



✦ SOUTHERN COLLEGE OF OPTOMETRY

2016

2017

FINANCIAL AID HANDBOOK

Financial Aid Mission Statement

*To see that every student receives the funds necessary
to complete the program with the least possible debt at graduation,
and to see that each student's experience with
Financial Aid is a positive one.*

The Financial Aid Team

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How Do I Contact the Financial Aid Office?

Address: Southern College of Optometry
Financial Aid Office
1245 Madison Avenue
Memphis, TN 38104

Location: Room 1015, 10th Floor

Phone: (800) 238-0180 (901) 722-3207

Fax: (901) 722-3204

Hours of Operation: 8:00 a.m. - 4:30 p.m.

The Role of the Financial Aid Office

The Financial Aid Office at Southern College of Optometry (SCO) is responsible for the administration of financial aid programs and helping students secure funding for their education. We help students choose lenders and decide how much to borrow. The Financial Aid Office plays a vital role in the functioning and success of any college. Our office actually serves as a liaison to a large population of students, lenders, state and federal agencies as well as state, regional and national financial aid organizations.

The most common functions of the financial aid office are to:

- Provide financial aid counseling to current and prospective students
- Distribute financial aid consumer information
- Certify and coordinate all student financial aid resources
- Collect and maintain all financial aid documents
- Keep abreast of all federal regulations governing student aid programs
- Maintain award information for accounting and reporting purposes
- Deliver student aid to students in a timely manner

The Financial Aid Office is important to the student borrower not only during enrollment at SCO, but also after graduation for financial counseling concerning deferment and repayment options, loan consolidation, etc.

Types of Financial Aid

Approximately 90% of the students enrolled at SCO receive some type of financial aid. Many, but not all forms of financial aid are need-based.

We offer:

- Federal Work-Study
- Health Professions Student Loans
- Federal Direct Unsubsidized Loans
- Federal Grad Plus Loans
- Private Loans (last resort)

Federal Work-Study (FWS) Student Employment On-Campus

Approximately 170 part-time jobs were awarded last year to

students who requested work-study on their financial aid applications. Work-study funds are limited, so preference is given to eligible students in the order that their financial aid applications are completed and returned to our office. If you would like to know if you are eligible for FWS, please call or come by our office. If you are looking for a job, we have a list of departments allocated FWS funds for the current year available in our office. The latest updates on new openings are available on the financial aid SharePoint page. If you have been awarded FWS funds and are unable to earn the total amount, you may request that your FWS funds be transferred to loans.

Summer Work-Study Employment

During the summer term third and fourth-year students may work up to 20 hours per week in the FWS program. An entering student may begin working July 1st of their enrollment year. If you are a first or second-year student, you may work up to 35 hours per week during the summer, provided that you:

- Intend to enroll for the following Fall semester, and
- You were enrolled for the preceding Spring semester or you have been accepted for admission for the upcoming Fall semester and
- You are otherwise eligible for, and have received, a work-study award for the Summer semester.

Unless you are enrolled in third or fourth-year classes, we automatically allow for your job-related costs. Summer job-related costs are based on the actual housing expenses, utilities, food and transportation components of the published student budget for living expenses. For the 2016 summer term the job-related cost allowance is a maximum of \$1,475 per month that you are not attending class.

Community Service

What is “community service”? It is work, which improves the quality of life for community residents, particularly low-income individuals, or solves particular problems related to their needs.

A limited number of off-campus community service jobs are available in our FWS program. These positions involve work, which benefits the community rather than the college. We select applicants on a first-come, first-served basis, giving preference to students who have past experience in a community service program, or in other volunteer work, or who can otherwise demonstrate commitment to community service. Currently, the community service jobs are available during the months of September through May. If interested, applications are available in the FAO. Community service pays \$12 per hour.

FWS Wages

The work-study wage rate ranges from \$11-15 per hour. During the school year you may average no more than 20 hours of work per week. Most students work less than 10 hours per week. You will be paid by check at the end of each month for work actually performed during the month.

Our Financial Aid Office staff will help you with the work-study procedures.

Rules and Guidelines for FWS Time

- All time is entering via Time Force which can be accessed via SharePoint. Blank timesheets are available outside the Financial Aid Office on the 10th floor.
- Your time is due in the accounting office on the 21st of each month.
- Each month, your time is entered to reflect the hours worked through the 20th of each month.
- Your supervisor(s) must approve your time for the hours worked that month.
- Notices of deadlines will be sent via email to all students.
- Accounting will receive a report from the Financial Aid Office and your pay will be directly deposited into your bank account on the first of each month.

Campus-Based Loans

SCO participates in two campus-based Federal loan programs. "Campus-based" means that we act as the lender for the Federal government by originating loans to current students and collecting repayments from former students. These repayments, in turn, become new loans for current students. These loans are serviced by ECSI.

Our campus-based programs are the Federal Perkins Loan Program, and the Federal Health Professions Student Loan Program. Together, these two programs provide about \$1.9 million to our students. Campus-based loans are electronically credited to the student's account in equal increments at each registration. The interest rate on these loans is a fixed 5%. Interest does not accrue while in school or during your grace period.

All offers of campus-based Federal financial aid are contingent on the availability of funds. This, in turn, depends mostly on former students making timely loan repayments so the money can be re-loaned to you. Former SCO students have an excellent repayment history. Remember those following you when it is time for you to begin repaying your loans.

Perkins Loans*

- 5% fixed interest rate
- Do not have to submit parental income information on FAFSA.
- Interest is subsidized (paid) by the federal government during in-school, grace, and approved deferment periods.
- Maximum \$8,000/year; aggregate limit of \$40,000, including the amount borrowed as an undergraduate student (actual loans will be dependent upon available funds).
- Need-based eligibility determined by the results of FAFSA; priority given to students with exceptional financial need.
- Student borrows through the school.
- Grace period of 9 months after enrollment ceases.
- Deferment and Forbearance options available.
- Standard 10-year repayment schedule; minimum \$50/month payment.

*The Department of Education is phasing out the Perkins Loan program. Only students who have received the Perkins Loan at SCO prior to June 30, 2015 will be eligible.

Health Profession Student Loan (HPSL)

- 5% fixed interest rate.
- Must provide parental income information on FAFSA.
- Interest is subsidized (paid) by the federal government during in-school, grace, and approved deferment periods.
- Maximum annual loan can be equal to the cost of education (actual loan will be dependent upon available funds).
- Need-based eligibility determined by the results of FAFSA. Determination of need must also include an analysis of parental financial information (for HPSL only).
- Student borrows through the school.
- There are no loan fees.
- Grace period of 12 months after enrollment ceases.
- Deferment and Forbearance options available.
- Standard 10-year repayment schedule; minimum \$50/month payment.

The Health Professions Student Loan Program guidelines require parental financial income information for all students who receive the HPSL. Including parental information requires the completion of the parent section of the [Free Application for Federal Student Aid \(FAFSA\)](#). Students CANNOT be considered for the HPSL unless they have provided the estimated parental information on the FAFSA and provide a copy of their parent's Federal tax return or choose the IRS data retrieval on the FAFSA.

Is it worth the hassle to get all that financial information from my parents?

The terms of the HPSL are the most favorable of all the student loans we offer (5% fixed interest rate, no fees, interest subsidized by the federal government while in school and during a one-year grace period, after which repayment begins). There is no simple formula where we can say, "If your parents make \$200,000, don't bother providing their information;" the federal formula is complicated, and takes into account age, income, assets, family size, and numerous other factors. However, to give you a little help: as a general rule, if your parents make less than \$100,000 and do not have sizeable assets, it may very well be to your advantage to have them provide their financial information on the FAFSA. You will never be penalized for providing your parents' information; it can only help you. At the same time, if there is little likelihood that you will be eligible for the HPSL, all of us would prefer not to have parents' confidential financial information in your file. We would be happy to discuss this with you more fully if you have questions about whether or not to provide parental information.

Federal Direct Loan Programs – Off-Campus Loans

Students may ONLY borrow from Direct Lending Services. All students must complete a Master Promissory Note via Direct Loans at studentloans.gov.

“Off-campus” means that Direct Lending acts as the lender for the government by providing loan capital and by servicing repayments for student loans processed by the college. Off-campus programs include Federal Direct Subsidized and Unsubsidized Loans, and Grad PLUS loan programs. Together, these programs provide about \$16.2 million to our students. Off-campus loan funds are delivered to students at each registration electronically.

Financial Aid Office personnel are responsible for analyzing your eligibility for the various federal programs, counseling you about indebtedness, tracking the progress of your loan applications, and notifying you of loan fund arrival.

Accounting Department personnel are responsible for crediting your account, disbursing funds or delivering your loan checks to you, usually at registration.

Federal Direct Subsidized Student Loan

As of July 1, 2012, graduate and professional students are no longer eligible to receive Stafford subsidized loans. However, you may still qualify for \$40,500 in Stafford unsubsidized loans each year.

Federal Direct Unsubsidized Student Loan

Another type of financial aid available to graduate students is non-need based. This type includes various unsubsidized loans that can be used to replace the “expected family contribution” (EFC). The Financial Aid Office certifies these loans because they cannot exceed the cost of attendance minus any need-based aid received by the student. The recommended maximum amount is \$20,000 per year. You may borrow more, if needed and if approved by the Director of Financial Aid.

- Interest rate is 5.31%, beginning July 1, 2016.
- Interest is NOT subsidized (not paid) by the federal government and begins accruing upon disbursement; borrower has the option to pay the interest during enrollment or allow it to accrue
- Unpaid interest will be capitalized by the lender and added to the principal of the loan upon graduation
- Maximum annual loan of \$40,500 loans cannot exceed the Cost of Attendance; aggregate total (undergraduate and graduate) of \$224,000.

- Financial need not required.
- A 1.068% origination fee will be deducted from the loan proceeds before disbursement.
- Grace period of 6 months after enrollment ceases
- Deferment and forbearance options available
- Standard 10-year repayment schedule; extended repayment schedule available to some borrowers with large debts; minimum \$50/month payment.

Federal Direct GradPLUS Loan

This loan is only available to graduate students. You could apply for this once you have received your maximum in all subsidized and unsubsidized funds. This loan can be used to replace your EFC. The Financial Aid Office certifies these loans because they may not exceed your cost of attendance less any aid already received. Due to the high interest rate, this is our least attractive loan.

- Interest rate is fixed at 6.31%, beginning July 1, 2016.
- Interest is not subsidized. It begins accruing immediately.
- Unpaid interest will be capitalized at the end of your enrollment at SCO.
- There is no grace period. Repayment begins 30 days after graduation.
- This is a credit worthy loan. You must pass a financial credit check and a U.S. cosigner may be required.
- A 4.272% origination fee will be deducted from the loan proceeds before disbursement.

Private Loans

Students should only consider obtaining a private loan after maxing out on all Federal Loans that are not credit based. Both the GradPLUS and private loans are credit based so it is important to maintain your credit rating. Both the GradPLUS and a private educational loan have their pros and cons. Below is a chart comparing the two loans. SCO financial aid office will not certify/approve any credit based loan until the student has exhausted all Federal Student Loans first.

Federal Grad PLUS vs. Private Educational Loan

	<i>Federal Graduate PLUS</i>	<i>Private Educational Loan</i>
Borrower	Loan is made to you, but an endorser may be required.	Loan is made to you, but a credit worthy co-signer may be required.
Credit Requirements	Credit approval based on federal standard (not FICO)	Credit approval based on FICO and credit history.
Loan Limits	Cost of attendance less other aid.	Cost of attendance less other aid.
Up-front Origination Fees	4.272%	Varies
Interest Rate	6.31%	Fixed and Variable, up to max of 18%.
Deferment/Forbearance	Options exist	Forbearance may be available.
Repayment Options	Up to 25 years. Several repayment options.	Up to 20 years.
Death/Disability	Discharged upon death or permanent disability.	Not insured against death or disability.
Consolidation	Eligible for Federal Consolidation.	Not Eligible for Federal Consolidation.

**The LIBOR index is the London Interbank Offered Rate and represents what it costs a lender to borrow money.*

SCO students are eligible for increased unsubsidized loan amounts.

- The combined subsidized/unsubsidized aggregate loan limit for graduate and professional health professions students who are eligible to receive the increased unsubsidized amounts is \$224,000.
- The increased unsubsidized amount is \$20,000 per year. Therefore, the annual max on unsubsidized loans is \$40,500 for first year students, \$43,833 for second year students and \$47,167 for third and fourth year students.
- Most students do not need to borrow the maximum available.

International Students and Financial Aid at SCO

If an international student is a Permanent Resident of the United States of America and has an Alien Registration number provided by the Immigration and Naturalization Service, they are fully eligible for financial aid through programs sponsored by the United States Department of Education. International students who are permanent residents of the U.S. should complete a Free Application for Federal Student Aid (FAFSA); these forms are available online at fafsa.ed.gov.

If an international student is not a Permanent Resident of the United States of America, but is able to obtain a credit-worthy cosigner for student loans who is a U.S. citizen or Permanent Resident, there are a number of loan programs for which they are eligible. The terms of these educational loans are quite competitive, and the loans can cover a large portion of your educational expenses at SCO.

Many Canadian students are eligible for federal (Canada Student Loan) and provincial loans; the application process begins with forms provided by your home province (e.g. British Columbia Student Assistance Program). Because those programs may vary by province, and fall outside our area of experience, you will need to contact the appropriate administrative office (e.g. Ministry of Advanced Education, Training and Technology) to pursue these loan programs.

Financial Implications of Academic Decisions

A student may find it necessary to take a leave of absence for a specified length of time for personal reasons. A leave of absence must be approved by the Vice President for Student Services. Some common reasons are: illness/surgery, birth of a child, or family conflict/divorce.

Circumstances may occur that will lengthen the time that it takes a student to complete the graduate curriculum. Extended enrollment does have significant financial implications for a student who is financing his/her total graduate education with student loans. The following potential financial affects are possible:

- Student loan principal is increased by each additional year of enrollment.
- If the student has unsubsidized student loans, total repayment costs increase due to the additional time that the loans will accrue interest (unless the student opts to pay the interest).

- The grace period that routinely follows graduation, or the last date of enrollment, may be affected. Whenever a student ceases enrollment, loans enter a grace period. If the leave of absence exceeds the length of the grace period, the grace period will be exhausted and will not be available the next time the student ceases enrollment.
- Once grace period ends, repayment begins.
- You may be required to begin repayment after 6 months, while on leave of absence.
- Students who graduate with two sets of loans (one with grace, one without) will have to manage two different repayment schedules.
- You must also complete an exit interview each time you take a leave.

A student who is no longer enrolled and not covered by a grace period will be required to request an economic hardship or unemployment deferment or forbearance on loans in order to avoid going into repayment. Interest accrues even on subsidized loans during forbearance and hardship deferments and if this interest is not paid it is eventually added to the principal.

SCO Scholarships

SCO offers more than 200 endowed scholarships each year. The scholarships range from \$1,000-\$15,000 each year and are awarded by Student Services.

Outside Scholarships

The largest, most complete scholarship search database available on the Internet is FastWEB. It can be accessed at FastWEB.com. FastWEB provides access to a searchable database of more than 1.5 million private sector scholarships, fellowships, grants, and loans worth \$3.4 billion. When using FastWEB, applicants fill out a detailed profile about themselves through a series of on-line questions. After receiving their profile, FastWEB responds within a few minutes with a list of awards that match the individual student's profile.

Another helpful resource is College Answer. It can be accessed at collegeanswer.com. A College Answer scholarship search will provide you access to an award database that currently contains over 5 million scholarships worth over \$24 billion, and is expanded and updated daily by partner Scholarship Experts. FinAid, finaid.org, is also a great scholarship search site. You should also inquire about other sources, such as your house of worship, family, ODs, etc.

Service-Obligation Programs

The Army, Navy, and Air Force offer scholarship programs. The scholarship includes the payment of tuition, authorized fees and reimbursement for required books and equipment. In addition, students receive a monthly stipend while in school and active duty pay during the summers. In return, recipients agree to practice optometry in a specific branch of the military. Further information about the programs can be obtained by contacting regional health professions recruiters for each of the branches.

Arkansas offers a \$5,000 forgivable loan to students who agree to return to the state to practice optometry one year for each year that they receive the loan. You must be a recipient of the ARHEG. For more information, go to arkansashighered.com/arheg.html or email Jonathan Coleman as soon as possible at Jonathan.Coleman@adhe.edu or call him at 501-371-1064 or toll-free at 1-800-547-8839. Deadline is Oct 1. Subject to change.

North Carolina offers the Forgivable Education Loan for Service (FELS). It was established by the North Carolina General Assembly in 2011. The loan provides financial assistance to qualified students who are committed to working in North Carolina in fields designated as critical employment shortage areas. Doctoral degree seeking students are eligible for \$14,000 per year. Required GPA of 3.20 and must be a NC resident. For further information regarding the application process or this forgivable loan, please call CFNC at 866-866-2362.

Veterans Benefits

Veterans of the United States armed forces may be eligible for a broad range of programs and services provided by the U.S. Department of Veterans Affairs (VA). These benefits are legislated in Title 38 of the United States Code. Visit the VA web page at va.gov.

Deadlines

March 1st is the deadline for current students to file the Free Application for Federal Student Aid (FAFSA) and SCO financial aid application. May 1 is the deadline for incoming 1st year students.

March 5th is the priority deadline for applying for additional loan funds for 2016/2017.

It is advantageous to apply early, since we process applications as they are completed, and available funds are awarded on a first-come, first-served basis. However, third and fourth-year students have priority, since their next year starts with the Summer term.

You will receive your award information for next year via your SCO email account. This email will contain instructions on how to accept your awards online through NetPartner.

Applying for Financial Aid

Application materials are mailed to incoming students beginning mid-January, and are distributed to current students in December. You will be applying for the entire next academic year, from September through April (or May through May for third and fourth-year students).

Your application packet will contain a short and simple SCO application form, and an application checklist with lots of instructions. You must properly complete and submit all forms to have a valid application. Keep copies of everything, in case something happens to the originals.

Completing the FAFSA

You may complete this form via the web at fafsa.ed.gov as early as October 1st using your 2015 Federal Tax return. You must have a FSA ID. You must have a FSA ID.

Please designate SCO as one of the schools to receive your

information. Our Title IV School Code is 003517. Don't forget to include parental information, if you are interested in our HPSL campus-based loan. If you or your parents have not filed your tax return, you may use estimated figures. It is important to complete your FAFSA by March 1st. If you have specific questions about filling out the FAFSA, you may call: 1-800-4FED-AID, or SCO's Financial Aid Office at (800) 238-0180, option #3.

Other supporting documents will also be required of you, depending on your particular circumstances. Once you file the SCO application, we will send you periodic status reports to keep you informed of any additional documents required.

If something seems to be amiss, check with the Financial Aid Office.

Loan Eligibility Requirements

- Be a U.S. citizen or eligible non-citizen.
- Have a valid Social Security number.
- Be registered with the Selective Service (if applicable).
- Be enrolled in an eligible degree or certificate program.
- Be enrolled at a participating college at least half-time.
- Must not have a prior student loan in default.

Determining Financial Aid Eligibility

Using FAFSA data, we calculate the student's "expected family contribution" (EFC), which is displayed on the Student Aid Report (SAR) received by the student FAO. Financial need is the result of the cost of attendance minus the EFC. See example below.

Total Cost of Attendance (COA)	\$27,378
Expected Family Contribution (EFC)	\$1,893
Financial Need	\$25,485

The COA is the amount you will need to pay in educational costs and living expenses while enrolled. The EFC is the amount you should be able to contribute toward your education. The financial need is the amount you are eligible to borrow in subsidized, unsubsidized, and Grad PLUS funds. Any scholarships, outside aid and FWS you may be awarded will also be deducted from the amount of financial need.

Online Interactive Debt Calculator

We have developed an online interactive debt calculator for prospective and current students to help you determine all costs associated with enrollment in a four-year optometry program, including cost of living, tuition, books and equipment. It's important that you develop a comprehensive view of your total indebtedness and compare the costs among institutions.

We encourage you to investigate comparable charges/costs for any other optometry school to give you a better comparison. The calculator will estimate your monthly loan repayment schedule over a ten-year payment period. This will allow you to make budget changes early on instead of increased debt after graduation.

You can find the calculator on the SCO website at sco.edu/debtcalculator.

Entrance and Exit Interviews

If a student is a recipient of a federal loan, it is mandatory that students have entrance counseling before funds are disbursed to the student. You must also complete an exit interview upon graduation or when you cease to be enrolled.

A debt management session is scheduled during fall orientation for first-year students. Its purpose is to help you understand how to plan a budget and control borrowing for school. Attendance is mandatory.

An exit interview will be scheduled for you prior to your leaving SCO. During your exit interview you will review the repayment features of your various loans and learn about loan consolidation. Attending an exit interview is also mandatory.

Much of the material presented during the entrance counseling will be presented again at the exit interview; however, emphasis shifts to loan repayment obligations and debt-management strategies. The following points are stressed:

- Financial planning is essential to debt management.
- Review a statement of the total balance owed by the student and an estimate of the monthly payment amount needed to repay the balance.
- Review loan repayment obligations, i.e. keep the servicer notified of any difficulty in making loan payments, any changes in personal information such as name or address, failure to receive a monthly payment notice (this does not relieve borrower of obligation to make the monthly payment), etc.
- Loan refinancing and loan consolidation options
- Review deferment, forbearance, and cancellation

During both the entrance counseling and exit interview, SCO must collect certain items of personal information from the student borrower, which could be valuable later for use in loan collection.

Borrower's Rights and Responsibilities

You have the RIGHT to:

- Written information on your loan obligations and information on your rights and responsibilities as a borrower.
- A grace period and an explanation of what this means.
- A disclosure statement, received before you begin to repay your loan that includes information about interest rates, fees, the balance you owe, and the number of payments.
- Deferment of repayment for certain defined periods, if you qualify and if you request it.
- Forbearance, if you qualify and if you request it.
- Prepayment of your loan in whole or in part any time without an early-repayment penalty.
- A copy of your promissory note either before or at the time your loan is disbursed.
- Documentation that your loan(s) are paid in full.

You are RESPONSIBLE for:

- Attending exit counseling before you leave school or enrollment ceases.
- Repaying your loan even if you do not complete your academic program, are dissatisfied with the education you received, or are unable to find employment after you graduate.
- Making monthly payments on your loan(s) after you leave school, unless you have a deferment or forbearance.
- Notifying your lender/holder/servicer of any change in your eligibility for an existing deferment. Notifying your lender/holder/servicer if you:
 - *Move/change your address*
 - *Change your name*
 - *Withdraw from school or drop below half-time enrollment*

How do I find out how much I have borrowed?

To find out the total amount of each loan, simply go online to nslds.ed.gov. Here you can track each student loan from disbursement to pay off 24 hours a day, 7 days a week.

Repayment

Borrowers of the Federal Direct Student Loan Program may choose from several repayment options and should select the schedule that best fits their future residency and practice plans, as well as a schedule that will keep the cost of repayment to a minimum. The availability of repayment plans will be dependent upon the type of loan program. Please keep in mind there is no penalty for prepayment on educational loans; therefore, it is advantageous to the borrower to repay a loan as quickly as possible. The repayment plans are described below.

Standard Repayment Plan

The borrower pays a set amount throughout repayment (you will have a higher monthly payment; however, this plan has the least cost for the borrower).

Graduated Repayment Plan

Payments start low and increase over time, usually every 18-24 months (addresses short-term cash flow problems in the early years of residency and practice). Increases the total amount of interest paid over the standard repayment plan, but is generally significantly less than the interest paid with the extended and income-base repayment plan.

Extended Repayment Plan

Payments are extended up to 30 years, depending on the amount and type of loans that the borrower has received (results in a lower, more affordable payment; however, it is very expensive in the long run if the borrower takes the full length of time to repay).

Income-Based Repayment Plan

Payments are based on your income, family size, and marital status.

Default

How to avoid Default

- Make payments on time
- Open mail
- Report changes
- Deferment/Forbearance
- Contact loan servicer if you are in trouble

Consequences of Default

- Total balance may become due
- Credit score affected
- Wages garnished
- Tax rebate seized
- Ineligible for forbearance or deferment
- Ineligible for further financial aid

Estimating Your Monthly Payments

Your monthly payments after graduation can be estimated by multiplying the amount you anticipate you will borrow by the repayment factor on the table below.

Anticipated Borrowing	4%	5%	6%	7%	8%	8.25%
\$30,000	\$303	\$318	\$333	\$348	\$364	\$368
\$40,000	\$404	\$424	\$444	\$464	\$485	\$491
\$50,000	\$505	\$530	\$555	\$581	\$607	\$613
\$60,000	\$606	\$636	\$666	\$697	\$728	\$736
\$70,000	\$707	\$742	\$777	\$813	\$849	\$859
\$80,000	\$808	\$848	\$888	\$929	\$971	\$981
\$90,000	\$909	\$954	\$999	\$1,048	\$1,092	\$1,104
\$100,000	\$1,010	\$1,060	\$1,110	\$1,161	\$1,213	\$1,227
\$110,000	\$1,111	\$1,166	\$1,221	\$1,277	\$1,335	\$1,349
\$120,000	\$1,212	\$1,272	\$1,332	\$1,393	\$1,456	\$1,472
\$130,000	\$1,313	\$1,378	\$1,443	\$1,509	\$1,577	\$1,594
\$140,000	\$1,414	\$1,484	\$1,554	\$1,626	\$1,699	\$1,717
\$150,000	\$1,515	\$1,590	\$1,665	\$1,742	\$1,820	\$1,840
Repayment Factor	0.0101	0.0106	0.0111	0.0116	0.0121	0.0123

These monthly payments are based on the Standard Repayment Plan with a repayment of 10 years.

Estimating your Monthly Accrued Interest

To estimate your monthly accrued interest while in school, multiply your *unsub* amount borrowed by the interest rate, divide by 365, then multiply by the number of days in a month. This example uses 31 days.

Anticipated Borrowing	4%	5%	6%	7%	8%	8.25%
\$10,000	\$34	\$42	\$51	\$59	\$68	\$70
\$20,000	\$68	\$85	\$102	\$119	\$136	\$140
\$30,000	\$102	\$127	\$153	\$178	\$204	\$210
\$40,000	\$136	\$170	\$204	\$238	\$272	\$280
\$50,000	\$170	\$212	\$255	\$297	\$340	\$350
\$60,000	\$204	\$255	\$306	\$357	\$408	\$420
\$70,000	\$238	\$297	\$357	\$416	\$476	\$490
\$80,000	\$272	\$340	\$408	\$476	\$544	\$561
\$90,000	\$306	\$382	\$459	\$535	\$612	\$631
\$100,000	\$339	\$425	\$510	\$595	\$679	\$701
\$110,000	\$374	\$467	\$561	\$654	\$747	\$771
\$120,000	\$408	\$510	\$612	\$713	\$815	\$841

Anticipating Your Expenses Year by Year

As you anticipate your annual expenses, you will find that some expenses, such as tuition, books and fees, are fixed, giving you no control over how much you must spend. However, there are many expenses that you can control based on your budget and lifestyle decisions. These include room and board, transportation, supplies, and personal expenses. SCO students will encounter other expenses, related to the curriculum, which are hard to determine in advance. These include the cost of taking state boards, clinical externships, possibly in another city or state and expenses incurred when you relocate for your externships.

The cost of housing is often the largest single living expense for graduate students, so it is important to consider all possible options when making decisions about where you will live. For the 2016/2017 year, students are allowed up to \$625/mo. for rent, \$150/mo. for utilities, \$275/mo. for food, and \$175/mo. for transportation. For the 2016/2017 year, students with dependents are allowed up to \$925/mo. for rent, \$300/mo. for utilities, \$385/mo. for food, and \$350/mo. for transportation. Please keep those figures in mind when you consider the following questions:

- Should you share with a roommate? This can cut housing costs in half. Graduate students do not spend a lot of time in their apartments.
- Are utilities included in the rent of an apartment? Is there an additional cost for parking/pets?

Standard Student Budget

A standard student budget is often referred to as the total cost of attendance (COA). The standard student budget is developed by SCO and reflects only the expenses of the student; it does not include expenses for additional family members. The COA also represents, in most cases, the maximum financial aid that you can receive from all sources (including educational loans and scholarships from outside sources).

The following is a list of expenses you can expect year by year at SCO. All of these expenses can be covered by financial aid.

Cost of Attendance for 2016/2017*

1st Year Expenses	Regional	Non-Regional
Tuition	\$19,104	\$34,704
Incidental Fees & App Fee	\$445	\$445
Books, Equipment, Other(Diagnostic Kit Included)	\$3,793	\$3,793
Loan Origination Fees	\$434	\$434
Rent	\$5,000	\$5,000
Food	\$2,200	\$2,200
Utilities	\$1,200	\$1,200
Transportation	\$1,400	\$1,400
Personal Expenses	\$2,000	\$2,000
TOTAL	\$35,576	\$51,176

2nd Year Expenses	Regional	Non-Regional
Tuition	\$19,104	\$34,704
Incidental Fees	\$270	\$270
Books, Equipment, Other (BIO included)	\$4,932	\$4,932
Loan Origination Fees	\$468	\$468
Rent	\$6,250	\$6,250
Food	\$3,300	\$3,300
Utilities	\$1,500	\$1,500
Transportation	\$1,750	\$1,750
Personal Expenses	\$2,500	\$2,500
TOTAL	\$39,524	\$55,124

3rd Year Expenses	Regional	Non-Regional
Tuition Regional	\$19,104	\$34,704
Incidental Fees	\$205	\$205
Books, Equipment, Other	\$525	\$525
Loan Origination Fees	\$504	\$504
NBEO Fees	\$725	\$725
Rent	\$7,500	\$7,500
Food	\$3,300	\$3,300
Utilities	\$1,800	\$1,800
Transportation	\$2,100	\$2,100
Personal Expenses	\$3,000	\$3,000
TOTAL	\$38,763	\$54,363

4th Year Expenses	Regional	Non-Regional
Tuition Regional	\$19,104	\$34,704
Incidental Fees	\$305	\$305
Books, Equipment, Other	\$0	\$0
Loan Origination Fees	\$504	\$504
NBEO Fees	\$1,250	\$1,250
Rent	\$7,500	\$7,500
Food	\$3,300	\$3,300
Utilities	\$1,800	\$1,800
Transportation	\$2,100	\$2,100
Personal Expenses	\$3,000	\$3,000
TOTAL	\$39,063	\$54,663

*Regional tuition for Kansas, Tennessee and West Virginia have a different tuition rate from other Regional states.

The Financial Aid Office can also assist in long-range financial planning by providing cost of attendance information for subsequent years, which will allow the student to develop a more realistic cost analysis and also more realistic annual budgets. As part of financial planning, we will provide SCO students annually with a statement of student loan debt.

Budget Increases for Special Circumstances

Our mission is to see that you receive the funds necessary to complete the program with the least possible debt at graduation. In keeping with this mission, you may request consideration for additional loan amounts when the additional amount will not exceed your calculated need or when there is an additional expense not originally included in your calculated need.

In this event, the additional expense must be related to your attendance at SCO and not have been reasonably foreseeable.

Even if all of the above are true, additional funding may not be possible if the additional expense is not federally allowable or if loan limits would be exceeded. However, we will always try to accommodate you in the event of a new dependent child in your household, or if you are assigned to a non-local externship in your fourth year.

The Financial Aid Office can determine if you are eligible for an adjustment.

Living on a Budget

As a graduate student, your total educational loan debt at graduation will depend on how successful you are in developing and sticking to a budget. Budgeting is a means of comparing all expected income and resources (including student loans) with expected expenses for a given period of time. Budgeting may require you to review your expenses periodically and make adjustments to them in order to achieve a balance between the two. The goal of budgeting is to enable you to live within your available resources and to avoid unnecessary student loan debt. There are some expenses that cannot be included in the student budget as allowable expenses. Only allowable expense items can be funded.

Below are some examples of non-allowable expenses. Students should anticipate these types of expenses and develop a plan to pay for such costs:

- Automobile payments
- Consumer debt incurred (credit cards)
- Relocation costs related to residency program
- Special occasions (weddings, etc.)

Students who enter SCO with consumer and/or automobile debt should have an alternative source of funds (savings, family support, spousal income) to pay for these costs. It is wise to have these expenses paid off before entering SCO.

The following tips will help you live within your budget:

- Review your budget each month.
- If you go over your budget one month, get back on track by cutting expenses the next month.

- If you consistently go over the budget, keep a record of everything you spend during the next month. Use this expense information to trim excess spending and try again.
- If you have unexpected expenses, such as unplanned dental emergencies not covered by insurance, talk with your financial aid counselor to see if you may qualify for a budget increase.
- Have at least \$1,000 in a savings account for unexpected emergencies. This could turn a crisis into a simple inconvenience and will reduce the chance that you will use a credit card to cover the emergency.
- Keep a good record/filing system and develop regular bill-paying habits. If you cannot do this successfully yourself, consider purchasing the latest personal finance software to aid you in keeping track of your spending.
- Balance your bank account monthly and avoid costly bounced check charges and embarrassment.
- Limit unsubsidized student loan debt.
- Have only one credit card with a low maximum balance and pay your balance in full each month.
- Use a debit card instead of a credit card. It is accepted by most businesses that accept credit cards; however, the money comes out of your checking account, so there is no interest charge.
- Don't use credit cards for cash advances. Most banks charge higher interest on cash advances than for regular purchases.
- Keep a record of your monthly credit card purchases on a post-it note in your checkbook and subtract that amount from your checking account balance so that you will have it available when you receive the bill.

Setting Up a Budget

In order to develop a budget, you will need to calculate your monthly income. This comes from your resources, which may include:

- Student and spouse's salary (after deductions)
- Investment income
- Financial aid (subtract after tuition and fees from this amount)
- Monetary support from family or other benefactors
- Other (e.g. tax refunds, child support, alimony)

Calculate your monthly living expenses. This will include rent, utilities, food, transportation, health insurance, laundry and dry cleaning, haircuts, entertainment, subscriptions, etc. There are two types of expenses:

- **Fixed expenses** are usually unavoidable and are typically unchanging in their amounts. These expenses pay for the things you need in order to survive. If you do not have the funds to pay for these expenses, you will incur a penalty. Some fixed expenses are monthly (rent); some are periodic (car insurance); and some are one-time (test fees).
- **Flexible expenses** are things you are able to afford once your fixed expenses have been paid. Generally, these are things you do not need for survival (cable TV, health club memberships, cell phones). Definitions of what is necessary and what is flexible will vary. However you define flexible, you should know within \$20 how much.

Consider the Following Suggestions for Reducing Expenses

Housing

- Share the cost of housing with a roommate or roommates.
- Get a sublet clause in your lease if you plan to leave for the summer.

Telephone

- If you have a problem controlling your long distance spending, ask your telephone company to set your phone to only receive long distance calls.
- You can then budget for and purchase phone cards for use that will limit you to prepaid long distance minutes.
- Make long distance calls during reduced rate periods.

Transportation

- Car pool, use public transportation, bicycle or walk when ever possible.
- Take a higher deductible on auto insurance.
- Drop collision insurance on older cars that are paid for.

Shopping

- Watch for sales.
- Never buy on impulse, even if it is a good buy. Ask yourself if you really need it or do you just want it?
- Avoid vending machines, fast food, and convenience stores.
- Don't buy something just because you have a coupon for it. Store brands or generic products may be cheaper than the name brand with a coupon.

Entertainment

- When eating out, see if the restaurant has early bird or all-you-can-eat specials.
- Cancel the cable, you will probably not have much time for television anyway.
- Rent movies and exchange rentals with friends before they have to be returned.
- Use the library instead of buying books.

Banking

- Comparison shop for bank services. Look for free checking and no-fee ATM usage.
- Use ATMs owned by your bank to avoid surcharges.
- Sign up with a credit union to minimize your banking costs.

Child Care

Consider organizing a baby-sitting pool where you will baby-sit for someone else's child when needed and someone in the pool can watch your child at no cost.

Income Tax

Even if you do not owe income taxes and are not required to file a return, see if you've had money deducted that would be refunded if you filed. Check to see if you are eligible for earned income credit

or the lifetime-learning credit. Pick up a 1040 or 1040EZ form and update yourself on these credits or talk to a tax accountant.

Supporting a Family While Attending SCO

Cost of attendance budgets typically include only those expenses associated with the student. With the exception of dependent care allowance, living expenses for the spouse and/or other dependents are not recognized as part of the student's standard cost of attendance. The cost of attendance, as defined by the school, represents the maximum amount of aid a student can receive.

A dependent care allowance, which most often means the cost of daycare for dependent children, can be added to the cost of attendance.

Federal need analysis methodology assumes the student and spouse have sufficient resources to meet the living expenses of the spouse and any dependent children. The calculation of the contribution to educational expenses from the student/spouse income excludes a specified amount of income. The amount excluded is called the income protection allowance and varies according to the number of dependents for whom the student will provide at least half support during the academic year and the number of those in college. This amount is set aside exclusively for the support of dependents and is not part of the contribution expected to cover the student's cost of attendance.

Problems often arise when the student's and/or spouse's means of support are insufficient to take care of dependent family members, either because the spouse is not employed or the student is a single parent with minimal personal resources. Students with these circumstances should talk to their Financial Aid Administrator early in the admission process. The aid administrator may use professional judgment to increase the cost of attendance on a case-by-case basis. The majority, however, do so only when warranted by the inability of a spouse to work. Other sources of dependent support that should be explored include social services, church groups, and financial assistance from parents or other relatives.

Even those students with sufficient resources can experience financial difficulty if they are not realistic in preparing a budget. Students and spouses should review their lifestyle expectations and be in agreement before making the financial commitment to attend SCO. Both need to be prepared to live like a student, which often means giving up "extras" that were taken for granted before. Begin planning early to pay off any debts that you may have, and start saving now in anticipation of residency/relocation expenses and salary reductions.

You are obligating a portion of your future income every time you borrow. When you take out a loan, you are using someone else's money now with the promise that you will return that money at a later date. In other words, you have obligated a portion of your future earnings toward repayment of your loan. The more you borrow, the less future income you have to spend for other things, such as, the purchase of a home, your children's education, and retirement.

Good communication, planning, and realistic expectations for funding will help you avoid the stresses commonly experienced by those combining the rigors of SCO with family responsibilities.

Record-Keeping and Debt Management Responsibilities

During your years at SCO, you will sign many legally binding documents in connection with your student loans. These will include application forms, award letters, promissory notes, disclosure statements, and acceptance agreements. You should retain your copies of these documents together in the binder which the FAO supplies at orientation. Student loan processing is complicated; your personal copies may be your only means of identifying and correcting errors after you leave school. Be sure to review your personal copies before your exit interview so you can ask for any necessary clarification at that time.

Student loan borrowing will affect not only future finances but may also impact future career choices. Such a serious matter requires careful consideration and planning. Debt management is a systematic approach to controlling your debt level, repaying obligations and integrating repayment into your overall financial plan. Communication and information are the two most important tools in debt management.

As a borrower you will receive several important documents with each loan.

- The loan application generally includes a student copy for your records. It usually has an information section attached.
- A promissory note, your legal promise to repay the loan and abide by its terms, is incorporated into the application for some loans and is a separate document for others.
- The amount and terms of each loan are spelled out in the disclosure statement, which you will receive shortly before receiving your funds. Shortly before you begin repayment, your lender will send you a repayment schedule, explaining the number and amount of monthly payments required to fulfill your obligation.

It is important that you read each of these documents and keep copies for future reference. The documents you save will provide you with important information for debt management, including specific information regarding the following key concepts you will need to understand:

- Your rights and responsibilities as a borrower in each loan program are enumerated on the promissory note and the information section attached to the loan application.
- Interest is the money you pay for the use of funds you borrow. The rate of interest and the manner in which interest is assessed will affect your monthly payment and the total you pay back.
- Deferment is a period during which the borrower is not required to make loan payments while engaging in specified activities or meeting certain criteria. Specific deferrals vary among loan programs. You are responsible for making sure your lender receives appropriate documentation of your eligibility for deferral (this includes the in-school deferment you will receive on undergraduate loans while you are a graduate student). You should fill out and return all deferment forms as soon as you receive them, even if you receive multiple copies. A lender may send out a deferment form for each of your loans even though they may currently hold all of your loans. Contact your servicer

or Financial Aid Office to find out what types of deferments you may be eligible for.

- Forbearance is available for borrowers who are still in a residency program and who have exhausted deferral options. Forbearance is granted in 12-month increments and must be renegotiated in writing each year.
- Some of your loans may be sold to another lender. You will be notified in writing when this occurs. Make sure you keep a record of these transactions.

Another advantage to keeping good records is that you will have an easier time documenting your total indebtedness when applying for a consolidation loan or a loan repayment program.

To develop a comprehensive strategy for student loan repayment, you need to know how much you owe upon graduation. You will also need to know your repayment options as well as your approximate monthly payments. Remember that your own records, which will include your promissory notes, disclosure statements, and the notification you receive when your loans are sold, are the best source of information about your loans.

Communication

Problems with your loans can often be avoided by maintaining good lines of communication with your lender or servicer. Find a contact person with each lender or servicer and deal with that person whenever possible. You must communicate with your lender when you:

- Graduate or leave school
- Begin or complete an authorized deferral period
- Change your name or address. Contact your lender if you find yourself in any situation, which prevents you from fully meeting your repayment obligations according to your repayment schedule.

The Cost of Borrowing and Average Indebtedness

It costs money to borrow money. The difference between the amount you borrow and the amount you eventually repay is called interest. The amount of interest you pay depends upon the interest rate and the duration of the repayment period. As a part of its debt-management initiative, SCO has been tracking the indebtedness of its new graduates since 1990. The average debt of the class of 2016 at graduation was 143,344. Assuming an APR of 6%, the average 2016 graduate can expect loan repayments of about \$19,096 per year for 10 years, or about \$1,591 per month. Most 2016 graduates have the option of consolidating most of their educational loans, thereby lowering their monthly payments and extending the repayment period up to 25 years. This could result in monthly payments as low as \$924 over 25 years, but would also increase the total cost of borrowing by about \$86,099 over the same loans repaid in 10 years. Truly, time is money.

Below is a table depicting monthly payment amounts, total interest and total repayment based on a 6% rate of interest and our average indebtedness of \$143,344 for the Class of 2016.

Years of Repayment	10 years	20 years	25 years
Monthly Payment	\$1,591	\$1,027	\$924
Total Interest	\$47,625	\$103,127	\$133,725
Total Repaid	\$190,970	\$246,470	\$277,069

The Automobile

For graduate students, the automobile is a dilemma. It may be the only realistic form of transportation. However, financial aid regulations do not allow federal financial aid funds to be used for the purchase of an automobile. What are you going to do if you plan to attend SCO and do not own a car?

Purchasing an Automobile

If you do not have a car and are able to earn enough money to buy one before you enter SCO, this is a good use of your financial resources. If your parents or another benefactor wish to help you with your educational costs, their assistance with the purchase of a car is a good idea. Your parents may be willing to purchase a car and allow you to repay them after your graduate curriculum has been completed.

The bottom line is that it is usually up to the student to acquire an automobile for use at SCO. A monthly car note can easily drain your funds. If you do plan to purchase a car, save, and look around for a good used car and pay cash for it. You will be much better off in the long run. Remember car payments are not an allowable expense, so you will need your own money for this expense.

Maintaining an Automobile

Keep in mind that ownership of an automobile has many potential costs, such as, registration, insurance, license plates, gasoline, oil, tires, routine maintenance, etc. The standard student budget allows for living expenses and a modest amount for transportation. The transportation allowance normally provides for the cost of:

- Travel to and from school via public transportation
- If public transportation is not feasible, the cost of operating and maintaining a car, including gas, oil, license, and general maintenance.
- Two or three round trips home for non-resident students will also be allowed.

If you find that your transportation costs (not including a car payment) exceed the amount that is included in the Standard Student Budget, contact your FAO to inquire about the possibility of a budget increase.

Your Consumer Credit

Have you ever shopped for a new car on a Sunday afternoon and been approved for credit on the spot? Have you applied for a mortgage and had your credit approved within 24 hours? How many letters per day do you receive offering pre-approved credit cards?

If you are familiar with any of these, you have already been introduced to the world of consumer credit. It is apparent that paying your bills on time and limiting your debt is important to being able to access consumer credit. A good credit history helps you achieve future financial goals, including the financing of a graduate education,

the purchase of a home, and making investments that will keep you and your family secure.

What is Consumer Credit?

American Heritage dictionary defines it as “time payments for anything bought on trust”. Credit is based upon “3 Cs”:

- Character – Personal and financial, as evaluated from your loan application information and your credit report.
- Capacity – The amount of your current debt gives lenders numbers to crunch before granting you further credit. Your debts are indicated on your credit report.
- Collateral/Capital – Security for the loan. This may be in the form of a down payment or an asset you own.

Lenders may determine credit worthiness by using computerized credit/risk scores. Numerical values may be given to specific parts of a credit report. Those values are crunched into a score.

Equal access to credit is guaranteed by The Equal Credit Opportunity Act (ECOA) law. It is against the law to:

- Discourage you from applying because of your sex, marital status, age, national origin or receipt of public assistance income
- Ask whether you are divorced or widowed
- Ask about your plans for having or raising children
- Refuse to consider reliable public assistance income in the same manner as other income
- Consider the race of the people in the neighborhood where you want to buy or improve a house with borrowed money.
- Refuse to consider consistently received alimony, child support, or separate maintenance payments.

How is Consumer Credit Used?

- To make large purchases, such as a home, car, or luxury items.
- For convenience, credit cards make it unnecessary to carry cash and you can write one check each month to pay for multiple purchases.
- To defer full payment for a item (“buy now, pay later”).

How is Consumer Credit Misused?

- Excessive consumer debt overextends your financial resources.
- Using credit to pay credit bills (e.g. mortgage payments).
- Making minimum payments on a large number of credit card balances.
- Indiscriminate use of credit cards is the most common cause of financial problems.

Effects of Misused Consumer Credit

- Excessive consumer debt may prohibit wise credit purchases (e.g. denial of mortgage or practice loan due to high credit card debt).
- Maxed out credit cards cannot be used in case of emergency.
- Bankruptcy
- Loss of credibility among colleagues.
- Stress

What is a Credit Report?

Consumer credit reporting is a diary of the way you, as an individual, pay your bills. A credit bureau serves as a clearinghouse, accepting information from credit grantors and public records. The bureaus also release information when you have given them permission to do so.

National Credit Bureaus

Equifax	Experian (Formerly TRW)	Trans Union
P.O. Box 740241	P.O. Box 949	P.O. Box 390
Atlanta, GA 30374	Allen, TX 75013	Springfield, PA 19064
(800) 685-1111	(800) 682-7654	(800) 916-8800
equifax.com	experian.com	transunion.com

Local Reporting

There are over 1,000 local and regional credit bureaus nationwide. Most are either owned by or under contract to the three major bureaus.

Regulations

Credit bureau reporting is regulated by the Federal Trade Commission according to the federal Fair Credit Reporting Act (FCRA) ftc.gov.

Automation

Most credit reporters (retailers, banks, mortgage companies, finance companies, schools, hospitals, etc.) periodically submit a computer tape/cartridge of activity by borrowers.

Information Included in a Credit Report

- Identifiers – Name, Social Security Number, date of birth, address, place of employment
- Public Records – Tax liens, judgments, bankruptcies
- Credit History – Accounts with adverse information are listed first. Amount borrowed, amount of payment, balance, status, number of times past due are listed.

How Long Does Adverse/Derogatory Information Stay on a Credit Report?

- Seven years in most cases
- Ten years if bankruptcy has been filed

Information Prohibited from Appearing on a Credit Report

- Race, gender, religion, or national origin
- Checking or savings account information
- Graduate histories
- Purchases paid in full with cash or check
- Business accounts, unless you are personally liable

Who Can Access My Credit Report?

- A credit report can be requested by a court order or a federal grand jury subpoena.
- You (the consumer) must give written permission before your credit report can be released to a third party.

- Permissible purposes for requesting a credit report:
 - *Extension of credit, or the review or collection of an account.*
 - *Insurance underwriting*
 - *Eligibility for a government license or benefit where the government agency is required to consider the consumers' financial status.*
 - *A legitimate business need for the report in connection with a business transaction.*

How to Request and Read Your Free Credit Report

- Go to annualcreditreport.com.
- An application may be on the Internet at the web page of the credit bureau.
- Call the credit bureau and request an application to be mailed to you.
- A credit report must be furnished free to anyone turned down for credit due to information on his or her report, anyone unemployed, and anyone on welfare.

How To Read Your Credit Report

Each account will identify the reporting creditor, the date the account was opened, the type of account, the high credit limit, the present balance, the status, and how many payments have been 30 days past due, 60 days past due, etc.

Most reports have a similar format:

- Identifiers such as name, date of birth, address, employer
- Public records such as tax liens, judgments, bankruptcies
- Accounts with adverse reporting
- Accounts which are being paid in a satisfactory manner
- List of inquiries in the last 24 months
- Consumer statement (consumer may put statement on record)

To Correct Inaccurate Information

- Contact the reporter of the inaccurate information. This may be the credit bureau or a credit reporting agency, such as a bank or department store. Request the inaccurate information be corrected.
- File a consumer dispute (investigative request form) with the credit bureau. You do this in cases where you dispute the information submitted by the credit reporting agency.
- The credit bureau will furnish a copy of resolution on all disputes.

Early Warning Signs of Credit Card Trouble

- Is your card maxed out?
- Does the amount you owe increase each month?
- Are you barely able to make the minimum monthly payment?
- Are you using your card for essential living expenses such as groceries and gas?
- Are you using one card to pay another?
- Are you spending 15% or more of your monthly income on credit card payments?

Good Financial Habits

- Make informed choices about how to use your financial resources
- Develop a monthly budget you can afford and stick to it
- Live below your means
- Save each month
- Keep accurate, organized records
- Establish and maintain a strong credit history
- Pay your bills before the due date
- Borrow only what you need
- Use cash not credit
- Be realistic

Living Like a Student

Remember that while you are in school, you should be living like a student. Later you can live like a doctor, when you can afford to do so.

- Beware of buying conveniences
- Email, text or Skype instead of using long distance
- Pick cheap places to eat out
- Dress for less
- Get a roommate
- Bring your lunch
- Shop around for low cost or free internet service

The Lifetime Learning Tax Credit

The Lifetime Learning tax credit is allowed for qualified educational expenses, such as tuition, registration fees, and certain course materials fees. Expenses for books, room and board, insurance, and other costs do not qualify for the credit. Qualified expenses paid with gift aid such as tax-free scholarships cannot be used when calculating an education tax credit. Since these are non-refundable credits, the taxpayer must owe taxes in order to benefit from the credits. Taxpayers with modified adjusted gross incomes over \$64,000 (\$128,000 for married taxpayers filing jointly) are not eligible for either credit.

Your family may claim a tax credit up to \$2,000 per tax year for the taxpayer, taxpayer's spouse, or any eligible dependents for an unlimited number of tax years.

Each January, SCO will send a 1098-T Form to every student. The 1098-T Form contains your social security number, name, address, and enrollment status (indicating whether or not you were enrolled at least half-time for at least one term and whether or not you were enrolled exclusively as a graduate student). Federal regulations require SCO to report this information to the IRS.

The Tuition and Fees Tax Deduction

This deduction can reduce your taxable income by as much as \$4,000 and may benefit you if you are not eligible for any of the tax credits. Taxpayers with modified adjusted gross incomes over

\$80,000 (\$160,000 for married taxpayers filing jointly) are not eligible for the deduction.

Each January, SCO will send a 1098-T Form to every student. The 1098-T Form contains your social security number, name, address, and enrollment status (indicating whether or not you were enrolled at least half-time for at least one term and whether or not you were enrolled exclusively as a graduate student). Federal regulations require SCO to report this information to the IRS.

Student Loan Interest Deduction

The Student Loan Interest Deduction is a deduction of interest payments made on qualified educational loans during the tax year. The deduction is gradually reduced for taxpayers with modified adjusted gross incomes less than \$80,000 (\$160,000 for married taxpayers filing jointly).

Each February, SCO will mail a Student Loan Interest Statement, Form 1098-E, to students who paid interest for educational loans owed to SCO that are eligible for this deduction. This form includes the student's social security number or TIN, name, and address. It also includes the lender's name, address, telephone number, and federal identification number.

Penalties for Drug Convictions

The HEOA amendment for 34 CFR 668.40 requires SCO to provide each student this written notice of federal student financial aid penalties for drug law violations. Under the Higher Education Act, a student may become ineligible for federal aid. Federal aid at SCO includes Federal Direct and Grad PLUS loans, Federal Perkins Loans and Federal Work Study.

For possession of illegal drugs, you are ineligible from the date of conviction (not arrest):

- First Offense: 1 year from the date of conviction
- Second Offense: 2 years from the date of conviction
- Third or Subsequent Offenses: Indefinite ineligibility from the date of conviction

For the sale of illegal drugs, you are ineligible from the date of conviction (not arrest):

- First Offense: 2 years from the date of conviction
- Second and Subsequent Offenses: Indefinite ineligibility from the date of conviction

Do all drug convictions count?

No, do not count any conviction that was reversed, set aside, or removed from your record. Also, do not count any conviction that occurred before you turned 18, unless you were prosecuted as an adult.

How to Regain Eligibility

A student can regain eligibility for federal student aid funds by successfully completing a drug rehabilitation program. A student will regain eligibility on the date of successful completion of the program. To be sufficient to reinstate financial aid eligibility, the program must:

- Include at least 2 unannounced drug tests, AND
- Be recognized as a Federal, State or local government agency program

Student Aid Eligibility Drug Convictions Section on the FAFSA Form

Question #23 asks if you have been convicted for the possession or sale of illegal drugs for an offense that occurred while you were receiving federal aid. Failure to answer this question will automatically disqualify the student from receiving Federal aid. For help answering this question, call 1-800/433-3243.

Conviction During Enrollment

According to the U.S. Department of Education, if a student is convicted of a drug offense after receiving Federal aid, he or she must notify the Financial Aid Office immediately and that student will be ineligible for further aid and be required to pay back all of the aid received after the conviction.

SCO Confidentiality and Access Policy

All records and conversations between an aid applicant, his/her family and the financial aid staff (which includes, the VP of Student Services, Financial Aid Director and Financial Aid counselors) are confidential and entitled to the protection ordinarily given a counseling relationship. No information concerning a student's financial aid records may be released to anyone outside the Financial Aid office without permission of the student or the financial aid administrator, as circumstances may dictate. The financial aid administrator shall determine whose permission is required and will consider the professional ethics surrounding each request for information. All records will be maintained in the Financial Aid office for a period of four years.

The HEOA 34CFR 668.41(c) and 34 CFR part 99 requires SCO to provide the following annual notice to all enrolled students.

The student has the right to review their records, to request amendment of records, to consent to disclosures of personally identifiable information, and to file complaints with the Department of Education;

The procedure for reviewing or requesting an amendment of your financial aid records is by oral or written request directly to one of the financial aid administrators.

Basic Loan Terms

Listed below are the definitions of some basic loan terms that you will need to understand.

Capitalization: The practice by lenders of adding any accrued (accumulated) and unpaid interest to the principal of a borrower's loan, which increases the loan balance and causes the principal to grow significantly.

Default: Usually occurs when a borrower is 180-270 days late in making a payment and is also reported to all credit bureaus (such a report remains on the borrower's credit report for up to seven years).

Deferment: A period of time when the borrower is not required to make any payment on the loan (similar to a grace period); however, the borrower must apply annually for a deferment which can be loan specific (tied to the terms of the promissory note) or borrower specific (tied to the date that the borrower received the first disbursement of a Federal Stafford/Direct loan).

Delinquency: Occurs when a borrower is late in making payments on a loan obligation and is reported to credit bureaus (such a report remains on the borrower's credit report for up to seven years).

Direct Loan Servicing: Part of the department of Education that processes student loans. The only choice for student to borrow.

Forbearance: A period of time (six months to no more than one year at a time) when 1) a borrower is not required to make payment on the loan, or 2) the scheduled payment will be reduced. Interest accrues on all loans during forbearance.

Grace Period: A period of time when the borrower is not required to make payment on the loan (length of time is tied to the terms of the promissory note).

Institutional Loan: The Emergency Loan Program (ELP) loans offered to students at SCO based on a variety of criteria that may or may not include financial need.

Interest Cap: A set limit on the interest rate (e.g. the interest rate cannot exceed 8.25% for the Federal Stafford/Direct loan).

Loan Fees: Costs associated with the processing and collection of the loan that are usually deducted from the loan prior to disbursement and vary according to the type of loan.

Subsidized Loan: Loans that have no interest cost to the borrower during school, the grace period, and any deferment periods for which the borrower might qualify.

Unsubsidized Loan: Loans that begin to accrue interest immediately upon disbursement. The interest that has accrued and is unpaid is eventually capitalized.

Variable Interest Rate: An interest rate that changes periodically (i.e. annually, semi-annually) throughout the life of the loan.

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