

FINANCIAL LITERACY

TRANSFORMING LIVES

WILL YOU R.E.A.D.?
REALIZE EARLY ABOUT
DEBT?



**ADDRESS
FINANCIAL
PROBLEMS**



**LEARN ABOUT
DEBT HAZARDS**



**CREATE A
SOLID BUDGET**

The ASU-Beebe Financial Aid team will be happy to schedule Financial Aid Planning Workshops for high schools and communities. To set up a program or receive more information, please contact ASU-Beebe Financial Aid at 501.882.8845 or email finaid@asub.edu.



Beebe, Heber Springs, Searcy
Little Rock Air Force Base

www.asub.edu



INTEGRITY | DIVERSITY + GLOBAL AWARENESS | EXCELLENCE | ACCESS | STUDENT-CENTERED

Financial Literacy

Will you **R.E.A.D.?**

Readize **E**arly **A**bout
Debt

The ASU-Beebe **R.E.A.D.** program is a financial literacy program to engage parents and reach students early in their college careers to teach them about the hazards of debt, how to avoid debt, and financial planning. Our goal is to help students achieve their academic goals while accruing as little student debt as possible. Student loan debt is now a tremendous problem in our country. We believe the most effective way to deal with this growing problem is education. ASU-Beebe will share information about other ways to finance a college education. Students need to know and they need to know early.

Students need to **R.E.A.D.**

**The ASU-Beebe Financial Aid Team will be happy to schedule
Financial Aid Planning Workshops for high schools and communities**

To set up a program or receive more information,

please contact ASU-Beebe Financial Aid

501-882-8845 or email finaid@asub.edu



Weekly Allowances For all Ages

8 Reasons EVERYONE should use a Weekly Allowance:

1. Keeps you aware of how much is going out.
2. Gets you out of the habit of using ATMs & Debit Cards.
3. Makes you think twice before spending on a spur of the moment purchase.
4. Teaches you and your other family members how to manage money.
5. With couples, it keeps things equal, so one is not spending more than the other.
6. Makes budgeting easier, and more accurate, by not having to track the little purchases.
7. Helps you save lots of money.
8. Encourages you to achieve your dreams by spending money on the things that are truly important to you.

Key to Implementing A Weekly Allowance

The key to budgeting by using a weekly allowance is to determine how much you can spend each week, and act as if there is no more available. When you hit your spending limit you are DONE.

No going to the ATM. No charging things.

I've been doing this myself for a while, and sometimes it means I have to wait a few days to go the grocery store. You know what? Somehow, I don't go hungry.

It means sometimes I say no to going out with friends, or have to put off a home repair until the money is saved. That's ok. It feels good to be in control of where my money is going.

Try budgeting through using a weekly allowance. You just might like it.

Understanding How Student Loan Debt Affects Your Credit Score

It can be hard for students and young people to build a good credit score. You need good credit to get a loan, but you need to get a loan to build up good credit. There are a few ways to escape this paradox, such as acquiring a secured credit card or getting a loan from a credit union. However, utilizing student loans is perhaps the easiest way for young people to build and establish a solid credit history.

Student loans are considered a “good” type of credit, and having them on your report will help you quickly get a solid FICO score – as long as you make the payments on time. Plus, deferral and forbearance options make it possible to postpone repaying your student loans without lowering your credit score. But student loans are difficult (if not impossible) to discharge through bankruptcy, so once you get them, you have them for life.

To understand how student loans follow you throughout your working life and influence your financial health, it’s important to consider what type of loan you are taking, what sort of repayment plan you will face, and what options you have regarding deferral, consolidation, and repayment.

How Student Loans Can Affect Your Credit

Student Loan Payment History

Student loans, like other types of consumer debt, are reported to the three major credit bureaus. If you make your student loan payments before the due date, you will establish a good credit history, and that will improve your credit score.

Private and public loans both appear on your credit report. The three credit bureaus – Experian, Equifax, and Transunion – do not weigh public or private loans more heavily than the other, so late payments on either lower your credit score equally.

There is a distinction as to how private and public student loans can be paid off, and this is where the difference is most important from a credit history perspective.

Student Loan Deferral and Forbearance

Unlike private loans, federal loans allow the debtor to defer or forebear payments. This doesn't affect your score, but it can influence a lender's decision on whether to approve you for a loan.

What's the difference? A loan deferral is a temporary period during which time you do not have to pay the principal balance of your loan. For example, if you have a \$10,000 student loan in deferral, you do not have to pay any of that \$10,000 back. You may, however, still have to pay interest that accrues on the loan. If the loan carries 5% interest, you may still have to pay for this interest – in this case, about \$41.67 per month.

A loan forbearance is pretty much the same thing, but is for people who do not qualify for a loan deferral. Forbearances are granted on a case-by-case basis, and allow people to postpone repaying their student loans for a fixed period of time.

Both deferrals and forbearances have the same impact on your credit. Neither show up on your credit report; while the loan is in deferment or forbearance, it will appear as “current” on your credit report and impacts your credit score just as if you had been making payments on time.

However, lenders – particularly mortgage lenders – often investigate student loans that have not been repaid and have a higher balance than they should given the initial balance of the loan and the current amount owed. If they find that a loan is still in deferral or forbearance, they may deny a loan application, even if the applicant's credit score is still good.

Late Payments or Defaulting

While deferrals and forbearances do not impact a credit score, late payments and defaults have an immediate negative effect on your credit report. If a payment is more than 30 days late, it will begin to impact your credit score, knocking it down by 30 points or more.

The longer your student loan payments are late, the lower your credit score falls, until your credit score is in the “poor” category. Eventually, the lender will conclude that you will never pay your student loan, and report that you have

defaulted on the student loan. This makes your credit score fall further. Lenders report both defaults from late payments and defaults from non-payment, and both can knock your FICO score into the “poor” range.

Normally, late payments and defaults remain on a credit report for seven years, after which they disappear. However, student loans are an important exception. Unlike other types of debt, student loan defaults will remain on your credit history forever, and it is impossible to discharge most student loan debt in bankruptcy. If you default, the default remains on your record until you pay back the loan.

Debt-to-Income Ratio

Of course, student loans need to be paid off like any other debt, and the amount of your student loan monthly payments is factored into your debt-to-income ratio. While this figure isn't directly a factor in your credit score, it does play an important role when lenders consider extended mortgages, car loans, personal loans, and business loans to applicants, so it's something you should keep in mind. A high debt-to-income ratio caused by a lot of student loans makes it harder for you to qualify for other types of loans until those student loans are paid off.

Reducing or Eliminating Payments

Student Loan Cancellation and Forgiveness

There are some rare cases in which student loans are cancelled or forgiven, usually as a fringe bonus for people who sign up for volunteer or military service, or for others in specific occupations. Loans can also be forgiven in other situations of extreme financial and legal hardship.

From the credit bureaus' perspective, student loan cancellation and forgiveness all looks the same: It's a debt discharge caused by non-credit factors, and loan forgiveness does not have any impact on your credit score. However, picky lenders may ask why the loans were canceled before granting a mortgage or personal loan.

Income-Based Repayment

In response to skyrocketing tuition costs and student loan debt – which in 2011 exceeded \$1 trillion to become the largest form of consumer debt in America besides mortgages – the United States government established the income-based

repayment (IBR) program. If you pay a large portion of your salary toward student loan debt, you might qualify for lower payments in accordance with the IBR program. For instance, if you are married and have a household income of \$60,000, you would pay \$465 per month (\$5,580 annually) in student loan payments in the IBR program. If you are paying more, you can apply to join the program and have your payments reduced.

Being in the IBR program has no impact on your credit score, nor is the information reported to the bureaus, so enrolling does not impact your creditworthiness. However, the IBR program is only available for public, federally guaranteed student loans; private loans do not qualify. This is why it's important to consider carefully which student loans you are taking out, what repayment plan you will face after graduation, and what deferral options are available.

Final Word

Student loan debt and tuition are likely to continue to rise, so it's important to understand how this debt will impact your financial future. It may seem abstract now to think about the interest rate you will pay on buying a house years down the line, but mismanaging student debt now could cost thousands of dollars in higher interest payments in the future – or, worse, make it impossible to get a loan at all. While student loan payments are a struggle on their own, the added cost and frustration of a lower credit score caused by mismanaging student debt could make things even worse.

Repayment Plans

There are four main repayment plans for Federal education loans, consisting of Standard Repayment and three alternatives. Each of the alternatives has a lower monthly payment than Standard Repayment, but this extends the term of the loan and increases the total amount of interest repaid over the lifetime of the loan.

Types of Repayment Plans

The repayment plans are as follows:

- **Standard Repayment.** Under this plan you will pay a fixed monthly amount for a loan term of up to 10 years. Depending on the amount of the loan, the loan term may be shorter than 10 years. There is a \$50 minimum monthly payment.
- **Extended Repayment.** This plan is like standard repayment, but allows a loan term of 12 to 30 years, depending on the total amount borrowed. Stretching out the payments over a longer term reduces the size of each payment, but increases the total amount repaid over the lifetime of the loan.
- **Graduated Repayment.** Unlike the standard and extended repayment plans, this plan starts off with lower payments, which gradually increase every two years. The loan term is 12 to 30 years, depending on the total amount borrowed. The monthly payment can be no less than 50% and no more than 150% of the monthly payment under the standard repayment plan. The monthly payment must be at least the interest that accrues, and must also be at least \$25.
- **Income-Contingent Repayment.** Payments under the income contingent repayment plan are based on the borrower's income and the total amount of debt. Monthly payments are adjusted each year as the borrower's income changes. The loan term is up to 25 years. At the end of 25 years, any remaining balance on the loan will be discharged. The write-off of the remaining balance at the end of 25 years is taxable under current law. There is a \$5 minimum monthly payment. Income Contingent Repayment is available only for Direct Loan borrowers.
- **Income-Sensitive Repayment.** As an alternative to income contingent repayment, FFELP lenders offer borrowers income-

sensitive repayment, which pegs the monthly payments to a percentage of gross monthly income. The loan term is 10 years.

- **Income-Based Repayment**. The College Cost Reduction and Access Act of 2007 introduced income-based repayment as a more generous alternative to income-sensitive and income-contingent repayment, starting on July 1, 2009. Unlike income-contingent repayment and income-sensitive repayment, it is available in both the Direct Loan and FFEL programs. Income-based repayment is like income contingent repayment, but caps the monthly payments at a lower percentage of a narrower definition of discretionary income.

All six plans are available for student loans, but only the first three plans are available for parent loans.

Loan Term for Extended/Graduated Repayment

For extended and graduated repayment, the following chart shows how the maximum loan term depends on the amount borrowed.

| Loan Balance | Maximum Loan Term |
|----------------------|--------------------------|
| Less than \$7,500 | 10 years |
| \$7,500 to \$9,999 | 12 years |
| \$10,000 to \$19,999 | 15 years |
| \$20,000 to \$39,999 | 20 years |
| \$40,000 to \$59,999 | 25 years |
| \$60,000 or more | 30 years |

There is a variation on extended repayment in the FFEL program that provides a repayment term of up to 25 years, not 30 years, if you have more than \$30,000 in loans with a single lender. This 25-year extended repayment plan does not require you to consolidate your loans.

No Prepayment Penalty

All Federal education loans allow [prepayment](#) without penalty. For loans that are not in default, any excess payment is applied first to interest and then to principal. However, if the additional payment is greater than one monthly installment, you must include a note with the payment telling the processor whether you want your prepayment to be treated as a reduction in the principal. Otherwise, the government will treat it as though you paid your next payment(s) early, and will delay your next payment due date as appropriate. (It is best to tell them to treat it as a reduction to principal, since this will reduce the amount of interest you will pay over the lifetime of the loan.)

Due to the way the income contingent repayment plan treats interest, it is not advisable to prepay a loan in the income contingent repayment plan.

Can Switch Repayment Plans

If you want to switch from one plan to another, you can do so once per year, so long as the maximum loan term for the new plan is longer than the amount of time your loans have already been in repayment. (In other words, if you are in year 26 of a 30-year extended repayment plan, you *cannot* switch to the income contingent repayment plan and have the remaining balance written off.)

Comparing Repayment Plans

The following table compares each of the major repayment plans with standard ten year repayment. As the table illustrates, increasing the loan term reduces the size of the monthly payment but at a cost of substantially increasing the interest paid over the lifetime of the loan. For example, increasing the loan term to 20 years may cut about a third from the monthly payment, but it does so at a cost of more than doubling the interest paid over the lifetime of the loan. This table is based on the unsubsidized Stafford Loan interest rate of 6.8%.

| Repayment Plan and Loan Term | Reduction in Monthly Payment | Increase in Total Interest Paid |
|---|---|--|
| Extended Repayment - 12 years | 12% | 22% (factor of 1.22) |
| Extended Repayment - 15 years | 23% | 57% (factor of 1.57) |
| Extended Repayment - 20 years | 34% | 118% (factor of 2.18) |
| Extended Repayment - 25 years | 40% | 184% (factor of 2.84) |
| Extended Repayment - 30 years | 43% | 254% (factor of 3.54) |
| Graduated Repayment | 50% initial payment 38% average reduction | 89% (factor of 1.89) |
| Income Contingent Repayment (Salary = initial debt, 4% annual raise) | 41% declining to 33% 37% average reduction | 178% (factor of 2.78) |

For example, suppose you borrow a total of \$20,000 at 6.8% interest. The following table shows the impact of switching from standard 10 year repayment to 20 year extended repayment.

| Repayment Plan and Loan Term | Monthly Payment | Total Interest Paid |
|-------------------------------------|------------------------|----------------------------|
| Standard Repayment - 10 years | \$230.16 | \$7,619.31 |
| Extended Repayment - 20 years | \$152.67 | \$16,639.74 |
| Difference | \$77.49 reduction | \$9,020.43 increase |

Glossary of Common Financial Aid Terms

Academic Year

This is the amount of the academic work you must complete each year, and the time period in which you are expected to complete it, as defined by your school. For example, your school's academic year may be made up of a fall and spring semester, during which a full-time undergraduate student is expected to complete at least 24 semester hours, usually called credits or credit hours, over the course of 30 weeks of instructional time. Academic years change from school to school and even from educational program to educational program at the same school. For purposes of the Teacher Loan Forgiveness Program, an academic year is defined as one complete school year at the same school, or two complete and consecutive half years at different schools, or two complete and consecutive half years from different school years (at either the same school or different schools). Half years exclude summer sessions and generally fall within a 12-month period. For schools that have a year-round program of instruction, nine months is considered an academic year.

Accreditation

Confirms that the college or career school meets certain minimum academic standards, as defined by an accrediting body recognized by the U.S. Department of Education. Schools must be accredited to be eligible to participate in federal student aid programs.

Adjusted Gross Income (AGI)

Your or your family's wages, salaries, interest, dividends, etc., minus certain deductions from income as reported on a federal income tax return.

Administrative Wage Garnishment (AWG)

A tool that allows the federal government or your guaranty agency to have your employer withhold a portion of your earnings to collect unpaid non-tax debts that you owe to the federal government. If you have a federal student loan in default, up to 15% of your [disposable pay](#) could be taken by the federal government or your guaranty agency to repay your debt.

Adverse Credit History

A credit history is a summary of your financial strength, including your history of paying bills and your ability to repay future loans. To qualify for a PLUS loan, you

cannot have an adverse credit history. Your credit history may be considered adverse if you are experiencing any of the following credit conditions:

- Bankruptcy discharge within the past five years.
- Voluntary surrender of personal property to avoid repossession within the last five years.
- Repossession of collateral within the last five years.
- Foreclosure proceedings started.
- Foreclosure within the last five years.
- Conveying your real property that is subject to a mortgage (by deed) to your lender to avoid foreclosure (deed in lieu of foreclosure).
- Accounts currently 90 days or more delinquent.
 - Unpaid collection accounts.
 - Charge-offs/write-offs of federal student loans.
- Wage garnishment within the last five years.
- Defaulting on a loan, even if the claim has been paid.
- Lease or contract terminated by default.
- County/state/federal tax lien within the past five years.

Agreement to Serve (ATS)

The binding agreement you must sign to receive a TEACH Grant. By signing the ATS, you agree to teach (1) full-time (2) in a high-need field (3) at a low-income school or educational service agency that serves certain low-income schools, and (4) for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which you received the grant. If you do not complete your teaching service agreement, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charges from the date of each TEACH Grant disbursement.

Approved Drug Rehabilitation Program

A drug rehabilitation program that is:

- (1) qualified to receive funds from a federal, state or local government or from a federally or state-licensed insurance company; or
- (2) administered or recognized by a federal, state or local government agency or court, or a federally or state-licensed hospital, health clinic or medical doctor.

Associate Degree

An undergraduate academic degree granted after completion of two years of study. Community colleges and career colleges generally award associate degrees.

Award Letter

An offer from a college or career school that states the type and amount of financial aid the school is willing to provide if you accept admission and register to take classes at that school.

Award Year

The school year for which financial aid is used to fund your education.

Bachelor's Degree

An undergraduate academic degree awarded for a course of study that generally lasts four years. Colleges or universities generally award bachelor's degrees.

Cancellation

The release of the borrower's obligation to repay all or a designated portion of principal and interest on a student loan. Also called discharge or forgiveness of a loan.

Capitalization

The addition of unpaid interest to the principal balance of a loan. When the interest is not paid as it accrues during periods of in-school status, the grace period, deferment, or forbearance, your lender may capitalize the interest. This increases the outstanding principal amount due on the loan and may cause your monthly payment amount to increase. Interest is then charged on that higher principal balance, increasing the overall cost of the loan.

Collection Agency

An entity that recovers unpaid debt from borrowers who have defaulted on their loans.

Collection Charges

See collection costs.

Collection Costs

Expenses charged on defaulted federal student loans that are added to the outstanding principal balance of the loan. These expenses can be up to 18.5 percent of the principal and interest for defaulted Direct Loans or FFEL Program loans and may exceed 18.5 percent for defaulted Federal Perkins Loans and Health and Human Service (HHS) loans.

College Aid

Financial aid from your college or career school.

Common-law Marriage

A marriage relationship made by agreement and by living together without a marriage license. Not all states allow common-law marriages and the elements required for a common-law marriage change from state to state.

Consolidation

The process of combining one or more loans into a single new loan.

Cost of Attendance (COA)

The total amount it will cost you to go to school—usually stated as a yearly figure. COA includes tuition and fees; room and board (or a housing and food allowance); and allowances for books, supplies, transportation, loan fees, and dependent care. It also includes miscellaneous and personal expenses, including an allowance for the rental or purchase of a personal computer; costs related to a disability; and reasonable costs for eligible study-abroad programs. For students attending less than half-time, the COA includes tuition and fees and an allowance for books, supplies, transportation, and dependent care expenses, and can also include room and board for up to three semesters or the equivalent at the institution. But no more than two of those semesters, or the equivalent, may be consecutive. Contact the financial aid administrator at the school you're planning to attend if you have any unusual expenses that might affect your COA.

Credit Bureau

An organization that tracks and reports your credit, including your history of paying bills and calculates your ability to repay future loans. For example, if you default on a student loan, it is reported to a credit bureau, and other lenders may be less likely to extend credit to you in the future.

Data Release Number (DRN)

The four-digit number assigned to your FAFSA that allows you to release your FAFSA data to schools you did not list on your original FAFSA. You need this number if you contact the Federal Student Aid Information Center to make corrections to your mailing address or the schools you listed on your FAFSA. You find this number below the confirmation number on your FAFSA submission confirmation page or in the top right-hand corner of your *Student Aid Report* (SAR).

Default

Failure to repay a loan according to the terms agreed to in the promissory note. For most federal student loans, you will default if you have not made a payment in more than 270 days. You may experience serious legal consequences if you default.

Default Rate

The percentage of borrowers who fail to repay their loans according to the terms of their promissory notes.

Deferment

A postponement of payment on a loan that is allowed under certain conditions and during which interest does not accrue on Direct Subsidized Loans, Subsidized Federal Stafford Loans, and Federal Perkins Loans. All other federal student loans that are deferred will continue to accrue interest. Any unpaid interest that accrued during the deferment period may be added to the principal balance (capitalized) of the loan(s).

Delinquent

A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until the borrower makes up the missed payment(s) through payment, deferment, or forbearance. If the borrower is unable to make payments, he or she should contact his or her loan servicer to discuss options to keep the loan in good standing.

Dependency Status

The determination of a *Free Application for Federal Student Aid* (FAFSA) applicant as dependent or independent.

Dependent Student

A student who does not meet any of the criteria for an independent student. An independent student is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless.

Diploma Mill

An unaccredited school (or a business claiming to be a school) that awards a degree or other credential for a fee while requiring little or no classwork meeting college-level standards.

Direct Consolidation Loan

A federal loan made by the U.S. Department of Education that allows you to combine one or more federal student loans into one new loan. As a result of consolidation, you will only have to make one monthly payment on your federal loans and the amount of time you have to repay your loan will be extended.

Direct Loan

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

Direct PLUS Loan

A loan made by the U.S. Department of Education to graduate or professional students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Disbursement (disburse or disbursed)

Payment of the loan funds to the borrower by the school. Students generally receive their federal student loan in two or more disbursements.

Discharge

The release of a borrower from the obligation to repay his or her loan.

Discretionary Income

Your income minus the poverty guidelines for your family size.

Disposable Pay

The amount that remains from an employee's pay after deductions.

Early Action

A college admission policy that allows applicants to apply and receive notice of their admission early. Applicants accepted under early action are not under a binding agreement to attend that school and may submit applications to other schools.

Early Decision

A college admission policy that allows applicants, who commit to attend that school, to apply and receive notice of their admission early. If the applicant is accepted, he or she agrees to attend that school and must withdraw all other applications.

Educational Service Agency

An educational service agency is a regional public multiservice agency (not a private organization) that is authorized by state law to develop, manage, and provide services or programs to local education agencies, such as public school districts.

Electronic Debit

A service that allows your lender or servicer to electronically deduct your monthly loan payments from your checking or savings account.

Elementary School or Secondary School

For the purposes of the Teacher Loan Forgiveness Program, an elementary or secondary school is defined as a public school or nonprofit private school that provides elementary education or secondary education as determined by state law (or by the U.S. Department of Education if the school is not in a state).

Eligible Noncitizen

A U.S. national (includes natives of American Samoa or Swains Island), U.S. permanent resident (who has an I-151, I-551 or I-551C [Permanent Resident Card]), or an individual who has an Arrival-Departure Record (I-94) from U.S. Citizenship and Immigration Services (USCIS) showing one of the following designations:

- "Refugee"
- "Asylum Granted"
- "Cuban-Haitian Entrant (Status Pending)"
- "Conditional Entrant" (valid only if issued before April 1, 1980)
- Victims of human trafficking, T-visa (T-2, T-3, or T-4, etc.) holder

- "Parolee" (You must be paroled into the United States for at least one year and you must be able to provide evidence from the USCIS that you are in the United States for other than a temporary purpose and that you intend to become a U.S. citizen or permanent resident.)

If you meet the noncitizen criteria above, you are eligible to receive federal student aid. If you are unsure of your eligibility, please check with your school's financial aid office for more information.

Eligible Program

A program of organized instruction or study of a certain length that leads to an academic, professional, or vocational degree or certificate, or other recognized education credential.

Emancipated Minor

An individual (under the age of 18) who has legally been determined to be an adult by a court in his or her state of legal residence.

Endorser

An endorser is someone who does not have an adverse credit history and agrees to repay the loan if the borrower does not repay it.

Entrance Counseling

A mandatory information session which takes place before you receive your first federal student loan that explains your responsibilities and rights as a student borrower.

Exit Counseling

A mandatory information session which takes place when you graduate or attend school less than half-time that explains your loan repayment responsibilities and when repayment begins.

Expected Family Contribution (EFC)

This is the number that's used to determine your eligibility for federal student financial aid. This number results from the financial information you provide in your FAFSASM, the application for federal student aid. Your EFC is reported to you on your *Student Aid Report* (SAR).

FAFSA

Free Application for Federal Student Aid

FAFSA4caster

An online tool that provides an early estimate of your federal student aid eligibility to help you financially plan for college.

Federal Family Education Loan (FFEL) Program

Under this program, private lenders provided loans to students that were guaranteed by the federal government. These loans included Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans. Federal student loans under the FFEL Program are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program.

Federal Pell Grant

A federal grant for undergraduate students with financial need.

Federal Perkins Loan

A federal student loan, made by the recipient's school, for undergraduate and graduate students who demonstrate financial need.

Federal School Code

An identifier that the U.S. Department of Education assigns to each college or career school that participates in the federal student aid programs. In order to send your FAFSA information to a school, you must list the school's Federal School Code on your application. A list of Federal School Codes is available at www.fafsa.gov.

Federal Student Aid PIN

Your electronic personal identification number that serves as your identifier to allow access to personal information in various U.S. Department of Education systems and acts as your digital signature on some online forms. If you do not already have a PIN, you can request one online at www.pin.ed.gov.

Federal Student Aid Programs

The programs authorized under Title IV of the Higher Education Act of 1965 that provide grants, loans and work-study funds from the federal government to eligible students enrolled in college or career school.

Federal Student Loan

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

Federal Work-Study

A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.

FFEL Program

Federal Family Education Loan Program

Financial Aid Offer

The total amount of financial aid (federal and nonfederal) a student is offered by a college or career school. The school's financial aid staff combines various forms of aid into a "package" to help meet a student's education costs.

Financial Aid Office

The office at a college or career school that is responsible for preparing and communicating information on financial aid. This office helps students apply for and receive student loans, grants, scholarships and other types of financial aid.

Financial Aid Package

The total amount of financial aid (federal and nonfederal) a student is offered by a college or career school. The school's financial aid staff combines various forms of aid into a "package" to help meet a student's education costs.

Financial Need

The difference between the cost of attendance (COA) at a school and your Expected Family Contribution (EFC). While COA varies from school to school, your EFC does not change based on the school you attend.

Forbearance

A period during which your monthly loan payments are temporarily suspended or reduced. Your lender may grant you a forbearance if you are willing but unable to make loan payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue. Unpaid interest that accrues during the forbearance will be added to the principal balance (capitalized) of your loan(s), increasing the total amount you owe.

Foster Care

A temporary living arrangement for dependent children when their parent(s) or another relative cannot take care of them.

Free Application for Federal Student Aid (FAFSA)

The FREE application used to apply for federal student aid, such as federal grants, loans, and work-study.

Full-time Employment as a Teacher

For the purposes of the Teacher Loan Forgiveness Program, full-time employment as a teacher is determined by the state's standard. For a borrower teaching in more than one school, the determination of full-time is based on the combination of all qualifying employment.

General Educational Development (GED) Certificate

A certificate that students receive if they've passed a specific, approved high school equivalency test. Students with a GED certificate are eligible to receive federal student aid.

Grace Period

A period of time after borrowers graduate, leave school, or drop below half-time enrollment where they are not required to make payments on certain federal student loans. Some federal student loans will accrue interest during the grace period, and if the interest is unpaid, it will be added to the principal balance of the loan when the repayment period begins.

Graduation Rate

Measures the progress of students who began their studies as full-time, first-time degree- or certificate-seeking students by showing the percentage of these students who complete their degree or certificate within a 150% of "normal time" for completing the program in which they are enrolled.

Grant

Financial aid, often based on financial need, that does not need to be repaid (unless, for example, you withdraw from school and owe a refund).

Guaranteed Student Loans

The name for Federal Family Education Loan (FFEL) Program loans that were made prior to 1992.

Guaranty Agency

A state agency or a private, nonprofit organization that administers Federal Family Education Loan (FFEL) Program loans.

Homeless

An individual is considered homeless if he or she lacks fixed, regular and adequate housing. You may be homeless if you are living in a shelter, park, motel or car, or temporarily living with other people because you have nowhere else to go. Also, if you are living in any of these situations and fleeing an abusive parent you may be considered homeless when completing your FAFSA even if your parent would provide support and a place to live.

Homeschool

A school in which children are educated at home either by parents, legal guardians, or tutors, rather than traditional public or private school.

Income Tax Refund Offsets

A debt collection tool that allows the government to seize income tax refunds from individuals who owe the federal government to help repay the outstanding debt. This tool may be used for federal student loans borrowers who are in default.

Independent Student

An independent student is one of the following: at least 24 years old, married, a graduate or professional student, a veteran, a member of the armed forces, an orphan, a ward of the court, or someone with legal dependents other than a spouse, an emancipated minor or someone who is homeless or at risk of becoming homeless. [Get additional information to determine your dependency status.](#)

Interest

A loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

Interest Rate

The percentage at which interest is calculated on your loan(s).

Job Placement Rate

The percentage of graduating students who obtained employment either in the recognized occupation for which they were trained or in a related comparable recognized occupation within a determined timeframe after receiving their degree or certificate.

Judgment Lien

Gives a creditor the legal right to keep a home or property when the owner fails to pay a debt. A judgment lien can only be granted by a court when a creditor takes a debtor to court for failing to pay a debt and the debtor loses. A student (or parent in the case of a parent borrower) will not qualify for federal student aid if he or she owns property that is subject to a judgment lien for a debt owed to the United States.

Legal Guardianship

A relationship created by court order, through which the court appoints an individual other than a minor's parent to take care of the minor. A legal guardian is not considered a parent on the student's FAFSA. In fact, a student in legal guardianship does not need to report parent information on the FAFSA because he or she is considered an [independent student](#).

Lender

The organization that made the loan initially; the lender could be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.

Lifetime Eligibility Used (LEU)

The amount of all Federal Pell Grant aid (in percentage) awarded to you divided by the amount of Pell Grant aid you would have been eligible to receive based on full-time enrollment. The amount of Federal Pell Grant funds a student may receive over his or her lifetime is limited by federal law to be the equivalent of six years of Pell Grant funding.

Litigation

The act or process of bringing or contesting a legal action in court.

Loan Forgiveness

The cancellation of all or some portion of your remaining federal student loan balance. If your loan is forgiven, you are no longer responsible for repaying that remaining portion of the loan.

Loan Holder

The entity that holds the loan promissory note and has the right to collect from the borrower.

Loan Rehabilitation

The process of bringing a loan out of default and removing the default notation from a borrower's credit report. To rehabilitate a Direct or a FFEL Loan, the borrower must make at least 9 full payments of an agreed amount within 20 days of their monthly due dates over a 10-month period. To rehabilitate a Perkins Loan, a borrower must make nine on-time, consecutive monthly payments of an agreed-upon amount. Rehabilitation terms and conditions vary for other loan types and can be obtained directly from loan holders.

Loan Servicer

A company that collects payments on a loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a lender. If you're unsure of who your federal student loan servicer is, you can look it up on www.nslds.ed.gov.

Master Promissory Note

A binding legal document that you must sign when you get a federal student loan. The MPN can be used to make one or more loans for one or more academic years (up to 10 years). It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It's important to read and save your MPN because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

Merit-based

Based on a student's skill or ability. Example: A merit-based scholarship might be awarded based on a student's high grades.

National Student Loan Data System (NSLDS)

A centralized database, available at www.nslds.ed.gov, which stores information on federal grants and loans. NSLDS contains information on how much aid you've received, your enrollment status, and your loan servicer(s). You can access NSLDS using your Federal Student Aid PIN.

Need-based

Based on a student's financial need. Example: A need-based grant might be awarded based on a student's low income.

Net Price

An estimate of the actual cost that a student and his family need to pay in a given year to cover education expenses for the student to attend a particular school. Net price is determined by taking the institution's cost of attendance and subtracting any grants and scholarships for which the student may be eligible.

Net Price Calculator

A tool that allows current and prospective students, families, and other consumers to estimate the net price of attending a particular college or career school.

New Borrower

You are a new borrower if you had no outstanding balance on a Direct Loan Program Loan or a Federal Family Education Loan Program loan as of Oct. 1, 2007, or have no outstanding balance on such a loan on the date you receive a new loan after Oct. 1, 2007.

Nolo Contendere

A plea of no contest, meaning the defendant neither admits nor disputes a charge, serving as an alternative to a pleading of guilty or not guilty.

Out-of-state Student

A student who is attending a college or career school outside of his or her state of legal residence.

Partial Financial Hardship

An eligibility requirement for the Income-Based Repayment (IBR) and Pay As You Earn plans.

For IBR, a circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 15 percent of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.

For Pay As You Earn, a circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 10 percent of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.

For both plans, the amount that would be due under a 10-year Standard Repayment Plan is calculated based on the greater of the amount owed on your eligible loans when you originally entered repayment, or the amount owed at the time you selected the IBR or Pay As You Earn plan.

PLUS Loan

A loan available to graduate students and parents of dependent undergraduate students for which the borrower is fully responsible for paying the interest regardless of the loan status.

Post-baccalaureate Teacher Certification Program

A program for students who have already earned a bachelor's degree that (1) does not lead to a graduate degree, (2) is treated as an undergraduate program, and (3) consists of courses required by a state in order for the student to receive a certification or license to teach in an elementary or secondary school in that state.

Principal

The total sum of money borrowed plus any interest that has been capitalized.

Private Loan

A nonfederal loan made by a lender such as a bank, credit union, state agency, or school.

Promissory Note

The binding legal document that you must sign when you get a federal student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It's important to read and save this document because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferments or forbearances.

Proprietary School

A private for-profit school that provides education and training.

Regular Student

A student who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized education credential offered by that institution. To be eligible for federal student aid, you must generally be a regular student.

Retention Rate

Measures the percentage of first-time students who are seeking bachelor's degrees who return to the institution to continue their studies the following fall.

Room and Board

An allowance for the cost of housing and food while attending college or career school.

Satisfactory Academic Progress

A school's standards for satisfactory academic progress toward a degree or certificate offered by that institution. Check with your school to find out its standards.

Scheduled Award

The maximum grant amount you are eligible to receive for the award year if you are enrolled full-time for the full school year. This amount is calculated from the information you (and your family) provided when you filed your FAFSA.

Scholarship

Money awarded to students based on academic or other achievements to help pay for education expenses. Scholarships generally do not have to be repaid.

Service Obligation

The teaching service requirement set out in the Agreement to Serve (ATS) that you must sign to receive a TEACH Grant. By signing the ATS, you agree to teach (1) full-time (2) in a high-need field (3) at a low-income school or educational service agency that serves certain low-income schools, and (4) for at least four complete academic years within eight years after completing (or ceasing enrollment in) the course of study for which you received the grant. If you do not complete your teaching service agreement, the amounts of the TEACH Grants you received will be converted to a Direct Unsubsidized Loan that you must repay with interest charges from the date of each TEACH Grant disbursement.

Standardized Test

A test that is designed to assess individuals against a common standard.

State Aid

Financial aid from a student's state of legal residence.

Student Aid Report (SAR)

A summary of the information you submitted on your *Free Application for Federal Student Aid* (FAFSA). You receive this report (often called the SAR) via e-mail a few days after your FAFSA has been processed or by mail within 7-10 days if you did not provide an e-mail address. If there are no corrections or additional information you must provide, the SAR will contain your EFC, which is the number that's used to determine your eligibility for federal student aid.

Subsidized Loan

A loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in-school, grace, or deferment status. For Direct Subsidized Loans first disbursed between July 1, 2012, and July 1, 2014, the borrower will be responsible for paying any interest that accrues during the grace period. If the interest is not paid during the grace period, the interest will be added to the loan's principal balance.

Tax Offset

A debt collection tool that allows the government to seize income tax refunds from individuals who owe the federal government to help repay the outstanding debt. This tool may be used for federal student loans borrowers who are in default.

Teacher Education Assistance for College and Higher Education (TEACH) Grant

A federal grant that provides up to \$4,000 per year to students who agree to teach for four years at an elementary school, secondary school, or educational service agency that serves students from low-income families and to meet other requirements. If the service obligation is not met, the grant is converted to a Direct Unsubsidized Loan.

Transfer Rate

The percentage of the full-time, first-time students who transferred to another institution.

TRIO

Program outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds. TRIO includes eight programs targeted to serve and assist low-income individuals, first-generation college students, and individuals with disabilities in progressing through the academic pipeline from middle school to postgraduate programs.

Unsubsidized Loan

A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

Verification

The process your school uses to confirm that the data reported on your FAFSA is accurate. Your school has the authority to contact you for documentation that supports income and other information that you reported.

William D. Ford Federal Direct Loan Program

The federal program that provides loans to eligible student and parent borrowers under Title IV of the Higher Education Act. Funds are provided by the federal government to eligible borrowers through participating schools.

Work-Study

A federal student aid program that provides part-time employment while you are enrolled in school to help pay your education expenses.



ASU-BEEBE

1000 Iowa Street
Beebe, Arkansas 72012
www.asub.edu

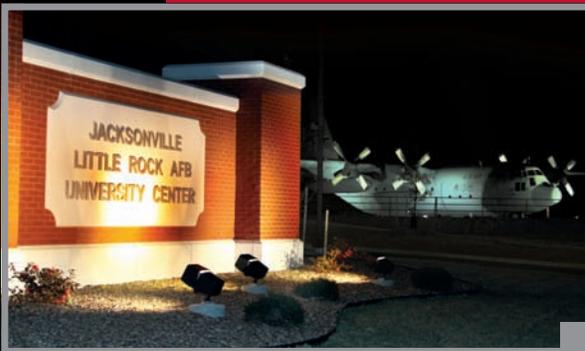
Financial Aid: 501.882.8845
Scholarship: 501.882.4420
Admissions: 501.882.8860



ASU-HEBER SPRINGS

A Center of ASU-Beebe
101 River Crest
Heber Springs, Arkansas 72543
www.asub.edu/heber-springs

Financial Aid: 501.362.1211
Scholarships: 501.362.1209
Admissions: 501.362.1100



ASU-LITTLE ROCK AIR FORCE BASE

A Degree Center of ASU-Beebe
Jacksonville-Little Rock AFB University Ctr.
1490 Vandenberg Blvd., Suite 115
Jacksonville, AR 72099
www.asub.edu/lrafb

Admissions: 501.988.4151



ASU-SEARCY

A Technical Campus of ASU-Beebe
1800 East Moore Ave.
Searcy, Arkansas 72145
www.asub.edu/searcy

Admissions: 501.207.6214
Adult Education: 501.207.6290
Regional Career Center: 501.207.6257
Continuing Education: 501.207.6249