Money Matters: Understanding Your Loan Options

Evening & Weekend MBA 2021
Agenda

• Cost of Attendance
• Student Loan Basics
• Loan Options
• Alternate Financing
• Timeline
• Takeaways
• Questions
Cost of Attendance (COA)

Estimate of costs related to your education. Drives the maximum amount of financial aid allowed per academic year.

Tuition and fees
+ Living expenses
Cost of Attendance
## Cost of Attendance

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>First Year (8 units/term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessed Fees</td>
<td>$56,528</td>
</tr>
<tr>
<td>Living Expenses (estimate)</td>
<td>$31,588</td>
</tr>
<tr>
<td>Books &amp; Supplies (estimate)</td>
<td>$634</td>
</tr>
<tr>
<td>Total COA</td>
<td>$88,750</td>
</tr>
</tbody>
</table>
LOAN OPTIONS
Student Loan Basics

- **Interest**
  - Unsubsidized
  - Accrue at disbursement
  - Simple interest
  - No prepayment penalties

- **Disbursement**
  - Funds disburse directly to the university
  - Funds disburse half in fall & half in spring
  - Any funds in excess of the bill will be refunded

- **When to Apply**
  - If you are using loan funds to pay fees:
    - July 15, 2021: Fall & Spring
    - December 15, 2021: Spring only
# Federal vs. Private Loans

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Federal Loans</th>
<th>Private Loans</th>
<th>International Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rates</strong></td>
<td>Fixed 5.28% &amp; 6.28%</td>
<td>Variable &amp; Fixed 5% Avg. for Haas</td>
<td>Variable 6.74%</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td>Disbursement Fee 1.057% &amp; 4.228%</td>
<td>Typically Zero Fees</td>
<td>Zero Fees</td>
</tr>
<tr>
<td><strong>Forbearance</strong></td>
<td>Definite</td>
<td>Possible</td>
<td>Possible</td>
</tr>
<tr>
<td><strong>Repayment Plans</strong></td>
<td>Many Flexible Plans</td>
<td>One Standard Plan</td>
<td>One Standard Plan</td>
</tr>
<tr>
<td><strong>Deferment</strong></td>
<td>while in-school at least half-time (6 units)</td>
<td>while in-school at least half-time (6 units)</td>
<td>while in-school at least half-time (6 units)</td>
</tr>
</tbody>
</table>
Federal Loan Options

– Direct Unsubsidized Loan
  » Annual Maximum: $20,500
  » Origination Fee of 1.057%
  » Fixed interest rate of 5.28%

– Direct Grad PLUS Loan
  » Annual Maximum: COA minus other aid
  » Origination Fee of 4.228%
  » Fixed interest rate of 6.28%
How to Apply

• Federal Loans

1. Complete the 2021-2022 FAFSA
   – www.fafsa.ed.gov

   – Entrance Counseling
   – Loan Agreement for a Unsubsidized Loan (MPN)
   – Loan Agreement for a PLUS Loan (MPN)

3. Accept loans in CalCentral
   – Take into account origination fees
Private Loan Options

- Terms
  - Max Amount = COA minus other aid
  - Variable, Fixed & Interest Only Rates
  - Requires a credit check
  - International Students need a U.S. Cosigner

- UC Preferred Lender list
  - http://www.elmselect.com/#/

- Apply directly with lender
  - Sign Master Promissory Note
  - Complete any disclosures, as required by law
International Loan Option

- Does not require an SSN or U.S. co-signer
- May not be combined with other lending options
- Maximum: $15,000 per term
- No Fees Required
- 3-month LIBOR + 6.49% (starting rate currently 6.74% APR)
- 9 month Grace Period
- 20 year repayment, No pre-payment penalties
International Loan Options

• How to Apply

Apply online via the Discover Custom Graduate Loan link

  – Complete Loan Documents
  – Sign Master Promissory Note
  – Provide passport & visa documents
  – Complete any disclosures, as required by law
Alternate Financing

• Home Equity Line of Credit
  + Low interest rates
  + Higher borrowing Cap
  - Immediate repayment
  - No safety net features

• Borrowing Against retirement
  + Higher borrowing Cap
  - Immediate repayment
  - Loss on potential growth
Timeline

• Orientation: July 23
• Classes: July 26
• Secure Loans:
  – Fall/Spring Aid: July 15, 2021
  – Spring Aid: December 15, 2021
  – Accept Remaining Aid: April 15
• Bill Due Date: August 20
Takeaways

• Review
  – After each term review your Financial Situation

• Recognize when you need to take Action
  – Do you need more or less aid?

• React
  – Schedule a consultation

DON’T FORGET!
Questions
THANK YOU

Haas Financial Aid Office
email: finaid@haas.berkeley.edu
phone: 510.643.0183
schedule a consultation: https://tinyurl.com/HaasAppt