

College Disrupted

Need to know changes from
the One Big Beautiful Bill Act

Heidi King , Education & Partnership
630.687.0909
hking@collegeinsidetrack.com





Helping families successfully navigate college search for nearly 20 years!

Help students identify right fit schools – Academic, Social, Financial

Reduce the stress between parents and kids during this journey

Cost of Attendance

USC	\$99,139
Vanderbilt	\$96,899
Northwestern University	\$93,333
Northeastern	\$87,450
University of Dayton	\$67,340
UT-Austin	\$35k*/\$72K
UIUC	\$35K*-\$42K* / dep on major
University of Oregon	\$38K*/\$69K
University of South Carolina	\$35K*/\$64K

Quiz

What is the average amount of undergrad debt today?(public + private)

- ☐ \$20,000
- ☐ \$42,000
- ☐ \$66,000
- ☐ \$81,000



Debt Facts!

- 1.66 Trillion in Federal and Private Loans
- 1 in 7 Americans have student loan debt
- Only 7.9% are private loans
- 15% default on their loans – 1/3 are senior citizens

Class of 2025:

- 62% going to college
- 65% expected to take on debt
- Expected to borrow \$42,000 w/ private debt

Paying off the debt!

- **Public school payoff: 5 years 4 mos**
- **Private Non-profit: 5 years 10 mos**
- 97% of colleges in the US get the student to 0 threshold by 10 years
- ROI on a bachelor's is the lowest of all the post secondary degrees

Assumptions for above –

- Starting salary \$50,600
- Undergraduate federal student debt:
 - \$37,718

*educationdata.org



Notable Changes to Federal Programs



- Subsidized- 6.39%
 - Interest does NOT accrue while in school
- Unsubsidized- 6.39%
 - Interest DOES accrue while in school
- Payment
 - Begins 6 months after graduation on both
- Loan Forgiveness available
 - Public service jobs (teacher, nonprofit, etc.)

No Changes!!

Federal
Direct
(Stafford)*

- Masters - \$20K cap annually/\$100K lifetime
- Doctoral – Medical/Professional programs - \$50K annual limit/\$200K lifetime
- Elimination of the Grad Plus program
- Some states have additional programs available
 - MN Self loan, MEFA, etc

Grad
School

Federal
Parent
Plus

Repayment

- Interest – 8.94% - Credit check required-4.2% origination
- \$65k lifetime cap/\$20K annual cap/ per student
- Can be used for all educational expenses
- Payments begin immediately – no more IDR plans
- Owned by the parent

- Only 2 options instead of 8
- Standard Repayment Plan – fixed payments for 10-25 years – equal monthly payments
- Income Driven Repayment Plan

Repayment Plans broken down

Standard Repayment Plan

- Less than \$25K = 10 years
- \$25K-\$49K = 15 years
- \$50K - \$99K = 20 years
- \$100K or more = 25 years

Equal payments over the lifetime of the loan

Income Driven Repayment

- Income up to \$10K = \$10/month
- \$10K-\$20K = 1% of AGI
- \$20K-\$30K = 2% of AGI
- \$30K-\$40K = 3%

Monthly payment percentage based on AGI and not discretionary income



Ramifications!



- Cap on parent plus – drive people to the private market where there is no PSLF
- Total lifetime cap on Federal Loan. = \$257K/person
- Income to debt ratio – younger students/degree completion
- People on SAVE, ICR and PAYE plans will need to transition by July 1, 2028



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Federal
Direct
(Stafford/
Student)*

- <http://www.gocollege.com/financial-aid/student-loans/states/>
- Vary by state significantly
- MN Self Loan 5.85% fixed. Variable also available
 - Requires co-signature
 - Limited to \$40K total

State

- Interest – 8.94% - Credit check required-4.2% origination
- Available for full amount minus other financial aid
- Can be used for all educational expenses
- Payments begin immediately
- Owned by the parent

Federal
Direct-
Plus
/Parent

- Can be parent or student owned
- Requires parent co-signature for the most part
- Rates vary widely are common based on credit
- <https://www.nerdwallet.com/best/loans/student-loans/private-student-loans>

Private



Be clear about the terms of both federal, state and private loans!

LOAN Limits

- Federal Student loan – maximal set amount
- Freshman - \$5500
- Sophomore - \$6500
- Junior - \$7500
- Senior - \$7500
- Full amount does not have to be taken
- ONLY loan the student owns alone
- Parent Plus vs HELOC

Think all the way around the 529 plan!

Previous Secure Act Changes

- \$10K Lifetime limit to pay back loans - beneficiary and siblings
- Excess rollover to IRA - Beneficiary only - IRA income rules do not apply
- K-12 \$10K limit per beneficiary

New Uses

- K-12 expansion \$20,000 per beneficiary
- Tutoring
- Accrediting programs, trades, nursing,
- Dual enrollment
- ABLE accounts

Strategic Use

- Lower amounts - spread across all 4 years
- Higher amounts - do they want to save some of it to help decrease grad school debt (much higher interest rates)



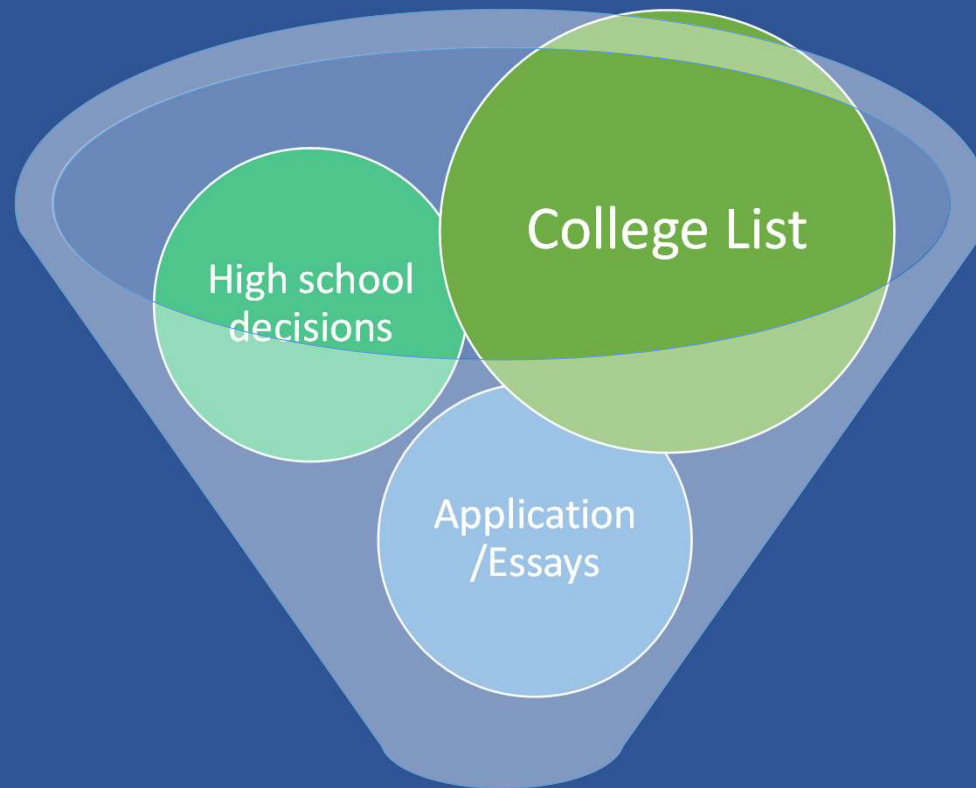
Ways to stay in budget!

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The national transfer rate:

38%

Average Cost of 1 Transfer	\$14,000
Cost for 2 transfers	\$24,000*



Scholarships!

Ditch old thinking! It doesn't suit the discussion today!

Colleges are:



FLEXIBLY PRICED



INFLEXIBLY PRICED



THERE ARE PUBLIC AND
PRIVATE IN BOTH AREAS

A large orange shape on the left side of the slide, consisting of a rectangle on the left and a quarter-circle on the right.

Consider
schools that
go the extra
mile!

- Stronger GPA and standardized test score than the average student
- Quality activities not quantity
- Demographics
- Demonstrated interest
- Transcript rigor
- Essays & applications



FAFSA Facts!

- Most parents cannot remove themselves from the FAFSA!
- Do not include qualified retirement accounts, don't include your home!
- Divorced parents – parent providing financial support fills out the FAFSA
- Multiple kids don't impact need
- Revision- back to excluding farms and small business assets
- Don't include other sibling FAFSA amounts as an asset
- Can be used to demonstrate ability to pay

Need vs Merit – How do they compare

Need

Determined by FAFSA outcome and potentially the CSS profile

Grant or scholarship from the college

Re-evaluated every year

Nearly all schools address some level of need but the vast majority leave much of it uncovered

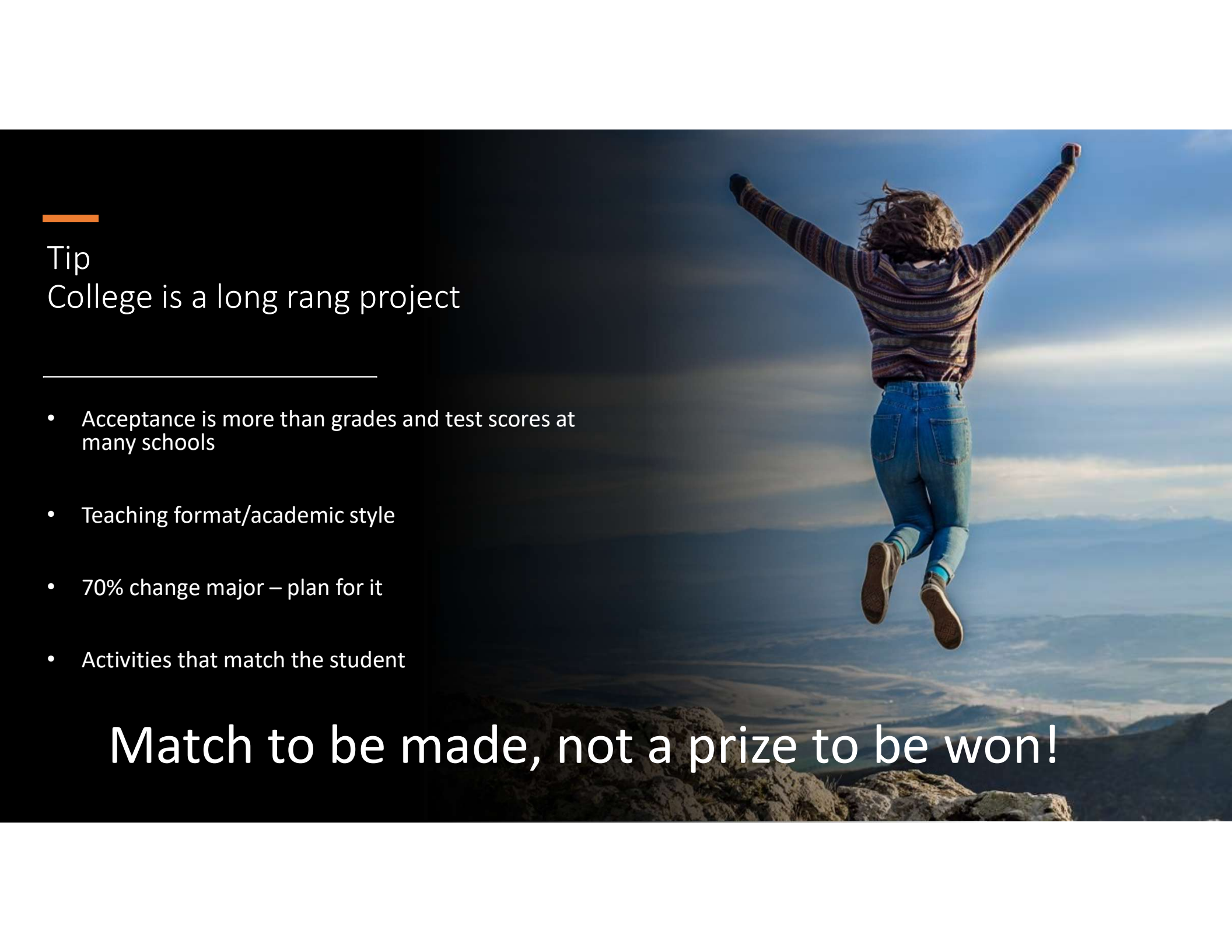
Merit

Based on aspects of the student the college deems most beneficial to them

Scholarship from the college

Typically last for the entire 4 years, ask if unclear

NOT ALL COLLEGES GIVE MERIT AID and it varies greatly school to school

A person with long hair, wearing a striped sweater and blue jeans, is jumping joyfully over a mountain ridge. Their arms are raised high in the air, and they are facing away from the camera. The background shows a vast, hazy landscape with mountains and a blue sky with some clouds. The overall mood is one of freedom and achievement.

Tip

College is a long rang project

- Acceptance is more than grades and test scores at many schools
- Teaching format/academic style
- 70% change major – plan for it
- Activities that match the student

Match to be made, not a prize to be won!



What we do!

College is an industry, like real estate, investing etc.

College Inside Track helps families navigate the college search & application landscape to assure students are choosing schools for fit.

Families can do it on their own, but often cost themselves thousands!

Free Family Consultation

- Value add for you to brand
- An hour of free advice for your clients
- Answer their questions around college search
- Share timing and pacing for great search
- Leave them with great ways to continue



Leverage college planning for your brand

- Operationally build us in for sophomore/ junior
- Recommend our Family Consultation
 - *hour of free advice
 - *share roadmap
- Dynamite client events
- Monthly advisor newsletter for you to use
- Request time to connect
 - *Partnerships
 - *Family Consultation

Services

Work with an individual consultant

List Creation and Evolution

Coach to increase acceptance/scholarships

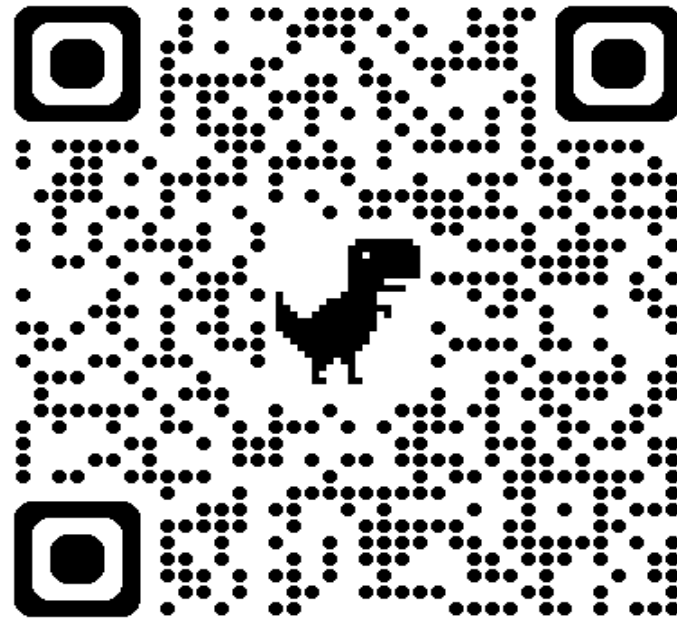
Application and Essay work

Financial Aid consulting

Decision Support

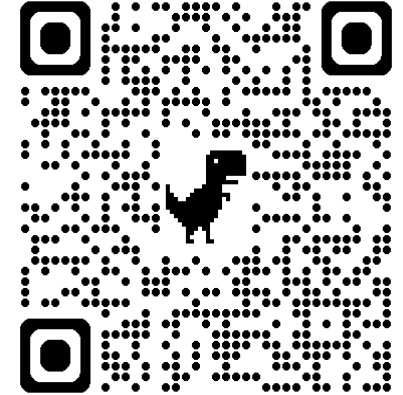
Use this code for:

- Advisor newsletter
- Copy of the deck
- Request time to connect around:
 - Partnership
 - Family Consultation





Questions?



Heidi King – Education/Partnership
College Inside Track
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hking@collegeinsidetrack.com