



Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

September 2021

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Saving for College

September is National College Savings Month so now is a good time to evaluate how you'll pay for your children's college education. Whether you currently have a child in high school or a newborn, it's never too early, or late, to start developing a plan for paying their higher education expenses. If college is only two years away for your oldest and you can't save 100% of what you'll need, don't fret. Financial aid and scholarships are available to assist with the cost.

Once you've decided to put money aside to help with college costs, there are several types of accounts to consider.

529 Account

The Oklahoma 529 College Savings Plan Account provides one of the best options for higher education savings. An account can be opened with as little as \$25, funds can be used at an accredited university or college nationwide (and many abroad), earnings are free from

federal income tax when used for qualified expenses and anyone can contribute to the account. To learn more, visit ok4saving.org.

Coverdell/ESA

A Coverdell/Education Savings Account (ESA) is also a tax-advantaged account, like the 529. However, these accounts cover fewer higher education expenses, annual contributions are limited and there is an annual income limit for eligibility.

Custodial Accounts

Some states allow the transfer of assets to a minor without the need to set up a trust. Earnings in these accounts are subject to the child's tax rate, which is usually less than the rate for adults. These accounts also limit annual contributions, and once the account's control is transferred to the student, they're free to use the funds for anything, including non-education expenses.

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Prepaid Tuition Plans

Some states allow families to lock in and pay tuition costs at today's rate. The benefit is that as tuition rates increase, the cost is already covered, which will save money in the long term. Not every state offers this option, however, and prepaid plans must be used at in-state schools.

Savings Bonds

Just like the ones your grandparents may have bought for you, you can still buy a federal savings bond from the [U.S. Department of the Treasury](#). Interest from bonds is usually-tax free if they're redeemed to pay college expenses. Bonds can sometimes take 20 years or more to mature, so this is definitely something to do when your child is very young.

Traditional Savings Account

You may already have a savings account at your local bank or credit union. Consider opening one for your child, as well. Family and friends can still contribute by writing a check or transferring money to the account and if your child gets a part-time job in high school, they can contribute, as well. Savings accounts like this typically have lower interest rates than a 529 plan.

No matter which account you choose, every little bit helps. Saving for college doesn't have to be a daunting task. To learn more about saving, check out [OklahomaMoneyMatters.org](#) and to learn more about planning, preparing and paying for college visit [UCanGo2.org](#).

The FAFSA will be available Oct. 1! Check out these resources to prepare for completion.

[Finish the FAFSA in Five Steps](#)

[FAFSA Fundamentals Guide](#)

[Dependency Questionnaire](#)

[FSA ID Worksheet](#)

[StartwithFAFSA.org](#)

[StudentAid.gov](#)

Everyone should complete their FAFSA as soon as possible after Oct. 1!



2021 College App Week

Oklahoma College App Week (CAW) is an opportunity for high school seniors to receive hands-on assistance from knowledgeable volunteers while completing their applications to college. For many students, having someone to encourage and help them navigate the college application process can open the door for them to pursue a postsecondary education. The 'official' week for CAW 2021 is Sept. 20-24, but schools, libraries and community organizations are encouraged to choose a week that works best for their schedules.

The Oklahoma GEAR UP program piloted CAW in 2012 within the districts that were served by the federal GEAR UP grant at that time. In 2014, the Oklahoma College Assistance Program was invited to participate in the CAW effort to reach more high school seniors statewide.

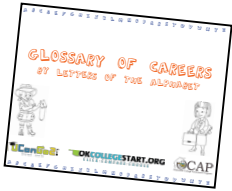
Last year, even in the midst of an unprecedented national health crisis, 90 Oklahoma schools signed up for CAW, and over 3,000 applications were submitted to nearly 150 colleges in 36 different states! We applaud the site coordinators who saw the importance of continuing this effort in a virtual environment, in spite of all the challenges that came with it in 2020.

When commenting about a previous CAW, one counselor told us why she saw it as such an important event. "I would say maybe 75% of the students that did apply had not intended on applying at all until after the school year was over." The senior year flies by, but CAW is one way to help seniors submit their college applications in a timely manner.

To learn more about Oklahoma CAW and to see the many resources available to event coordinators, students and volunteers, visit [OKCollegeAppWeek.org](#).

UCanGo2.org is pleased to offer a variety of new and informative college planning publications to assist students and parents as they plan, prepare and pay for college. In addition to the educational materials we've provided for high school and middle school students for many years, UCanGo2 recently developed a new set of tools and resources specifically designed to introduce students from kindergarten through fifth grade to planning, preparing and paying for college. All our publications are free and can be found at UCanGo2.org.

Elementary School



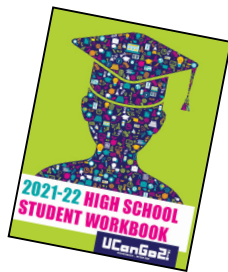
Materials are segmented for K-1st grade, 2nd-3rd grade and 4th-5th grade. Each section offers Career Discovery, School Spirit and School Success worksheets.

- College Prep Checklists
 - Kindergarten and 1st Grade
 - 2nd and 3rd Grade
 - 4th and 5th Grade
- Alphabets and Careers Coloring Sheets
- Careers Glossary

High School

As students plan for a college education, the UCanGo2 high school materials help them navigate the process of choosing a career, picking a college and learning how to pay for it.

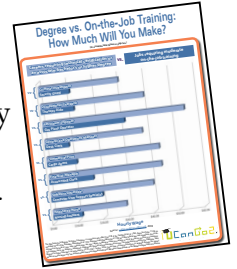
Publications outline the types of colleges in Oklahoma, how to set up a college visit and where to find scholarships and financial aid.



- High School Student Workbook
- Making the Most of Campus Visits
- Are You Looking for Money?
- Picking a College Decision Tree
- Scholarship Success Guide
- Finish the FAFSA in Five Steps

Middle School

UCanGo2's middle school publications educate students on how to build successful study habits that will stay with them through high school and college. Students are also encouraged to take a short quiz that evaluates the activities they enjoy and the type of career they might wish to pursue.



- Middle School Student Workbook
- Perfect 10 Study Habits
- Where Am I Headed? Quiz

Educators

Whether you're a counselor, teacher, administrator or college campus professional, we aim to provide the college planning information and tools you need to help students and parents prepare for college and complete the FAFSA.

- FAFSA Learning Modules
- Counselor Talking Points
- Classroom Games
- Event Planning Tips

Don't forget to check out OCAP's other great websites and resources:





Affording Your Student Loan Payment

The CARES Act federal student loan payment pause and interest waiver that began in March 2020 was recently extended until January 2022. The [U.S. Department of Education announced](#) that this will be the final extension, so it's important to understand your options and talk to your student loan servicer before your payment is due. Below are some options to consider if you're concerned about affording your student loan payment.

Consolidation or Refinancing: Consolidation allows you to put all your federal student loans in one new federal loan with one loan payment, making it easier to keep track of your loans and in some cases, lowering your monthly payment. Refinancing allows a borrower to combine all loans—federal and private—into one new private loan.

Deferments: Deferments for economic hardship or unemployment are available in six month increments for up to three years. During any type of deferment, the government pays the interest on subsidized loans, but not unsubsidized loans, which will continue to accumulate interest.

Forbearances: A forbearance is a payment pause on federal and some private student loans. Borrowers who don't qualify for a deferment may be able to qualify for an economic hardship or unemployment forbearance. Federal forbearances are limited to a total of three years. The government does not pay the interest on any student loans during a forbearance, so all loans will continue to accumulate interest.

Income-Driven Repayment Plans: There are [four federal income-driven repayment plans](#). This may be a good option for student loan borrowers who are working, but whose payment might be more than they can afford. In some instances when a borrower's income puts them at less than 150% of the poverty line, their payment amount may even be \$0. View the different income-driven repayment plan options using the [loan simulator on StudentAid.gov](#) for more personalized information about the best plan for your specific loans.

Disability Discharge and Other Forgiveness Options: If long-term complications of COVID-19 or another illness has left a borrower unable to work, they may qualify for a [disability discharge](#). In this scenario, the loans are cancelled after certification that the borrower cannot work and therefore can't pay back their loans. If that scenario doesn't apply to you, you may consider other options that may apply to your situation, like [Teacher Loan](#) or [Public Service Loan Forgiveness](#).

It's vital to talk to your student loan servicer before you miss a payment to avoid student loan delinquency or default. If you wait, you may lose access to these options, severely damage your credit rating, be subject to wage garnishment, and/or face other consequences. For more information on student loans and avoiding default, visit [ReadySetRepay.org](#).



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access and financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.

