Smart Borrowing

For many, financing a college education includes borrowing student loans. If you are considering utilizing student loans, the UIW Office of Financial Assistance has resources to help you understand the process from start to finish. The main concepts we want to share with new borrowers are borrowing only what you need, the fundamentals of repayment, and understanding the risks of dropping or withdrawing.

Planning for Four Years

The Cost of UIW

Tuition and room and board rates change over time. Based on information from prior years, you should anticipate a small increase in costs annually. New tuition rates are typically announced in November each year.

Aid in Future Years

There are a variety of factors that can impact the amount of aid a student will receive in subsequent years. The most important points to remember are:

- **Apply for aid every year.** The financial aid offer you receive is only for the 2021-2022 academic year. With the exception of merit scholarships, financial aid is not automatically renewed—you must apply for aid each year you attend UIW.
- **Merit scholarships amounts are fixed.** Although tuition costs will increase slightly each year, your merit scholarship will remain the same for all four years.
- **You may be eligible for additional departmental scholarships in future years.** Once you have chosen a major, you may be eligible for additional scholarship aid from your academic department.
- **You will be eligible for additional Federal Direct loan funds in future years.** If needed, you can borrow an additional $1,000 in Direct Subsidized/Unsubsidized loans your sophomore year, and an additional $2,000 during your junior and senior years.
- **Pay attention to the requirements to keep your aid.** To remain eligible for financial aid, you must maintain Satisfactory Academic Progress.

Smart Borrowing

How do I know how much to borrow?

You may not need to borrow the maximum amount on your award letter – take only what you need to cover your actual expenses, including any assistance you need with books and supplies. Limit your living expenses as much as possible.

1) Estimate your direct (actual costs)
2) Subtract gift aid and anticipated scholarships
3) Subtract work-study funds, if you plan on participating in the program
4) Subtract any personal payments you are able to make
5) Borrow only what you need to cover the remainder

What is a reason amount of student loan debt?

'Reasonable' is different for every student and every family. The average UIW student incurs roughly $27,000 in federal student loans by the time they graduate. This translates to an estimated monthly payment of $300 for 10 years. Other repayment plans, such as "Pay as You Earn," which limits your payments based on your income, are available to you if you are having trouble making your payments.

You should also consider your intended career path. Salary calculators, such as PayScale's Salary Calculator, can help you determine if you are borrowing more than you will be able to afford to repay once you start your career.

It's also important to keep in mind future debt you intend to take on. For example, most lenders recommend a debt-to-income ratio of less than 43% if you plan to purchase a home. For more information about this recommendation, see the Consumer Financial Protection Bureau's article on "What is a debt-to-income ratio? Why is the 43% debt-t income ratio important?"

How can I figure out my monthly payments?

See the loan calculator provided by the Dept. of Education. Log in to your account using your FSA ID in order to have your loans automatically added into the calculator. Paying $50-$100 extra per month can take as much as 5 years off the life of your loan and save you thousands of dollars in interest! Use the Loan Tracker in iGrad at iGrad.com/schools/UIWTX to calculate your payments and learn smart financial habits!

Is there really such a thing as 'good debt' or 'bad debt'?

All debt can be 'good' or 'bad' depending on how you use it. However, in general, debt which is used to purchase something that increases in value (such as your education, or a house) is better than debt for something that decreases in value over time (such as a car).

What happens if I drop some courses or withdraw from school?

Drops/Withdrawals

- Paying for credit not earned
- Possible return of aid
- Possible inability to transfer to another school
- Possible loss of aid eligibility
- Takes longer to graduate (costs more)

Benefits of Graduating in 4 Years

- Lower overall cost
- Maximize your aid using banded tuition
- Borrow less in student loans
- Advance to additional studies or employment
- Start earning sooner!

In Summary:

Make Healthy Debt Choices

- Maximize other funding sources: scholarships, grants, personal payment, payment plan
- Limit Living Expenses: Don't borrow to pay for pizza or coffee!

Understand Repayment

- Keep track of how much you owe at studentaid.gov
- Monitor your account with your loan servicer

Get Help When Needed

- Financial Aid Office
- iGrad Counseling