

# Your Money Management Snapshot

## Federal Student Loans

### Subsidized

- ✓ Lower interest rate (3.4% fixed as of July 1, 2011, Department of Education).
- ✓ Interest begins to accrue six (6) months after graduation or exit from an accredited institution.
- ✓ Has some deferment and forbearance options available.
- ✓ Can be consolidated with other federal subsidized loans.

### Unsubsidized

- ✓ Relatively low interest rate compared to private loans (6.8% fixed as of July 1, 2011, Department of Education).
- ✓ Starts to accrue interest after origination (immediately after the loan is given to the student).
- ✓ Has some deferment and forbearance options available.
- ✓ Can be consolidated with other federal unsubsidized loans.

### PLUS

- ✓ Loan taken out in parents name and based on their credit worthiness.
- ✓ Low interest rate (7.9% fixed as of July 1, 2011, Department of Education).
- ✓ Has some deferment and forbearance options available.
- ✓ Can be consolidated with other federal PLUS loans.

## Loan Lingo

- ✓ **Grace period** = Time usually ranging from 3-6 months where it is not required for students to make payments toward their loan.
- ✓ **Interest** = The price paid for borrowing money expressed as a percentage rate over a period of time.
- ✓ **Deferment** = A postponement of payment on loans for a specific reason (i.e. attending another institution, economic hardship, unemployment, etc.). These can be taken in six (6) month increments for a total of 36 months.
- ✓ **Forbearance** = A specialized agreement entered into with the lender to temporarily postpone payment. You can postpone payment for a maximum of 12 months.
- ✓ **Consolidation** = Combining similar sets of loans allowing the borrower (you) to make one monthly payment at the lowest interest rate of all loans combined.
- ✓ **Credit score** = A measurement of someone's worthiness to obtain credit determined by your FICO score.
- ✓ **Co-Signer** = An individual (family member, friend, guardian, etc.) other than the principal borrower (you) that signs on the loan and assumes equal responsibility if you are unable to make payments.

## Managing Repayment Tips

- ✓ Keep all your loans and repayment records in an easily accessible folder for your review.
- ✓ Open your mail! Highlight or put in your phone or calendar when loan payments are due.
- ✓ Eliminate paper mail entirely if you check your email more often and see statements online.
- ✓ Utilize phone applications to track spending and banking resources.
- ✓ Set up automatic deductions from a bill checking account.
- ✓ Keep track of spending using money management websites or logging spending into a spreadsheet.
- ✓ **Pay yourself first!** Put money in a savings account first, then create a checking account just for bills and another for monthly spending money. Divvy out payments according to need and want expenses. If you don't have money in the miscellaneous spending checking account wait until next month to purchase new items.

## Big Lessons

- ✓ Try every month to take in more than you spend.
- ✓ Be aware of what you need to pay and stay in communication with your lender.
- ✓ Take charge of your money! **Quantify your financial goals** and how to achieve them.

## Resources

- AS Cashier's Office
  - Located in the MCC by Corwin Pavillion
  - 805-893-2064
  - [www.as.ucsb.edu](http://www.as.ucsb.edu)
  
- UCSB Financial Aid and Scholarships
  - Located on the second floor of SAASB
  - 805-893-2432
  - [www.finaid.ucsb.edu](http://www.finaid.ucsb.edu)
  
- Dept. of Edu. – National Student Loan Data System (NSLDS)
  - P.O. Box 84  
Washington, D.C. 20044
  - (319) 337-5665  
(800) 433-3243
  - [www.nsls.ed.gov](http://www.nsls.ed.gov)
  
- OSL Money Matters Guidebook
  - <http://www.sa.ucsb.edu/CMSMedia/Documents/MoneyMattersComplete.pdf>
  
- UCSB CashCourse
  - <http://www.cashcourse.org/ucsb>