



Regions Next Step Podcast

Insights for Students: FAFSA and the Student Loan Process

In this podcast, Shaun Collings, a Financial Wellness Relationship Manager at Regions Bank in Atlanta, Ga., walks us through the FAFSA and student loan process.

Want to learn more about the following topics? Check out the link below to hear from Shaun.

- The FAFSA basics, including how to apply and what factors into your financial aid award
- Determining how much you may need in student loans
- What you can expect student loans to cover

Episode Transcript

Narrator:

You're listening to the Next Step Podcast "FAFSA and the Student Loan Process" part of our Insights for Students Series presented by Regions Next Step – advice, tools and resources to help you get closer to reaching your unique financial goals.

Today, we're going to discuss what student loans cover and how to best navigate the FAFSA process with Shaun Collings, a Financial Wellness Relationship Manager at Regions Bank in Atlanta, Georgia. Hi Shaun, it's a pleasure to have you here.

Shaun Collings:

Thank you. I'm excited to be here.

Narrator:

We're looking forward to getting your advice on student loans. So FAFSA, can you explain the basics?



Shaun:

Of course. First, it is no surprise that one of the biggest concerns around starting college is how to apply for financial aid. As a first step, students and their families should familiarize themselves with the office of Federal Student Aid, or FSA, which administers the Free Application for Federal Student Aid known as FAFSA. FAFSA is the largest provider of student financial aid in the United States. Each year, it issues more than \$150 billion in federal grants, loans, and work-study funds to millions of students.

Narrator:

Sounds like there are many resources for financial assistance out there. When getting ready to apply for FAFSA, what information and documentation will students and their families need to apply for student financial aid?

Shaun:

The FAFSA, which is available at the Department of Education's website, comprises seven sections of questions and requests information regarding the student, his or her parents, and the colleges that should receive the student's FAFSA information. This includes general demographic and contact information, including marital status, mailing address, and Social Security numbers. It also requests details about the student's and parents' assets, such as gross household income and 529 account balances.

Before filling out the FAFSA, gather key documents, such as the federal income tax returns for the parents and/or the student, and other tax and financial information and documentation. You can find a complete list of the necessary documents and information at the U.S. Department of Education's Federal Student Aid website.

Narrator:

So when should students and their families begin applying for student financial aid?

Shaun:

For federal student aid, you can start filing a FAFSA as early as October. However, the deadlines for state or college aid vary by program and state, so familiarize yourself with the various aid programs and respective deadlines. The FSA's website provides deadline information for some programs.



There are also a few federal student aid programs that have limited funds. Many schools award aid on a first-come, first-serve basis, so it may be beneficial to apply as early as possible — even if current taxes for the student and/or their parents have not been filed.

If this route is chosen, and estimated tax information is provided on the FAFSA, it must be corrected after the appropriate returns are filed. Additionally, because financial situations can change from year to year, a new FAFSA must be completed for every school year for the student to stay eligible for student aid.

Fortunately, filling out an application is free, the FSA provides several resources, and the process usually takes less than an hour.

Narrator:

Now that we know a bit about the initial process, how is the amount of student aid ultimately determined?

Shaun:

Most students are eligible for some form of financial aid. States' and schools' financial aid programs use the information provided on the FAFSA to determine financial need. They usually apply a mathematical formula that takes into account the cost of attendance at the school or schools listed, minus the expected family contribution. Note, up to 10 schools may be included on the FAFSA. Additionally, the size of a family and the parents' income, among other factors, are typically considered when determining financial need and aid award amounts.

Narrator:

That's good to know. So how do federal student loans compare to private student loans?

Shaun:

Federal student loans often have fixed interest rates, while private loans can have variable interest rates. Also, the terms of a federal student loan may not require repayment until after a student graduates and may allow for monthly payments based on income. Given all of the upsides, if you're starting college — or your son or daughter is — it's worth applying for student aid.

Narrator:

That makes sense, thank you so much. Now for those who are seriously considering borrowing for higher education, how can they best keep their post-college debt to a minimum and borrow wisely?



Shaun:

Well, before deciding that student loans are the right source of financing for you, you should ask yourself: “How much in student loans will I need?” and “What can my student loans cover?”

Narrator:

And how can students and their families determine how much student loan assistance they will need?

Shaun:

To determine how much in student loans you need — or even whether you need loans — apply this simple mathematical formula.

First, estimate the actual amount you’ll pay to attend one year of college. Include tuition, housing, food, school supplies, cell phone use, furnishings for your dorm room, transportation, and equipment like a computer and a printer. Subtract any scholarships or grant money you’ve received. Then, subtract any money you plan to put toward your education from a summer job or personal savings. If your family plans to contribute funds, factor those in as well.

If you come up short, a student loan could help fill in the gap between family resources, grants, student aid and scholarships, and the cost of a college education. Just remember to borrow wisely, only taking on the amount you need, because you’ll have to pay back those loans.

You can also use this 1-2-3 approach to paying for college. First, start with money you won’t have to repay by maximizing scholarships and grants. Second, explore federal student loans by completing the FAFSA. And third, consider a responsible private education loan to fill the financing gap.

You could also use the Regions “Save for College” calculator online to compare your planned savings to the amount that will probably be necessary.

Narrator:

Okay, that’s very helpful. Lastly, what can student loans be expected to cover?

Shaun:

Typically, student loans can help cover tuition and other eligible school expenses. However, it’s important to understand the cost of college and borrow what you need to fund your education —not necessarily the specific college lifestyle you’re seeking.



Carefully review your award letter. In some cases, the federal student loan amount offered to you through your college's financial aid office might exceed the amount of money you need to cover your expenses. But just because you can receive excess loan money doesn't mean you should. You're not obligated to accept the entire loan offered and can request a lower amount.

Follow the budget you set out in the beginning of your college journey and explore other options, such as work-study programs, to reduce the amount you have to borrow. Making payments while in school can also save you money over the life of the loan. Paying for college is just like serious investment. If you plan early, make informed decisions, and keep your eyes on the prize, you can make a successful investment in your future.

Narrator:

Shaun, thank you for guiding us through the basics of the FAFSA process and what student loans cover. This concludes this Insights for Students podcast. You can find additional information about student finances and more online at www.regions.com/nextstep. No matter your goals, Regions will help you with each step you want to take. Thank you for listening.

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Regions and Sallie Mae encourage students and families to start with savings, grants and scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.