

Frequently Asked Questions about LOANS

1. What loans are available for students (name of program, interest rates, and repayment terms)?

The Federal Stafford Loan is awarded to those students who file the FAFSA form. Repayment of the Federal Stafford Loan begins 6 months after graduation or the student drops below half-time status and the standard repayment period is 10 years. The maximum loan eligibility depends on the student's grade level. Freshmen can receive up to \$3,500, sophomores can receive up to \$4,500, and juniors and seniors can receive up to \$5,500. This base amount of loan may be split between subsidized and unsubsidized loans based on the financial need of the student. Additionally, all students are eligible to borrow an additional \$2,000 unsubsidized Federal Stafford Loan per year.

The Federal Stafford Loan consists of the subsidized and unsubsidized loans.

Subsidized Federal Stafford Loan:

The subsidized loan is available to students with financial need based on the FAFSA calculation. The interest rate for the 15-16 academic year is a fixed rate of 4.29%. The 14-15 academic year has a fixed rate of 4.66%, the 13-14 academic year has a fixed rate of 3.86%, and the 12-13 & 11-12 academic years have a fixed rate of 3.4%.

Unsubsidized Federal Stafford Loan:

The unsubsidized loan is not based on need but a FAFSA is required to determine the student's need level. The interest rate for the 15-16 academic year is a fixed rate of 4.29%. The interest rate for the 14-15 academic year has a fixed rate of 4.66%, the 13-14 academic year is 3.86% and most unsubsidized loans before that had a fixed rate of 6.8%

2. What's the difference between the subsidized and unsubsidized Stafford Loan?

For the subsidized Federal Stafford Loan, the federal government pays the interest on the loan while you are in school or drop below half-time status. You are not responsible for any interest on the loan while in school at least half-time. For the unsubsidized Federal Stafford Loan, you are responsible for the interest on the loan from the date that loan funds are disbursed. While you are in school, you can choose to pay the interest on a quarterly basis or you can choose to have the interest capitalized, or added to the loan principal. If you choose this option, you will pay more overall since you will be paying interest on interest when you begin repayment of the loan principal six months after you graduate or drop below half-time status.

3. How do I apply for the Federal Stafford Loan?

The student may apply for the Federal Stafford Loan in the student's name by using the Student ID and Social Security Number by going to www.myfa.taylor.edu. You will need to complete Step 1, which is a request under the "Apply Online" tab. If you are a first-time borrower, you will need to complete entrance counseling, which is Step 2, as part of the loan application process. First-time borrowers should allow approximately 30-45 minutes to complete the entrance counseling and loan application process. Step 3 is the master promissory note (MPN).

It is a legal loan document and must be e-signed by the student borrower. A link to both the entrance counseling and master promissory note can be found under the “Documents” tab.

4. Are there loans for parents? How can I apply? When does repayment begin?

The Federal PLUS Loan is a parent loan. The parents can take out the PLUS loan in their name and they are responsible for repaying the loan. The PLUS loan has a fixed interest rate of 6.84% for the 15-16 academic year. The interest rate for the 14-15 academic year was 7.21%. The interest rate for the 13-14 academic year was 6.41%. Repayment can be deferred until after graduation or can begin within 60 days of the final disbursement for the academic year (typically at the end of March for loans taken at Taylor). The standard repayment period is 10 years. The parent may apply for the Federal PLUS Loan in the parent’s name using the FAFSA PIN and Social Security Number by going to www.studentloans.gov. After login, click the Request A Direct PLUS Loan link.

5. What if the parent is not able or willing to borrow the parent loan? Are there any other loans for the student?

If the parent applies for and is denied the Federal PLUS Loan, the student is then eligible for an additional unsubsidized Federal Stafford Loan. Freshmen and sophomores can borrow up to \$4,000 and juniors and seniors can borrow up to \$5,000 in addition to the original amounts that they received (see question 1 above).

There are also ‘alternative student loans’ that are typically loans of last resort. Most of these loans require a co-signer. Alternative loans are not federal loans but are private educational loans offered through various lenders. The interest rates are fixed or variable and are generally higher than the Federal Stafford and Federal PLUS loans. Most of the time the student does not begin repayment until after he/she graduates but the student is responsible for the interest from the date of disbursement and the interest is capitalized, or added to the loan principal. Taylor University offers a list of lender options for this program and we are able to process loans through these lenders electronically and receive loan disbursements via EFT providing more efficient service to students. The Bursar's Office will email a receipt once the funds have been credited to the student account. For more details and to begin the alternative loan application process, go to <https://choice.fastproducts.org/FastChoice/Welcome.do?configId=1269619033681>

6. What are Direct to Consumer Loans (DTC)?

Be wary of any loan offer that you do not initiate. Direct to Consumer Loans are generally unsolicited loan offers sent directly to the student or parent. These loans have higher fees and higher interest rates than the federal loan programs, and most likely higher than other school certified alternative loans. **IMPORTANT NOTE:** DTC loans typically do not require school certification; however, once the school is aware of the loan the school is required to include the amount as a resource and this loan will reduce eligibility for more desirable federal, state and institutional aid programs, including the loss of grant aid. It is always wise to contact the Financial Aid Office at 765.998.5358 before pursuing an educational loan such as an alternative loan or a Direct to Consumer Loan.

7. Who is the lender for my Stafford and/or PLUS loan?

Taylor University participates in the Direct Loan Program. The Federal Government is your lender. There are several steps you may be required to do for each loan, so make sure you read and follow the instructions associated with each loan.

You may apply by following the link associated with each loan at myfa.taylor.edu. Taylor University electronically transmits loan data and receives your loan disbursements via EFT through the Direct Loan Program. The Bursar's Office will email a receipt once the funds have been credited to your student account.

8. How much should I borrow?

Only you can determine how much you can afford to borrow to cover your educational costs. Generally, financial planners recommend that you borrow no more than your anticipated annual first year salary or that your anticipated monthly loan repayment not exceed 8-10% of your anticipated monthly take-home pay. There are loan interest and repayment calculators at <https://studentaid.ed.gov/repay-loans/understand/plans> to assist you in your financial planning.

9. What's the average Taylor student indebtedness at the time of graduation?

For the class of 2015, 55% of the graduates had borrowed from at least one student loan program (Federal Perkins Loan, Federal Stafford Loan, and/or alternative student loan) for a total average indebtedness of \$26,235.