



Borrow Smart Worksheet 2020-2021

Student loans can be a helpful tool to assist you in achieving your educational goals, but should be used with careful consideration. Complete this worksheet before meeting with a financial aid representative to discuss an Additional Unsubsidized Loan.

How much have you borrowed?

Go to <https://nslds.ed.gov> and log in using your FSA ID and password.

Student Loan Debt from Previous Loans		Outstanding Interest	Loan Servicer(s)
Subsidized	\$ _____		
Unsubsidized	\$ _____		
Total	\$ _____		
Federal Pell Grant Maximum Lifetime Limit is 600%			
Federal Pell Grant Lifetime Eligibility Used			

What is your undergraduate loan limit?

Dependent Students: \$31,000 with no more than \$23,000 being subsidized
 Independent Students: \$57,500 with no more than \$23,000 being subsidized

What is the interest rate on your unsubsidized loan?

The interest rate for unsubsidized loans disbursed between July 1, 2020 and June 30, 2021 is 2.75%. Interest rates can be different depending on when a loan is disbursed.

- The interest rate for unsubsidized loans disbursed between July 1, 2019 and June 30, 2020 is 4.529%.
- The interest rate for unsubsidized loans disbursed between July 1, 2018 and June 30, 2019 is 5.05%.

How much interest will your loan accrue?

Interest accrues daily on your student loan. Use the following formula to see how much interest you will pay in a year.

- To calculate your daily interest. Divide the interest rate of your loan, in decimal form, by the number of days in the year and multiply by the amount of your loan.

$$0.0275/365.25 = 0.0000753 \times \frac{\text{Loan Amount}}{\text{Daily Interest}} = \$ \underline{\hspace{2cm}}$$

- To calculate your annual interest. Multiply daily interest by 365.25.

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Daily Interest}} \times 365.25 = \$ \underline{\hspace{2cm}} \text{ Annual Interest}$$

When will your loan begin to accrue interest?

- Unsubsidized loans begin to accrue interest on the day they are disbursed.

Should you pay interest as it accrues?

Yes, paying your interest as it accrues can save you thousands of dollars over the life of your loan.

Contact your loan servicer to make payment arrangements. Your servicer will send you information after each loan disbursement.

What happens if you don't pay interest as it accrues?

On the day after your grace period ends, your interest will be capitalized, or added on to the principal balance of your loan. Interest will be calculated using the higher principal balance.

When do you have to start making payments?

Your loan will go into repayment at the end of your grace period. Your grace period is the six months after you stop going to school at least half time.

Where do you find information about repayment options, loan forgiveness and debt levels?

Information about your federal student loans can be found at www.studentloans.gov.

Are you being realistic about your future income?

Students get excited about their new career possibilities and may overestimate how much they will earn. Income information is often based on the median income from across the country but what about starting incomes here in Utah? You can find some great tools to research wage information for Utah at www.utahfutures.org.

Have you considered?

- Federal Pell Grant is limited to the equivalent of 12 full time semesters.
- Subsidized loans may be limited to 150% of the published length of your major. For two year majors at SLCC this will be three years if you attend full time. If you received loans at other schools, they will be considered in the three year total.
- Student loans are not dischargeable in bankruptcy.
- Employers have denied job opportunities to people with too much debt or who have defaulted on their student loans.
- Wages can be garnished to cover defaulted loans.
- Financial aid is not available to students who are in default.

Glossary

- Accrue – To accumulate
- Capitalized Interest – Accrued and unpaid interest added to the principal balance of a loan.
- Deferment – A temporarily period of nonpayment on your federal student loans. Interest does not accrue on subsidized loans during deferment. Interest will continue to accrue on you unsubsidized and parent loans.
- Forbearance – A temporary period of nonpayment for reduced payment on a federal student loan. Interest accrues on your subsidized, unsubsidized and parent loans.
- Grace Period – A period of nonpayment before a loan enters repayment. This is generally a six month period that begins on the day after a borrower graduates, leaves school, or drops below half time enrollment.
- Interest – The cost of borrowing money, charged as percentage (interest rate) of the outstanding (unpaid) principal balance.
- Loan Fee– A charge that occurs each time money is disbursed (paid out) to the borrower. The loan fee is charged as a percentage of the disbursement (gross), and reduces the actual amount received (net). Also known as the origination fee.
- Principal balance -- The original loan amount plus capitalized interest.
- Subsidized Loan - A loan based on financial need for which the federal government pays the interest that accrues while the borrower is in an in-school, grace, or deferment status.
- Unsubsidized Loan - A loan for which the borrower is fully responsible for paying the interest regardless of the loan status. Interest on unsubsidized loans accrues from the date of disbursement and continues throughout the life of the loan.

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