



Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

April 2020

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Understanding Student Loan Lingo

Wherever you are in your education journey, it's important to understand the basic student loan terminology so you can make informed decisions throughout the process. If you or someone you know are thinking about taking out a federal student loan or are already in repayment, here is a list of common terms to know.

Free Application for Federal Student Aid (FAFSA): The first step to receiving any type of federal financial aid. Completing the FAFSA will determine your eligibility for federal student aid such as grants, work-study opportunities and student loans. The FAFSA is also required for some scholarships. This form must be completed as soon as possible after October 1 every year you need financial assistance.

Financial Aid Offer: An offer from a college or career technology center that states the type and amount of financial aid the school is willing

to provide. Most offers are sent electronically, but a few schools will send paper copies. Watch for your offer so you can accept or decline the aid by the school's deadline.

Master Promissory Note (MPN): A binding legal document that you must sign when you get a federal student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower.

StudentAid.gov Aid Summary: A helpful website for questions about federal financial aid with a centralized database which stores information on federal grants and loans for all federal borrowers. Learn more about finding your loan information at <https://www.readysetrepay.org>.

Servicer: A company that's assigned to handle the billing and other services of your federal student

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loans on behalf of the U.S. Department of Education. Your loan servicer works with you on repayment options and assists with other tasks related to federal student loans.

Repayment Plan: A plan you choose to repay your federal student loans. There are several options which you can review at <https://www.readysetrepay.org/repaying/options.html>.

Deferment: A postponement of payment on a student loan that is allowed under certain conditions. Any unpaid interest that has accrued during the deferment period may be added to the principal balance of the loan(s).

Forbearance: A period during which your monthly loan payments are temporarily suspended or reduced. Your lender may grant you a forbearance if you're unable to make loan payments due to certain types of financial hardships.

Default: Failure to repay a student loan according to the terms agreed upon in the MPN. For most federal student loans, you will default if you have not made a payment in more than 270 days. You may experience legal consequences due to default.

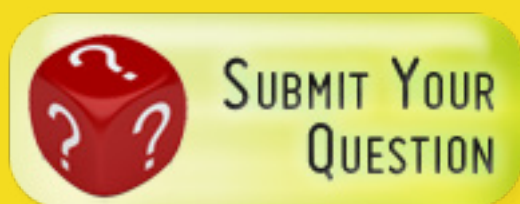
Public Service Loan Forgiveness: A federal program that forgives the remaining balance of your federal direct student loans after you make 120 qualifying monthly payments under an eligible repayment plan while working full-time for a public service employer who meets the federal requirements. Learn more about this and other forgiveness programs at https://www.readysetrepay.org/repaying/discharge_forgiveness.html.

For additional student loan lingo and information about every step of the student loan process, visit www.readysetrepay.org.

Have a personal finance question for our Oklahoma Money Matters team? Submit it to be answered in our next edition of Financial Friday!

View answers to previously asked questions at oklahomamoneymatters.com/resources/

Subscribe to Financial Friday today!



The New StudentAid.gov

If you work with college students and adult learners, or have questions regarding your own journey in paying for college, you should be aware of some changes to a great tool you can use.

StudentAid.gov and the National Student Loan Data System (NSLDS.gov) have always provided great information for students and student loan borrowers alike. NSLDS has allowed current students and those who had federal student loans to log in and view their financial aid history—including the amount and types of student loans they've borrowed, as well as the name and contact information of their loan servicer. On February 23, 2020, the two sites merged to allow students and borrowers, in and out of school, to have a one-stop shop for all their student loan management questions.

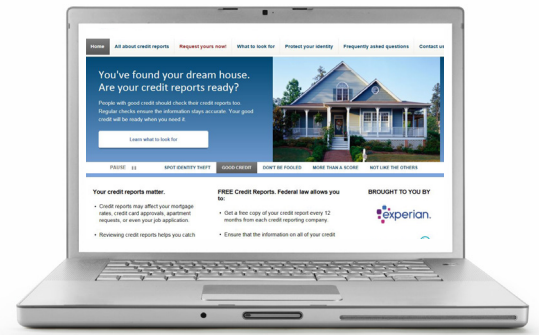
These changes include two great new features to make navigating student loan repayment a breeze.

- **Aid Summary** aims to help students make better decisions about their student loans. Students can log in to <https://studentaid.gov/aid-summary/loans> and see in real time their current federal loan balances and grants received. This eliminates the need for students to log in to NSLDS.gov to see their financial aid information. Aid Summary also includes checklists for students, parents and graduates to make navigating the process easier.

- **Loan Simulator**, which replaced the old Repayment Estimator tool, allows students to find the best repayment strategy for their loans by enabling borrowers to see all federal loans—even if the user has multiple loan types. It also considers where the borrower is in the repayment journey instead of assuming the borrower is just starting to make payments. This includes an option for those seeking public service loan forgiveness to help alleviate some of the confusion about the types of loans that qualify and those that don't.

For easy access to more tools and resources that will help your students manage their financial aid and student loans, be sure to visit <https://www.readysetrepay.org/Partners>.

Common Credit Myths Debunked



OKMM has taught hundreds of credit workshops throughout Oklahoma for adults, college students, high school students and parents. In our experience, people from all walks of life share many of the same misconceptions about credit reports and credit scores. Based on questions we receive most often during workshops, we've identified a few of the top myths about credit.

Myth: I don't have any credit cards or loans so I don't need to check my credit.

Truth: Many people worry that using credit will get them into financial trouble, so they refrain from borrowing money. However, avoiding credit use doesn't mean you can ignore your credit report. Whether or not you use credit, you'll need to check your report for accuracy at least once per year. Address mistakes, which are common, and look for any signs that indicate someone else may be using your personal information. Visit AnnualCreditReport.com to get your free credit report.

Myth: Checking my credit lowers my credit score.

Truth: Checking your credit report for accuracy doesn't lower your credit score. This is considered a "soft inquiry." If your landlord or employer checks your report as part

of their screening process, this is also a soft inquiry. Hard inquiries occur when a company checks your credit because you have requested a credit card, loan or financing. For example, if you try to finance a new dining room set or apply for a new credit card, you may notice a ding to your credit score. When buying a car or home, you can still shop around for a good deal. Each lender you contact will count as only one inquiry in a 30 day period if you follow through with the purchase.

Myth: Paying off a debt removes it from my credit report.

Truth: All accounts—good and bad—remain on your credit report for 7-10 years. If you pay off a debt, it will be shown as paid on your credit report and this will help your credit score. However, your report will still show any late payments associated with that account. You can ask creditors to remove information from your credit report, but removal is rare and up to the discretion of the creditor.

Myth: If a debt isn't reported or falls off your credit report, you're no longer responsible for paying it.

Truth: Out of sight, out of mind doesn't work in this case. Just because your credit report doesn't

list the debt doesn't mean you don't owe it. As many people discovered during the financial crisis of 2008, when companies are in trouble, they'll often try to collect older debts as a new revenue source. Don't let debts haunt you forever; pay them off and then you can forget about them.

Myth: My credit is so bad, there's just no hope.

Truth: There's always hope. Improving bad credit can be a long process, but with time and discipline, it's absolutely possible. Whether you have bankruptcies, liens, and charge-offs or just a lot of late payments, you can take steps to increase your credit score. Start by bringing any delinquent accounts up-to-date, and then make it a priority to always make payments on time, even if it's just the minimum payment required. If you can, pay more than the minimum due to begin whittling away at your debt. Decreasing your debt will positively impact your debt to income ratio, further improving your credit score.

For more tips on building a positive credit history, visit OklahomaMoneyMatters.org.



Let's Get To Work

When determining the right job for you, it helps to identify your purpose. Are you hoping to further your career or meet financial goals with a new opportunity? Can you work your way up in the company? Will the job challenge you and help you develop new skills in the meantime?

Whether you're a new graduate or you've been in the workforce for decades, there are a few things you should keep in mind when considering a new job opportunity.

- **Title:** A title is the most basic information about a job, but it's much more than a name. A job title is a short, strategic and functional explanation of your expected responsibilities. Having a clear vision of your duties and knowing what's expected of you can help minimize surprises after you start working.
- **Income and Benefits:** It's important to consider how the pay scale will sync with your current lifestyle and cost of living. If the job is otherwise a perfect fit for your career goals, are you willing to adjust your budget to match your income? Additionally, check to see if they offer a benefits package. If they don't, be sure to budget for out-of-pocket insurance expenses.
- **Environment:** There are 168 hours in a week. If you spend 40 of those at work, you should make sure you like it there. Before and after your interview, look around and observe the environment. Are you comfortable working in a cubicle or do you prefer an office? Also, consider the company's size and culture. Do the company's values match yours? Is it family friendly? Is professional development a priority?
- **Location:** Consider the time and expense of commuting. Dealing with bumper-to-bumper traffic for long periods of time can get old, quickly. This may not seem like a big issue at first, but the location of the potential employer is very important. If you've got a long commute, gas prices can really have an effect on your budget.
- **Advancement:** Different companies and organizations have different philosophies about employee career advancement. Take the opportunity during your interview to find out about the possibilities of growth within the company. Find out if one role may prepare you better for advancement than another.

If you need some help exploring your career options, check out OKcollegestart.org for career planning tools.



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access and financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.



OKhighered.org