



BROWN

## Financing a Brown Education

All Brown families need to determine how they will finance a college education. Whether or not families receive need-based financial aid resources, planning how the student's expenses will be met is a sensible prerequisite to enrollment. Just as the family's estimated financial strength to contribute to the cost of education (otherwise known as the Expected Family Contribution or EFC) is not derived from savings or income alone, the strategy for financing a Brown education may be best accomplished by utilizing a combination of resources over time. Families are encouraged to review the information in this guide by calculating their direct and indirect college costs, then assessing available financial resources. This may include past income (savings/investments), present income (current cash flow payments), or future income through borrowing (loans), or a combination of all three.

### **Consider these steps:**

- Apply for financial aid on time each and every year to ensure that you are taking advantage of all need-based financial aid. Follow all deadlines closely!
- Complete the enclosed Educational Financing Planner worksheet to determine how much you may need to finance. This can help you develop a strategy and explore all options.
- Seek outside and private scholarships to help reduce the amount you may need to finance or borrow. Free web search links are available at Overview-> Useful Links from [www.financialaid.brown.edu](http://www.financialaid.brown.edu)
- Confirm that the student has maximized all federal loan funds available before considering borrowing a Federal PLUS, RIFEL, or other private educational loan.
- Spread your obligations over time through the Brown Installment Payment Plan (IPP). For a small enrollment fee and a minimal interest rate, parents can enroll to finance some or all of the student's billed costs through monthly installments, therefore minimizing the amount of loans needed to meet college costs. For more information on Brown's Installment Payment Plan, please contact the Bursar's Office at 401-863-2484 or visit their website at [www.brown.edu/administration/student\\_financial\\_services/bursar](http://www.brown.edu/administration/student_financial_services/bursar)
- Consider borrowing a private education loan. Refer to the last page for options.

# EDUCATIONAL FINANCING PLANNER

This planner will help you and your family estimate your educational expenses, resources and financing options for the 2007-08 academic year. All annual charges/credits assessed by Brown University are split in half and billed/credited equally for the Fall and Spring semesters. Student account statements are generated monthly from the Bursar's Office. Fall semester fees are charged on July 1st and payment is due by August 1st; Spring semester fees are charged November 15th and payment is due by January 1st. Annual expenses and resources for the academic year are reflected below; to evaluate by semester, halve all figures except Student Health Insurance (Line #3).

	DIRECT COSTS	ANNUAL	Direct costs are Brown billed charges for the 2007-08 academic year.
1	Tuition and Fees		Brown's full-time tuition is \$35,584 for the 2007-2008 academic year. Mandatory fees that cannot be waived include \$612 for Health Services and \$146 for Student Activities annually..
2	Room and Board		Brown's standard housing costs \$5,958 for the year. The standard 20 meals per week meal plan is \$3,648 for the year.
3	Brown Health Insurance		If you are covered by another health plan, you may waive Brown's \$2,512 Student Health Insurance Plan. Please note this fee is charged entirely in the Fall semester for the academic year. For details, contact Brown's Office of Insurance and Risk at 401-863-9481.
4	Total Billed Charges (Sum of 1 to 3)		
FINANCIAL AID CREDITS (If applicable)			
5	All Scholarships, Tuition Benefits, and/or Grant Aid		If you are including any awards that are not listed on your Financial Aid Award, you must notify the Office of Financial Aid so that we can adjust your financial aid package. For information on how outside aid will affect your financial aid award at Brown, please access "Outside Scholarships" in the A-Z index link from <a href="http://www.financialaid.brown.edu">www.financialaid.brown.edu</a> .
6	Federal Stafford, Perkins, or University Loan		Combine all student loan amounts from your award letter (less 1.5% of any Stafford Loan to account for origination fees).
	Work Study	N/A	Academic year earnings, such as work study, will not appear as a credit on your Brown bill.
7	Total Credits on Bill (Sum of 5 + 6)		If you have no Financial Aid Award, tuition benefits, or outside scholarships, then enter "0" here.
8	Estimated Balance on Bill (Subtract 7 from 4)		A positive figure means that your family will owe this amount to the Brown bill. A negative figure means that you will be eligible for a refund (once all credits are received) and this can be used to manage some of your indirect costs, below.
	INDIRECT COSTS	ANNUAL	These estimated expenses can be found on your Financial Aid Award . Otherwise, estimate accordingly. Although not billed, it may be beneficial for the family to consider these expenses when choosing their financing options.
9	Books and Supplies		\$1,184 assumes books and supplies for the full academic year, consisting of four classes for each of the two semesters.
10	Travel		If you have a Financial Aid Award, enter this estimate here; otherwise, calculate your estimated travel expenses for the year.
11	Personal & Miscellaneous		\$1,528 is the level of personal expense the Office of Financial Aid assumes that each student will incur for the academic year.
12	Off-campus room and/or meal costs		Leave blank if the student will reside on campus and participate in Brown's meal plan. If residing off-campus and/or not participating in a Brown meal plan, Brown will not charge the student for these budget items. Although considered indirect costs, the Office of Financial Aid still estimates these expenses to be similar to Brown's billed charges of \$5,958 for room and \$3,648 for board. Enter your estimates here.
13	Total Indirect Costs (Sum of 9 to 12)		These expenses, although not billed, are considered when your financial aid eligibility is calculated.
14	Estimated Family Obligation (Sum of 8+13)		This sum represents the total estimated family financial obligation for the 2007-08 academic year. For those students receiving financial aid, this amount should be similar to the Expected Family Contribution (EFC) that is established on your Financial Aid Award (or higher if you are purchasing Student Health Insurance in Line #3).

# HOW TO MEET THE ESTIMATED FAMILY OBLIGATION

You've identified how much a Brown education will cost you and your family for the 2007-08 academic year. Now, identify the possible family resources available to meet this obligation.

15	Enter amount from line 14 from previous page here		This is an estimate of your total direct and indirect costs of education.
		<b>ANNUAL</b>	<b>STUDENT RESOURCES</b>
16	Student Summer Earnings		The minimum amount expected by Brown for a Student Contribution from (Summer) Income is \$2,250 for first-year students and \$2,700 for returning students. Please enter this amount or a greater number if you will earn more.
17	Student Draw from Assets		Determine the amount that the student can utilize from cash and investments. For students receiving financial aid, we recommend using at least 20% each year.
18	Work Study Earnings		Students who participate in work study can use their earnings to fund indirect expenses during the academic year. Most first-year students are not expected to work (and therefore do not have work study as part of their aid package) but any student can choose to work. For more details, visit <a href="http://www.brown.edu/studentemployment">http://www.brown.edu/studentemployment</a>
19	Additional Student Federal Loan Eligibility		Note: Federal Stafford Loan limits are \$3,500 Freshman, \$4,500 Sophomore, and \$5,500 Junior/Seniors. If you wish to increase your borrowing please contact the Office of Financial Aid to discuss.
20	Total Student Resources (Sum of 16 to 19)		
		<b>ANNUAL</b>	<b>PARENT RESOURCES</b>
For aided students, the Parent Contribution on the Financial Aid Award Letter can be met by the following resources:			
21	Parent Lump Sum Payment(s)		Enter the annual amount that can be drawn from current income, savings, cash holdings or other investments during the year.
22	Brown's Installment Payment Plan (IPP)		Calculate the amount that could be diverted from current income to pay monthly installments through Brown's Installment Payment Plan (IPP) :  Determine the amount that could be contributed monthly during the academic year = \$ _____. Multiply this by 12 = \$ _____ your annual commitment. Enter value on this line. Contact the Bursar's Office at 401-863-2484 or <a href="mailto:bursar@brown.edu">bursar@brown.edu</a> for IPP details.
23	Total Family Resources from Student and Parent (Sum of 20 + 21+22)		<b>Total Family Resources</b>
24	Total Amount to be Financed (Line 15 less 23)		<b>Amount to be Financed (Loans)</b>
25	Parent PLUS Loan		Refer to the last page of this guide for more information.
26	Home Equity Loan or Line of Credit		Refer to the last page of this guide for more information.
27	Private Education Loan, such as RIFEL		Refer to the last page of this guide for more information.
28	Total Financing (Sum of 25 to 27)		<b>Total Amount Financed</b>
29	Total Family Resources and Financing (Sum of 23+28)		<b>Combined Family Resources and Financing</b>
30	Affordability Outcome		Subtract Line 29 from Line 15. The result should be zero if you have identified sufficient resources to match your estimated educational costs.

Please feel free to contact the Office of Financial Aid for assistance with any of your financing or planning questions at 401-863-2721 or [Financial\\_Aid@brown.edu](mailto:Financial_Aid@brown.edu).

# PRIVATE EDUCATION LOANS

**Private Educational Loans** are any education loans that a parent or student secures beyond any student need-based loans administered by the Brown University Office of Financial Aid. Any borrowing should be a secondary resort to scholarships, family financial support, or federal student loans. While the Office of Financial Aid is not able to endorse one loan product over another, it does recognize that the family's priorities may be best met with one loan product rather than another. All private educational loans are based on proprietary **credit** qualifications. Therefore, one lender's decision to approve or deny is not indicative of all lenders. Families are urged to utilize the internet to research details on loan products, conduct comparisons between loan offerings, and shop the loan marketplace. Loan programs with which Brown University is most familiar are noted below.

Type of Loan	Contact	Fees	Interest and Fees	Differentiating Factors
RIFEL Loan	Rhode Island Student Loan Authority (RISLA) <a href="http://www.risla.com">www.risla.com</a> 1-800-758-7562	4% origination fee added to principal	6.49% fixed	<ul style="list-style-type: none"> <li>• Student loan, co-signer may be required</li> <li>• Deferment options while student enrolled</li> </ul>
PLUS Loan	Brown University Loan Office <a href="http://www.brown.edu">www.brown.edu</a> -> A-Z index -> Loan Office 401-863-3296	4% origination fee prior to loan disbursement	7.9% fixed	<ul style="list-style-type: none"> <li>• Parent Loan</li> <li>• Death cancellation benefit</li> <li>• Re-payment after 45-60 days from disbursement</li> </ul>
Home Equity Loan or Line of Credit	Lender of Choice	Varies	Varies based on credit	<ul style="list-style-type: none"> <li>• Parent Loan</li> <li>• Generally long repayment terms</li> <li>• Interest can be tax deductible</li> <li>• Home is collateral</li> <li>• Immediate repayment</li> </ul>
Private Educational Loan	Bank of America <a href="http://www.bankofamerica.com/studentbanking">www.bankofamerica.com/studentbanking</a> 1-800-344-8382	Varies	Varies based on credit	<ul style="list-style-type: none"> <li>• Student (w/ co-signer) or parent loan</li> <li>• Deferment options while student is in school</li> </ul>
	Citibank <a href="http://www.studentloan.com">www.studentloan.com</a> 1-800-967-2400			
	Nellie Mae <a href="http://www.nelliemae.com/loancenter">www.nelliemae.com/loancenter</a> 1-800-367-8848			
	RISLA College Bound Loan <a href="http://www.risla.com">www.risla.com</a> 1-800-758-7562			
	Sallie Mae <a href="http://www.salliemae.com">www.salliemae.com</a> 1-888-272-4665			

Determining the most suitable private loan for your family involves assessing your financial priorities, capabilities, and limitations, and then finding a loan product that best accommodates these needs. Consider the following:

- What will be the monthly re-payment?
- What happens if you default on the loan? What is the impact to the borrower and/or any co-borrower?
- What are the repayment options?
- Can the loan be deferred if the student returns to school from a leave of absence or enrolls in graduate school? For how long?
- What is the total cost of borrowing for the loan? How much will actually be repaid after all payments are made?
- Can this loan be consolidated with other loans? If so, in what way and with what other loans?
- Can a co-borrower be released after a certain number of on-time payments?
- Can the loan be processed for a past due balance on your student account statement?