



Financial Aid Cent\$

Department of Education Plans to simplify the FAFSA

On April 24, Education Secretary Arne Duncan announced plans to make the application for financial aid easier. The Free Application For Federal Student Aid (FAFSA) currently has 153 questions, which the department wants to reduce by twenty percent. It would take the current application from 30 screens down to 10.

The Department's plan has three components which will be phased in over the next six months.

First, the component is the elimination of irrelevant questions. For example, HSC students would automatically skip questions involving parent's information. Our low-income students would skip questions regarding asset information. Men over 26 would not have to answer a question about Selective Service.

The Department is also looking at rewording questions to make them easier to understand. For

example, one question currently reads "At any time...did your high school or school district homeless liaison determine that you were an unaccompanied youth who was homeless? Under the new application, the question would read "Are you homeless?".

Second, The Department plans to ask Congress to change legislation that would allow the elimination of questions on the FAFSA. There are some very complex asset questions that only apply to a very small



percentage of students. If Congress approves this measure then only 18 key financial questions would be asked which could be easily answered from a student's tax return. The rest of the questions would be about the student's personal information.



Third, and probably the most difficult to implement, would involve using technology to integrate IRS data with the FAFSA application. This would eliminate students having to enter any financial information themselves and speed up the application process as well as make the tax information free from human error which sometimes can cause a student's awards to be delayed.

The Administration would like this option to be available starting with those students who are completing a FAFSA in January to get aid for the Spring 2010 semester. It would not be available for those applying in the Fall because their 2009 tax forms won't be filed in time. For this part of the Department's plan to happen, Congress would need to pass the Administration's proposed changes quickly and IRS data would have to be available to students throughout the year.

While these proposed changes will help students apply for aid, it will not affect the complex way financial need is calculated. Some also argue that the form would not go far enough to measure financial worth because it excludes information on cars, family businesses, etc..

Saving For Your Child's Education: What You Need To Know Now

As a current student, no one has to remind you of the inherent difficulties in financing a college education, but have you considered the importance of being financially prepared when your own children reach college age? Investing in your child's future now can pay off in future earnings potential.

If you start early and save regularly, you can reduce your child's reliance on loans, earn interest rather than pay interest, and decrease student indebtedness upon graduation.

One simple way to get started is to invest in a 529 prepaid tuition or savings plan. The 529 plan is a tax-advantaged investment account in which withdrawals for qualified

education expenses will remain free from federal income tax.

Prepaid tuition plans allow for the pre-purchase of tuition based on today's rates, while savings plans base earnings upon market performance. Risk tolerance and guaranteed options might also exist. State deferred growth and tax-free withdrawals are also available.

Almost all accredited colleges and universities accept 529 savings plans and your contributions qualify for the annual gift tax exclusion (up to \$13,000).

Each state's plan differs and you can participate in almost any plan across the

country, so it is important to be familiar with individual tax deductions, matching grants, and scholarship opportunities that may be available in whichever program you choose to participate.

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Planning For Your Child's Education

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So what does Texas have to offer? Currently, there are four options:

Texas Tuition Promise Fund, Texas College Savings Plan, LoneStar 529 Plan, and Texas Guaranteed Tuition Plan.



Texas Tuition Promise Fund and Texas Guaranteed Tuition Plan are both prepaid plans, however you must pay attention to enrollment windows and how out-of-state attendance might effect the value of your investment.

Texas College Savings Plan is a direct-sold plan,

offering age-based and static portfolios with three different investment strategies. This plan also accepts gifts from family members. LoneStar 529 Plan is an advisor-sold plan and is very similar to the Texas College Savings Plan.

The good news about investing now? Not only will your investment grow over time (even in this economy several programs are still rated highly), but you will have the flexibility to use the 529 plan to change beneficiaries, should your child's plans change. You will also always have the option to take the money out of the savings plan, although tax and penalty payments are required.

Overall, most experts still recommend the 529 Plans for long-term planning. However, if the idea of depending on the market makes you nervous and your child is close to entering college, then prepaying more on college tuition

may make more sense.

Certainly, as your child reaches college age and attendance decisions are made, college cost calculations become more concrete and additional adjustments to your college finance plan can be made. By saving and investing for college instead of relying exclusively on loans you can cut the total cost of your child's college education by more than half! What are you waiting for?

-Information provided by College Savings Plans Network

For more information, check out these related websites:

IRS.gov

ConsumerReports.org

CollegeSavings.org

Income-Based Repayment Offers Manageable Payments

The Income-Based Repayment (IBR) option will be available to students entering repayment after July 1, 2009. IBR establishes a monthly payment based on a borrower's income, family size and federal student loan debt. To qualify, a student must demonstrate a "partial financial hardship".

This program is available to students whose federal loan debt accounts for more than 15% of their discretionary income". The federal government will cover some interest payments and anything left on the loan after 25 years is forgiven.

TG, the designated student loan guarantor for Texas, is working to help borrowers understand the new Income-Based Repayment (IBR) plan. TG performed a preliminary analysis that indicates more than 60,000 Texas borrowers could potentially qualify for IBR.

To illustrate how IBR works, take a student who is married with two children and no spousal income or student debt. Student has federal student loans in the amount of \$80,000 at 6.8% interest and Adjusted Gross Income of \$60,000. Under the standard Stafford repayment plan, this student would have a monthly payment of \$920 per month. Under the IBR plan, this same student's monthly

payment would be \$340.

Borrowers can find additional resources and a monthly payment calculator at www.tgslc.org/ibr. The IBR application will be added to TG's website on July 1, 2009.

Information provided in Press Release from Texas Guarantee 6/23/2009. TG is a public, non-profit corporation that helps create access to higher education through its role as an administrator of the Federal Family Education loan Program.

Fall 2009/Spring 2010 Disbursement Dates

Now is the time to ensure that you have accepted your financial aid so that it can be disbursed at the appropriate time. This can be done through the student portal (my.hsc.unt.edu).

In accordance with federal regulations, financial aid will be posted to a student's HSC tuition and fees account according to the following schedule:

Fall Semester:

TCOM 1st & 2nd year students – July 17, 2009

PA Students – July 17, 2009

SPH & GSBS Students – August 14, 2009

Spring Semester:

TCOM 1st & 2nd year – December 28, 2009

TCOM 3rd and 4th year – November 6, 2009

PA Students – December 28, 2009

SPH & GSBS Students – January 4, 2010



Any credit balance remaining on your account after deducting the current tuition & fees will be refunded to you through Student Financials.

Every effort will be made to process the credit balance within 2 - 3 business days following the aid posting to your account.

If you would like to receive your refund via direct deposit, a request form is available from Student Financials' website.

Please complete and return to Student Financials, EAD 252 as soon as possible, as it takes 2 -3 weeks for the bank information to be verified.