Office of Student Financial Services informed students of their financial aid award packages using an online process. SFS's decision to go paperless was made in keeping with the University's goal of moving to a web-based communication system.

Keep an eye out for an increase in online communications. The Office of Student Accounts is introducing an e-bill this Fall term. Incoming students will be receiving all billing correspondence through their myNEU email. Returning students will receive both an e-bill and a paper bill for the Fall term, and e-bills only for all following terms. Coinciding with the e-bill will be the ability to make online payments towards tuition accounts using the NUPay tool (available on the myNEU portal).

Going paperless not only saves trees, it saves money. Using an online method of communication eliminates postage and printing costs. It also improves efficiency of processing and offers greater conveniences and flexibility to users. NU's use of online communication increases confidentiality and security by requiring students to access myNEU using a personalized password.

We understand that in some instances it is important for parents to have access to a student's tuition account and financial aid award information. The e-bill and NUPay will be accessible to parents through the online Parent Portal. In addition, we are in the process of making financial aid information available to parents through the Parent Portal, a project which is scheduled to be completed by the Spring 2008 term.

Why Did My Award Change?

by Lee Marrama

Different Periods of Enrollment Result in Different Annual Totals Example: Per-Term Grant of $5,000

Enrollment A:
Fall Term Classes = $5,000
Spring Term Classes = $5,000
Summer Not Enrolled = $0
Annual Total = $10,000

Enrollment B:
Fall Term Classes = $5,000
Spring Term Co-op = $0
Summer 1 Classes = $2,500
Summer 2 Co-op = $0
Annual Total = $7,500

Enrollment C:
Fall Term Classes = $5,000
Spring Term Co-op = $0
Summer Not Enrolled = $0
Annual Total = $5,000

As returning students receive their award letters for the upcoming year, a common question we hear is "Why is my award different than last year?" One reason your award may be different from last year is because your annual Estimated Family Contribution (EFC) changed based on this year's FAFSA data. An increase in the EFC may result in a decrease in Federal Pell and SEOG Grant funding, and some state funds. Eligibility for these funds is determined by federal and state governments, and is often based on the EFC. However, Northeastern merit-based scholarship and NU Grant per-term amounts will not change. If you were awarded a scholarship or grant upon admission, you have been committed a certain amount per term, and will continue to receive this amount during your time at NU as long as your GPA meets the minimum requirement and you are enrolled at least half-time.

Another reason your award amount may be different than last year is due to a change in your pattern of attendance from the previous year. See the box at left for an example of how different patterns of attendance result in a different yearly scholarship or grant amount. Also keep in mind that most types of financial aid are awarded based on full-time enrollment in classes (when you are charged tuition). Only some federal aid, such as the Pell Grant and Stafford Loan, are awarded for living expenses during co-op semesters. The Stafford loan is always divided equally over all terms of enrollment; if you are enrolled for Fall, Spring, and Summer terms, the total loan amount will be divided by three.

Lastly, if you see a change to your aid, check your FAFSA. Students who meet the March 1st priority deadline are considered first for available funding. If you missed the deadline, limited funds such as Federal Work-Study, Federal SEOG Grant, and Federal Perkins Loan funding may not have been available at the time we received your FAFSA and were able to award you financial aid. Also, if you did not indicate that you were interested in work-study and student loans on the FAFSA, you will not be awarded Federal Work-Study or the Federal Perkins loan.

Welcome New Staff

by Alexandra McHale

The arrival of summer has brought with it many things—flips flops, suntan lotion, and hazy summer afternoons. It also has brought five new faces to the Student Financial Services staff. Pamela Briggs will be assisting with our federal and state aid programs. We have two new Undergraduate Financial Aid Counselors—Kevin Myles and Anya Morozkina. Kevin comes to us from Babson College, where he was recently employed as a Financial Aid Data Specialist. Prior to that, was employed as a Special Education teacher at the Bi-County Collaborative in Franklin, MA. He is a native of Attleboro. Anya, originally from Russia, moved to the United States when she was fourteen years old. She is a 2006 graduate of Northeastern University, where she majored in Communication and Sociology; recently she has begun working toward her MBA here at NU. Anya is fluent in both English and Russian, and also speaks a little Spanish. She enjoys traveling and says she is looking forward to working with students to better understand the complicated financial aid process.

We also welcome two new counselors to 139 Richards. Sonji Justice has been consulting with us for a few months, working with students in the School of Professional and Continuing Studies. A Boston native, her weekend begins on Wednesday when she goes salsa dancing. We are excited to now have Sonji as a permanent part of our team. Amanda Abreu is our newest Financial Aid Counselor for Graduate students, and she comes to us internally from the College of Business Administration. Amanda is a Bostonian through and through—she grew up in Somerville, and still lives locally. Amanda is finishing up her Masters Degree in Higher Education Administration this year, and she's expressed her excitement to be done so she can have time to read recreationally again!

We asked our new counselors some fun questions to get the summer going:

If you were a tree, what kind of tree would you be?

Kevin: *I'd be the type of tree that money grows on!*

Anya: *I'd be a palm tree, because they are very tall and I'm really short.*

If you could go anywhere in the world, where would it be?

Amanda: *Portugal. I've been once, and that's where my dad grew up. I love the culture and the food. It's a great break from the busy life of the U.S.*

Anya: *Anywhere! I love traveling; it's my true passion.*

If you could be on a sitcom from the 1980s, which would you choose?

Amanda: *I'd be on Punky Brewster. Punky had such style!*

Sonji: *The Cosby Show because it reminds me of home.*

If you could be the lead singer of a band, which one would it be?

Sonji: *Envogue– they had soul.*

Kevin: *Robert Plant of Led Zeppelin. Who wouldn't want to be the front man for arguably the greatest rock band of all time?*

We extend a hearty welcome all of our new staff members!

Pamela Briggs
Administrative Assistant
Federal and State Programs

Kevin Myles
Financial Aid Counselor
Undergraduate Students

Anya Morozkina
Financial Aid Counselor
Undergraduate Students

Sonji Justice
Financial Aid Counselor
SPCS

Amanda Abreu
Financial Aid Counselor
Graduate Students

Smart Borrowing, continued...

- **Understand the Interest Rate**

Interest is an amount charged to the borrower for the use of the lender's money. Interest is usually calculated as a percentage of the principal balance of the loan. The percentage rate may be fixed for the life of the loan, or it may be variable, depending on the terms of the loan. Federal loans (Stafford and Perkins) that were awarded after July 1, 2006 are at a fixed interest rate of 6.8% for Stafford and 5% for Perkins.

For private lenders, interest rates will be determined by the lender, and usually vary around the current prime rate plus or minus a percentage point or two, which will be based on your individual credit rating. These interest rates are often variable, and subject to increase over the length of the repayment term.

Education loans also have capitalizing, or compounding interest. Borrowers need to be aware of the overall effect this will have on their total loan balance over time. For instance, a $10,000 loan at 8% interest will end up costing the borrower $14,560 over a ten year repayment period. This is because the lender will add unpaid interest charges to the principal balance of an educational loan, thereby increasing the size of the loan. Interest is then charged on the new balance, including both the unpaid principal and the accrued interest. Capitalizing the interest increases the monthly payment and the amount of money you will eventually have to repay.

- **Rights/Responsibilities of a Borrower**

Become well informed before you take on education loans. It's important that both students and parents understand the debt that they are incurring. Make sure you are aware of your rights and responsibilities regarding your loans.

Your rights as a borrower:

* You may accept all, some, or none of the loan you are automatically awarded.
* You are entitled to a copy of your promissory note, which outlines the terms and conditions of your loan. You should maintain a copy for your records.
* Before you begin to repay, your loan holder is required to give you a repayment schedule and detailed information about interest rates, fees, the balance you owe, and your repayment options.
* You have a right to defer payments while in school (or graduate school) or to request forbearance, if you qualify.
* For federal and most private loans, you may prepay in whole or in part at any time without penalty.

Your responsibilities as a borrower:

* You must notify your school if you want to borrow less than the amount that has been awarded.
* You must repay your loans on time and in full even if you do not finish your education, get a job, or feel satisfied with the education you received.
* You must notify your lender immediately of any change to your name, address, telephone number, or Social Security Number.
* You must make scheduled monthly payments even if you do not receive a bill (this is why is it especially important to have your address up to date!).
* First-time Stafford and Perkins borrowers must complete an entrance interview before funds can be disbursed. This is done on your myneu account. If you do not complete the entrance interview, we will never be able to disburse the loans.

For more information about borrowing, and commonly asked questions, see our website at www.financialaid.neu.edu, or check out www.finaid.org. And as always, feel free to contact us in Student Financial Services if you have any questions!

Northeastern University

Student Financial Services

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Check out our new Financial Aid Workshop videos on the Web!!

Now showing...Financially Planning your Northeastern Education

Watch at: www.financialaid.neu.edu

Expert Advice. Friendly Service. Personalized Support.