

New England Conservatory

2019-2020

Financing Your NEC Education

Table of Contents

A Message from the Associate Dean for Financial Aid	3
We're Here to Help	4
Contact Information	5
Introduction	5
Understanding Your Award	5
Types of Financial Assistance	7
Estimated Cost of Attendance	12
Qualifying Degree Requirement	13
Appealing Your Financial Aid Award	13
Aid Disbursement	14
Satisfactory Academic Progress	15
Reapplying for Financial Aid	16
Important Deadlines	17
Loan Repayment	17
Glossary	20

A Message from the Associate Dean for Financial Aid

Dear Students, Parents, and Families,

Welcome!

At New England Conservatory, we recognize that furthering one's education at the highest level is a multifaceted decision. The Financial Aid Office is committed to helping you balance a personal sense of belonging, educational and professional opportunities, and finances. We work to make NEC accessible to all students and believe that finances do not have to be a barrier with the right planning and knowledge.

To help you manage your educational and financial responsibilities, this guide covers such topics as

- the types of financial aid available to you
- what to do after you've received your financial aid letter
- how to remain eligible for your financial aid
- when your funds will disburse
- student loan terms and repayment

Please read both this guide and your award letter carefully. Do not hesitate to contact us for assistance. We welcome student questions and look forward to working with you over the course of your academic program at NEC.

Sincerely,

Lauren Urbanek
Associate Dean for Financial Aid

We're Here to Help

Office Hours

We are located in the Welcome Center at 33 Gainsborough Street. Office hours are Monday through Friday from 9:00 AM to 5:00 PM (and to 12:30 PM on most Fridays in the summer). Alternative hours are available by appointment.

Contact Information

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Introduction

Purpose

This guide accompanies your Financial Aid award letter. Upon accepting the awards on your award letter (see “The Award Letter”), you are not only agreeing to the award values indicated therein but also certifying that you have read and understand the information in this guide. We publish this guide to help you become familiar with NEC’s Financial Aid policies and procedures. In addition, this guide should help you plan for the financing of your NEC education.

Student Responsibilities

The Financial Aid Office is committed to making its services easily accessible to all students. We understand that the financial aid process can be complex and that students may require our guidance. It is important for you to understand your responsibilities as a financial aid recipient.

We use the term “financial aid” to refer to any scholarship, grant, loan, or campus-based student employment opportunity that helps pay for a student’s educational expenses.

We primarily communicate through emails and messages on the NEC Online Financial Aid System (“NetPartner”). It is your responsibility to read and act upon any correspondence that we send to you in a timely manner. Much of our correspondence is time-sensitive. It is your responsibility to notify the NEC Financial Aid Office of any changes to your mailing or permanent addresses. *All NEC students must check their @necmusic.edu email address regularly.*

You may forfeit all or a portion of your financial aid if you do not follow all instructions or respond to requests from the Financial Aid Office. NEC is not responsible for losses that occur due to negligence on your part.

Understanding Your Financial Aid Award

Your Award

Your NEC Financial Aid award (found as the “Award Details” tab in NetPartner) reflects the financial assistance that we are able to offer to you for the 2019-20 academic year. It may include a variety of funding from several sources, including scholarships, grants, loans, and part-time student employment.

To accept, reduce, or decline your awards, you must login to NetPartner, NEC’s Online Financial Aid System, and visit the “Accept Your Awards” tab.. If you are a new student, your login instructions were

emailed to you during the Admissions process. If you are a returning student, your login instructions accompanied information about the process of re-applying for (renewing) Financial Aid.

To reduce the amount of an award, overwrite the award amount with a smaller number. If you previously accepted an award but wish to reduce or decline it, email the Financial Aid Office at finaid@necmusic.edu to request an adjustment. Financial Aid award acceptances can *only* be done via NetPartner; verbal acceptances will not be processed. Please respond to your award letter *even if you wish to decline all of your awards*.

Eligibility

NEC Funding

The Financial Aid Office administers limited scholarship funds from the Conservatory. Eligibility for this funding is determined based on a student's talent/merit (e.g. audition and application) and financial need. Merit is primarily determined through the audition process, while financial need is based on the processed FAFSA and/or additional financial information provided during the application process.

Students who are U.S. citizens or permanent residents must complete the *Free Application for Federal Student Aid* (FAFSA) on fafsa.gov regardless of whether they believe their family will qualify for need-based support. All students seeking any type of financial aid must file the *NEC Application for Financial Aid and Scholarships* annually via NetPartner.

NEC funds are limited; not all applicants will receive NEC scholarships.

Federal and State Programs

The NEC Financial Aid Office awards need-based federal financial aid according to Title IV Federal Student Aid regulations. The Financial Aid Office uses the FAFSA as a tool to determine each student's eligibility for financial aid. All U.S. citizens and permanent residents must file the FAFSA in order to be considered for federal and state financial assistance (as well as for any kind of NEC funding). All students seeking *any* type of financial aid must file the *NEC Application for Financial Aid and Scholarships* annually via NetPartner.

Verification

The U.S. Department of Education typically selects one-tenth to one-third of NEC's federal aid applications for review in a process called "Verification." This process is intended to improve the accuracy of the information submitted on the FAFSA. Your FAFSA submission confirmation will indicate if you have been selected; you will also receive a message in NetPartner if you must complete Verification. If you are selected, the Financial Aid Office will require documentation from you that typically includes an IRS Income Tax Transcript for the student and (if the student is dependent) from his/her parent(s); copies or all 2017 W-2 information for the student and (if the student is dependent) from his/her parent(s); and a completed Verification Worksheet. Students who are admitted into a new program may be offered financial aid funds before the Verification process has been completed. *Financial Aid award offers are tentative until Verification has been completed*, so we encourage all those selected for

Verification to complete the process as soon as possible. Returning students will *not* receive a renewal financial aid package until Verification has been completed. *No* student selected for Verification will have any financial aid funds disbursed until Verification is complete.

Types of Financial Assistance

NEC Scholarships

NEC scholarships (including Presidential and Dean's scholarships, and named awards) are awarded to full-time students based on the student's talent/merit (e.g. audition and application) and financial need. Merit is primarily determined through the audition process, while financial need is based on the FAFSA and/or additional financial information provided during the application process. To be considered for this award, students must apply annually via NetPartner. In addition, students who are U.S. citizens or permanent residents must complete the *Free Application for Federal Student Aid* (FAFSA) on fafsa.gov. International students may be asked to supply additional financial information during the admission process.

From the Top Scholarships

As part of NEC's long-time partnership with the From the Top program, NEC offers funding to students who have performed on the program and have been admitted to NEC. From the Top alumni are then guaranteed NEC scholarship funds of at least \$7,500 per academic year. This funding is part of the student's overall scholarship from the Conservatory; there is not a separate fund name for From the Top scholars. Students enrolled in the Tufts/NEC 5-Year and Harvard/NEC 5-Year programs are ineligible for this funding.

Student Employment

The Federal Work-Study Program (FWS) provides part-time employment opportunities within New England Conservatory to eligible students to help pay for incidental expenses during the year. In order to be eligible for a FWS award, a student must demonstrate financial need, as determined by his or her FAFSA results.

Students who are ineligible for the Federal Work-Study program may still be employed on campus under the Student Aid program. Student employment funds do not appear as a credit on the student's tuition/fee bill. Rather, these funds must be earned; earnings will be paid directly to the student every other week via direct deposit. All students interested in participating in student employment programs must conduct their own job search and have a bank account into which student earnings can be direct-deposited. Additional information about student employment, including the job search process, is available online at necmusic.edu/student-employment.

Payment Plan

Tuition Management Systems (TMS) is a private company not affiliated with NEC that contracts with the Conservatory in order to offer students and families a monthly payment plan for paying direct educational costs (tuition, room, board, fees). This is not a loan program. There is an enrollment fee to participate. For more information on TMS, visit necmusic.afford.com, call the NEC Business Office at 617-585-1221, or call TMS at 800-722-4867.

Federal Pell Grant

The Federal Pell Grant is a need-based federal grant that does not have to be repaid. Eligibility is based on a student's Expected Family Contribution (EFC), which is calculated when the student's FAFSA is processed. Pell Grants are only awarded to undergraduate students who have not yet earned a bachelor's degree. To be considered for this grant, students must complete the FAFSA and *NEC Application for Financial Aid and Scholarships* annually.

Federal Supplemental Educational Opportunity Grant (SEOG)

SEOG is a need-based federal grant that does not have to be repaid. Recipients are selected in accordance with federal regulations, which require SEOG to be awarded to students with exceptional financial need, with priority given to Federal Pell Grant recipients. SEOG Grants are only awarded undergraduate students who have not yet earned a bachelor's degree. To be considered for this grant, students must complete the FAFSA and *NEC Application for Financial Aid and Scholarships* annually.

State Grants

State grants are issued by the state in which the student permanently resides. An estimate of the grant may appear on the student's award letter. However, the state agency will notify the student of actual award amounts, at which time adjustments to the student's financial aid award letter may need to be made. State Grants do not typically need to be repaid. To be considered for a state grant, students must complete the FAFSA annually no later than the state deadlines posted on fafsa.gov.

Federal Perkins Loan

Beginning with the 2017-18 academic year, NEC no longer participates in the Federal Perkins Loan program. Perkins Loan repayment typically begins nine months after the student drops below half-time enrollment (e.g. graduates, withdraws, goes "inactive," or takes a leave of absence). Students who have borrowed Perkins Loans from NEC can contact University Accounting Services (www.uaservice.com) for information about their accounts.

Federal Direct Stafford Loan

The Direct Stafford loan is a low-interest federal loan made to the student; the student is responsible for repayment. There are two types of Stafford loans: subsidized and unsubsidized. Subsidized Stafford

loans are available only to undergraduate students who demonstrate financial need. The federal government pays the interest on subsidized Stafford loans while the student is enrolled at least half-time. If a student does not demonstrate financial need, he/she will typically qualify for an unsubsidized loan. Unsubsidized Stafford loans accrue interest while the student is in school; the student may pay the interest periodically while in school or capitalize it and repay it along with the principal. Loan repayment begins six months after the student ceases to be enrolled at least half-time.

A student may not receive Direct Subsidized Loans for more than 150% of the published length of his/her academic program. For example, for students in NEC's BM program, the limit would be six years (4 years x 150%). Once the student reaches the limit, s/he may borrow only unsubsidized loans and interest begins to accrue on the student's subsidized loans as well.

Interest Rates and Fees

For 2018-19, the interest rate for subsidized and unsubsidized Stafford loans for undergraduate students was 5.05%. The interest rate for unsubsidized Stafford loans for graduate students was 6.6%. Rates are set annually by Congress and are based on the 91-day rate from the last Treasury auction in May. 2019-2020 rates will be published on the website studentaid.ed.gov around May 2019.

The federal government deducts fees from the gross loan amount before forwarding the balance to NEC; for up-to-date fee information, please visit <https://studentaid.ed.gov/sa/types/loans/interest-rates#fees>.

Application & Master Promissory Note

To apply for a Direct Stafford loan, all borrowers must complete a Direct Stafford loan Master Promissory Note (MPN). An MPN is a legal document in which the borrower promises to repay the loan, plus any accrued interest and fees, to the lender. The MPN also explains the terms and conditions of the loan.

To complete an MPN online

1. Go to studentloans.gov.
2. Login using your FSA ID. This is typically the same ID that you used to e-sign the FAFSA. If you forgotten or do not have an FSA ID, visit www.fsaidth.gov.
3. Select "Complete Loan Agreement for Subsidized/Unsubsidized Loan (MPN)."
4. Follow the steps to enter your personal and school information and references.
5. Read the terms and condition.
6. Review, electronically sign, and submit the MPN.

Entrance Counseling

All Direct Stafford loan borrowers must complete Entrance Counseling before loan funds can be sent to the school. To complete Entrance Counseling online:

1. Go to studentloans.gov.
2. Login using your FSA ID. This is typically the same ID that you used to e-sign the FAFSA. If you forgotten or do not have an FSA ID, visit www.fsaidth.gov.

3. Select “Complete Entrance Counseling”
4. When prompted to do so, choose New England Conservatory of Music as a recipient of the counseling results.
5. Review the information displayed and answer all required questions about repayment, default, and money management.

NEC will be notified when you have completed the counseling requirement.

Loan Limits

Annual Stafford loan limits are based on the student’s year in school, which is determined by the number of credits he or she has successfully completed. The government limits the amount of a student’s total Stafford loan funding that can be subsidized, as shown in the following chart:

Stafford Loan Limits

Year in School	Maximum Annual Loan Limit*	Maximum Amount of Annual Loan Limit That Can Be Subsidized
First Year Undergraduate	\$5,500	\$3,500
Second Year Undergraduate	\$6,500	\$4,500
Third/Fourth Year Undergraduate	\$7,500	\$5,500
Graduate	\$20,500	N/A

**Independent undergraduate students (and dependent students whose parents have been denied a PLUS loan) are also eligible to borrow additional unsubsidized Stafford loan funds. These loan amounts are capped at \$4,000 for first-year and sophomore students and \$5,000 for juniors and seniors. Independent students’ financial aid award letters will reflect these additional amounts. Parents who have been denied a PLUS loan should contact the Financial Aid Office for additional information.*

Repayment

Direct Loan repayment typically begins six months after the student drops below half-time enrollment (e.g. graduates, withdraws, goes “inactive,” or takes a leave of absence). (See “Repayment” chapter in this guide for more information.)

NSLDS Reporting

Borrowers are advised that student loan information will be submitted to the National Student Loan Data System (NSLDS), which is accessible to guaranty agencies, lenders, and schools determined to be authorized users by the Department of Education.

Federal Direct PLUS Loan

The Direct PLUS loan is a credit-based federal education loan available to graduate students and to the parents of dependent undergraduate students to help pay for the student’s educational costs.

Borrowers with no adverse credit history may apply for up to the cost of education (for one academic year at a time), less any other financial aid. We encourage PLUS loan borrowers to make loan requests based on their needs for a full academic year (rather than applying for one semester at a time).

Interest Rates

For 2018-2019, the interest rate for PLUS loans was 7.6%. Rates are set annually by Congress and are based on the 91-day rate from the last Treasury auction in May. Rates are set annually by Congress and are based on the 91-day rate from the last Treasury auction in May. 2019-2020 rates will be published on the website studentaid.ed.gov around May 2019. Interest begins to accrue on the date of the loan's first disbursement. Loan funds are disbursed directly to NEC.

The federal government deducts fees from the gross loan amount before forwarding the balance to NEC; for up-to-date fee information, please visit <https://studentaid.ed.gov/sa/types/loans/plus#fees>.

Application & Master Promissory Note

To apply for a Direct PLUS loan, all borrowers must complete a Direct PLUS Loan Master Promissory Note (MPN). An MPN is a legal document in which the borrower promises to repay the loan, plus any accrued interest and fees, to the lender. The MPN also explains the terms and conditions of the loan.

To complete an MPN online

1. Go to studentloans.gov.
2. Login using your FSA ID. This is typically the same ID that you used to e-sign the FAFSA. If you forgotten or do not have an FSA ID, visit www.fsaid.ed.gov.
3. Select "Complete Loan Agreement for a PLUS Loan (MPN)."
4. Follow the steps to enter your personal and school information and references.
5. Read the terms and condition.
6. Review, electronically sign, and submit the MPN.

Entrance Counseling

Direct PLUS loan borrowers must complete Entrance Counseling before loan funds can be sent to the school. To complete Entrance Counseling online:

1. Go to studentloans.gov.
2. Login using your FSA ID. This is typically the same ID that you used to e-sign the FAFSA. If you forgotten or do not have an FSA ID, visit www.fsaid.ed.gov.
3. Select "Complete PLUS Credit Counseling"
4. When prompted to do so, choose NEC as a recipient of the counseling results.
5. Review the information displayed and answer all required questions about repayment, default, and money management.

NEC will be notified when you have completed the counseling requirement.

Disbursement

For students enrolled for a full year, the Direct PLUS loan funds will be sent to NEC in two equal disbursements (typically, one at the start of each semester). NEC will first credit loan funds to the student's NEC account to pay for billable charges (tuition, fees, room, board, etc.). If the loan disbursement amount exceeds your charges, NEC will refund you the remaining balance of the disbursement.

Repayment

After disbursement, PLUS loan borrowers may contact their loan servicer to arrange repayment immediately (based on a standard 10 year repayment plan), pay interest only, or defer repayment until the student is no longer enrolled at least half time.

NSLDS Reporting

Borrowers are advised that student loan information will be submitted to the National Student Loan Data System (NSLDS), which is accessible to guaranty agencies, lenders, and schools determined to be authorized users by the Department of Education.

Private/Alternative Loan Programs

A variety of private/alternative loan options are available to undergraduate and graduate students and/or their families. Alternative loans are offered by private lenders and are usually credit-based. Borrowers should only use private loans as supplemental funding after having exhausted all other sources of financial aid.

The NEC Financial Aid Office's web page offers a list of private loan companies that have made loans to NEC students in the past. Students are welcome to borrow from other lenders programs as well. When researching your loan options, it is advisable to take into consideration the loans' interest rates as well as any origination, disbursement, and repayment fees. We are happy to answer questions or provide information as you work to identify the programs that best suit your family's needs.

Estimated Cost of Attendance (COA)

Each year, the New England Conservatory establishes student expense budgets based on the average cost of attendance for most students. The tuition and fees that we use are based each student's program and expected enrollment status. Room and board estimates are based on the cost of living in a Residence Hall double room. Other costs associated with attendance, including books and supplies, transportation, and personal expenses are based on historical averages.

2019-2020 Estimated Cost of Attendance (Budgets)

	BM, UD	MM, DMA	GD, AD
Tuition	\$49,580	\$49,580	\$48,340
Comprehensive Fee	\$880	\$880	\$880
Health Center Fee	\$560	\$560	\$560
Health Insurance ¹	\$2,151	\$2,584	\$2,584
Room & Board ²	\$15,900	\$15,900	\$15,900
Books & Supplies ²	\$500	\$500	\$500
Local Transportation ²	\$600	\$600	\$600
Personal Expenses ²	\$2,300	\$2,300	\$2,300
Total	\$72,471	\$72,904	\$71,664

¹2019-2020 health insurance costs, which were not available at the time of this printing, are estimated based on 2018-2019 undergraduate health insurance costs. Massachusetts law requires all students enrolled in Massachusetts colleges to have appropriate health insurance coverage. If you have appropriate health insurance coverage, you may receive a credit for this charge by filing a waiver with the NEC Business Office.

²Books and supplies, local transportation, and personal expenses are not directly billed on the student's tuition bill.

Adjustments to Estimated Cost of Attendance

The NEC Financial Aid Office urges students to manage their money wisely, taking care not to borrow more than is needed to cover educational costs. However, we recognize that occasional adjustments may need to be made to a student's estimated Cost of Attendance. Any student who wishes to make adjustments to his or her overall estimated Cost of Attendance must contact the Financial Aid Office for assistance. Students requesting COA increases may be asked to submit documentation of their costs (e.g. utility bills and/or lease agreement for COA increases based on housing costs).

Qualifying Degree Requirement

All students enrolling in NEC programs must provide proof of a qualifying degree by providing the Office of Admission with a final high school or college transcript with the degree posted (e.g. proof of receipt of a high school diploma or equivalent for applicants to our undergraduate programs). Students who fail to provide this documentation are not eligible for the disbursement of any financial assistance, including NEC funding. The Financial Aid Office will cancel financial aid awards for students who fail to provide a qualifying degree by the end of their first semester.

Appealing Your Financial Aid Award

NEC chooses to broadly distribute its scholarship resources to many students rather than concentrating awards on a few; this approach helps us support many young musicians while also ensuring a consistently strong student body. NEC also tries to make our best offer of financial assistance in the initial award. This is part of our effort to work in partnership with students and their families to make an NEC education accessible.

Therefore, requests for additional funding should be based on special circumstances of which the Financial Aid Committee might be unaware. Some examples of special circumstances include loss of income, medical bills, divorce, or the death of a parent. We do not consider the following to be special circumstances: home repairs, weddings, private school education, cost of living in the Boston area, exchange rates of foreign currencies, and major purchases, including instrument purchases.

Please note that NEC does not seek to match scholarship awards from other institutions; each school has different available resources, a different group of admitted students, and a different philosophy about how scholarship funding should be distributed.

New Student Appeals

To appeal, new students must complete NEC's web-based [Appeal Form](#) in its entirety. Results will be sent via email. Appeals must also include a specific additional dollar amount requested. If approved, increases typically range from \$1,000 to \$5,000. Appeals are reviewed frequently.

For your protection, please do not submit documentation which may include Social Security Numbers or other sensitive, identifying information to NEC at this time. If additional information is needed, we will contact you about sending necessary documents in a secure manner.

Returning Student Appeals

Returning students may file appeals as part of the financial aid renewal process by completing the "special circumstances" section within the web-based NEC Application for Financial Aid and Scholarships. Faculty letters and recommendations are not necessary for appeals; we will consult with faculty as needed.

For your protection, please do not submit documentation which may include Social Security Numbers or other sensitive, identifying information to NEC at this time. If additional information is needed, we will contact you about sending necessary documents in a secure manner.

Aid Disbursement

Federal Student Aid regulations mandate that all students cannot have their federal aid disbursed onto their student accounts until the first day of classes. Students are expected to plan accordingly. Students who borrow loan funds to cover living expenses will not receive refunds until three business days from the date that loans are posted onto their student account. Therefore, for planning purposes, students should not plan on getting a refund check until approximately the second week of classes.

When Can I Expect My Awards to Disburse?

If the student (and parent, where applicable) have completed all required paperwork to ensure a complete financial aid file (i.e. s/he has signed and returned award letter, completed all required promissory notes and entrance counseling) the student can refer to the chart below to determine approximately when funds will be posted to their account with the NEC Business Office. For students enrolled for both fall and spring semesters, all federal, state, and institutional funding must be disbursed in two equal disbursements, typically at the start of each semester.

Estimated Disbursement Schedule

Fund Type	Anticipated Disbursement Dates
NEC funding	First day of classes for both fall and spring terms
Federal grants	First day of classes for both fall and spring terms
Federal Stafford loan	First day of classes for both fall and spring terms
Federal PLUS loan	First day of classes for both fall and spring terms*
Work-Study	Not disbursed; paid directly to the student through campus payroll system
Private loans	Varies; largely depends on when student submits loan application and certification forms
State funding (grants and loans)	Varies; anticipated by November for fall term and March for spring term

*Note: Refunds from PLUS loans that are borrowed by a parent on a student's behalf will be made payable to both the student and the parent.

Satisfactory Academic Progress

To qualify for continued financial assistance, students are expected to make satisfactory academic progress, which NEC defines as the successful completion of at least 67% of all credit hours attempted over the course of the semester, as well as any promotional evaluation. Additionally, undergraduates must maintain a minimum cumulative GPA of 2.0; graduate students must maintain a minimum cumulative GPA of 3.0. Please refer to the *Academic Catalog* for NEC's full Probation, Suspension, and Satisfactory Academic Progress policies.

Academic Review Committee

Each semester, the Conservatory's Academic Review Committee, which is composed of faculty and staff, reviews student records and decides on appropriate action, including probation and/or suspension. For detailed information, refer to the *Academic Catalog*.

Academic Probation & Suspension

Students with two consecutive unsatisfactory records are ineligible for financial aid in subsequent semesters until the Academic Review Committee returns them to good academic standing.

Examples: *After earning an unsatisfactory academic record in Fall 2018, Jane Doe is placed on academic probation for the Spring 2019 semester. If she earns an unsatisfactory record in Spring 2018, she will be subject to suspension for the 2019-2020 academic year.*

- If Jane is suspended for the 2019-2020 academic year, she will be ineligible for financial aid during her suspension. She will also be ineligible to receive financial aid during the first semester that she returns to NEC. She must return to good academic standing before she can become eligible to receive financial aid in future semesters.
- If Jane is permitted to enroll for Fall 2019, she will not be eligible to receive financial aid during that semester. She must be returned to good academic standing before she can become eligible to receive financial aid in future semesters.

Reapplying for Financial Aid

All financial aid recipients must reapply for financial aid annually. Financial Aid applications for returning students are usually made available via NetPartner in February (and due in March) for aid to be awarded in the upcoming academic year.

Normally, financial aid awards will remain the same dollar amount for each student from year to year. However, changes in income, major, degree program, household size, family members' college enrollment, credit-load, etc. may affect a student's financial aid. To be eligible for renewal, students must meet NEC's academic standards, be registered, and reapply for financial aid on time with minimal changes to his/her financial situation.

Students who are returning from inactive status are included in the renewal policy, provided they have notified the Dean of Students of their return on time and have completed the financial aid application process on time. Current NEC students who are applying to another degree program (e.g. Bachelor's students who reapply for graduate programs) are subject to the deadlines and policies set for *new* students.

Financial Aid decisions will be made in accordance with the applicant’s strengths and financial need relative to the pool of new applicants. This policy includes current Master’s students applying for a second Master’s degree in another major.

Scholarship renewal in the case of program extension is not guaranteed and funds may be reduced.

Important Deadlines

April 1, 2019: 2019-2020 NEC Application for Financial Aid and Scholarships due from returning students via NetPartner

February 15, 2019: 2019-2020 FAFSA due from both new and returning students

Loan Repayment

Exit Counseling

Student loan borrowers must complete Exit Counseling upon dropping below half-time enrollment (e.g. graduating, withdrawing, going “inactive,” or taking a leave of absence). Direct Loan Exit Counseling can be completed online at www.studentloans.gov. Perkins Loan Exit Counseling can be completed on www.myloancounseling.com.

NEC reserves the right to withhold a student’s diploma or transcripts until a student has completed his/her Exit Counseling requirement.

Federal Loan Repayment Plans

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Eligibility and Other Information
Standard Repayment Plan	<ul style="list-style-type: none"> Subsidized and Unsubsidized Loans (Direct or FFEL) all PLUS loans all Consolidation Loans (Direct or FFEL) 	<ul style="list-style-type: none"> Payments are a fixed amount. Up to 10 years (up to 30 years for Consolidation Loans) 	<ul style="list-style-type: none"> All borrowers are eligible for this plan. You’ll pay less over time than under other plans.
Graduated Repayment Plan	<ul style="list-style-type: none"> Subsidized and Unsubsidized Loans (Direct or FFEL) 	<ul style="list-style-type: none"> Payments are lower at first and then increase, usually every two years. Up to 10 years (up to 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> All borrowers are eligible for this plan. You’ll pay more over time than under the 10-year Standard

	<ul style="list-style-type: none"> • all PLUS loans • all Consolidation Loans (Direct or FFEL) 		Plan.
Extended Repayment Plan	<ul style="list-style-type: none"> • Subsidized and Unsubsidized Loans (Direct or FFEL) • all PLUS loans • all Consolidation Loans (Direct or FFEL) 	<ul style="list-style-type: none"> • Payments may be fixed or graduated. • Up to 25 years. 	<ul style="list-style-type: none"> • If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. • If you're a FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. • Your monthly payments will be lower than under the 10-year Standard Plan or the Graduated Repayment Plan. • You'll pay more over time than under the 10-year Standard Plan.
Revised Pay As You Earn Repayment Plan (REPAYE)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include PLUS Loans (Direct or FFEL) made to parents 	<ul style="list-style-type: none"> • Your monthly payments will be 10 percent of discretionary income. • Payments are recalculated each year and are based on your updated income and family size. • If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years. 	<ul style="list-style-type: none"> • Any Direct Loan borrower with an eligible loan type may choose this plan. • Your monthly payment can be more than the 10-year Standard Plan amount. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking Public Service Loan Forgiveness (PSLF).
Pay As You Earn Repayment Plan (PAYE)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include PLUS Loans (Direct or FFEL) made to parents 	<ul style="list-style-type: none"> • Your maximum monthly payments will be 10 percent of discretionary income. • Payments are recalculated each year and are based on your updated income and family size. • If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years. 	<ul style="list-style-type: none"> • You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. • You must have a high debt relative to your income. • Your monthly payment will never be more than the 10-year Standard Plan amount. • You'll pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking Public Service Loan Forgiveness

			(PSLF).
Income-Based Repayment Plan (IBR)	<ul style="list-style-type: none"> Subsidized and Unsubsidized Loans (Direct or FFEL) all PLUS loans made to students Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS Loans made to parents 	<ul style="list-style-type: none"> Your monthly payments will be 10 or 15 percent of discretionary income. Payments are recalculated each year and are based on your updated income and family size. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years. You may have to pay income tax on any amount that is forgiven. 	<ul style="list-style-type: none"> You must have a high debt relative to your income. Your monthly payment will never be more than the 10-year Standard Plan amount. You'll pay more over time than under the 10-year Standard Plan. Good option for those seeking Public Service Loan Forgiveness (PSLF).
Income-Contingent Repayment Plan (ICR)	<ul style="list-style-type: none"> Direct Subsidized and Unsubsidized Loans Direct PLUS loans made to students Direct Consolidation Loans 	<ul style="list-style-type: none"> Your monthly payment will be the lesser of <ul style="list-style-type: none"> 20 percent of discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years. 	<ul style="list-style-type: none"> Any Direct Loan borrower with an eligible loan type may choose this plan. Your monthly payment can be more than the 10-year Standard Plan amount. You may have to pay income tax on the amount that is forgiven. Good option for those seeking Public Service Loan Forgiveness (PSLF). Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a Direct Consolidation Loan.
Income-Sensitive Repayment Plan	<ul style="list-style-type: none"> FFEL Subsidized and Unsubsidized Stafford Loans FFEL PLUS Loans FFEL Consolidation Loans 	<ul style="list-style-type: none"> Your monthly payment is based on annual income. Up to 15 years. 	<ul style="list-style-type: none"> You'll pay more over time than under the 10-year Standard Plan. The formula for determining the monthly payment amount can vary from lender to lender.

Up-to-date information about loan repayment published by the Department of Education can be found on studentaid.ed.gov.

Sample Stafford Loan Repayment Plan

The table below outlines a sample schedule for Federal Stafford loan borrowing under a standard repayment plan. The examples outlined here are based on a fixed interest rate of 6.8%, a standard 10-year repayment term, and a \$50 minimum monthly payment. Typically, manageable student loan payments can range from 5%-15% of income.

Sample Stafford Loan Repayment Schedule (Standard Repayment)

Loan Amount	Min. Monthly Payment Amount	Years in Repayment	Total Interest Paid	Total Amount Paid
\$2,500	\$50	4.9	\$319	\$2,819
\$5,000	\$53	10	\$1,333	\$6,333
\$10,000	\$106	10	\$2,665	\$12,665
\$12,500	\$132	10	\$3,331	\$15,831
\$15,000	\$158	10	\$3,998	\$18,998
\$20,000	\$211	10	\$5,330	\$25,330
\$35,000	\$369	10	\$9,328	\$44,328
\$50,000	\$528	10	\$13,326	\$63,326

Glossary

Accrued Interest: Interest that builds gradually on a loan. Each day, or after some other specified period of time has passed, interest is calculated on the unpaid principal balance and becomes accrued interest.

Capitalized Interest: Accrued interest that is added to a borrower’s outstanding principal. Subsequent interest accrues on the new total principal balance.

Cost of Attendance (COA): Generally, this includes the tuition and fees normally assessed a student, together with the institution’s estimate of the cost of room & board, books & supplies, a computer, and miscellaneous personal expenses. In addition, student loan fees, dependent care, and reasonable costs for a study abroad program may be included, when appropriate. Also referred to as “cost of education” or “budget.”

Default: The failure of a borrower to make installment payments when due, or to meet other terms of the promissory note or agreements with a lender, under circumstances where the U.S. Department of Education or the loan guarantor reasonably concludes that the borrower no longer intends to honor his or her obligation to repay a loan, provided that this failure persists for the most recent period of 270 consecutive days.

Deferment: A period of time during repayment in which the borrower, upon meeting certain conditions, is not required to make payments of loan principal.

Dependent Student: A student who does not qualify as an independent student and whose parental income and asset information is used in calculating the EFC.

Disbursement: The transfer of loan proceeds by individual check, master check, or electronic funds transfer (EFT) by a lender to a borrower or a school.

Expected Family Contribution (EFC): The amount a student and his or her family is expected to pay toward the student's cost of attendance, as calculated by a Congressionally-mandated formula known as Federal Methodology. The EFC is used to determine a student's eligibility for need-based student financial assistance programs.

Financial Aid: General term that describes any source of student assistance outside the student or the student's family. Funds awarded to a student to help meet postsecondary educational expenses. These funds are generally awarded on the basis of financial need and include scholarships, grants, loans, and employment.

Financial Aid Package: A financial aid award to a student comprised of a combination of forms of financial aid (loans, grants/scholarships, and employment).

Financial Need: The difference between a college's cost of attendance and the family's ability to pay (i.e. EFC). Ability to pay is represented by the EFC for federal need-based aid and for many state and institutional programs.

Forbearance: A period of time during which the borrower is permitted to temporarily cease making payments or reduce the amount of the payments. The borrower is liable for the interest that accrues on the loan during this period.

Free Application for Federal Student Aid (FAFSA): The financial aid application completed by the student (and the student's parents, if applicable), that collects household and financial information. The FAFSA is the foundation document for all federal need analysis computations and database matches performed for a student.

Grace Period: The period of time that begins when a borrower ceases to be enrolled at least half-time and ends when the repayment begins. During this period, loan principal need not be paid and interest does not generally accrue on subsidized loans.

Independent Student: A student who meets one or more of the following criteria: will be 24 years of age by December 31 of the award year; is a graduate or professional student; is married; is an orphan, in foster care, or a ward of the court, at any time when the student was 13 years of age or older; is an emancipated minor or is in legal guardianship, as determined by the court; is an unaccompanied youth who is homeless or who is at risk of homelessness and is self-supporting, as verified during the school year; is a veteran or is serving on active duty in the U.S. Armed Forces for purposes other than training; or has legal dependents other than a spouse.

Interest: The cost of borrowing money.

Interest Rate: The percentage of a sum of money charged to the borrower for its use. “Fixed” interest rates do not change for the life of the loan.

Insurance Fee: Also known as the Guarantee Fee, this is a fee charged to a borrower for a federal student loan. The originating lender deducts the fee from the loan and remits it to the guarantee agency.

Merit-based Aid: Financial aid awarded because of a student’s achievement/talent in a particular area, such as academics, music, etc.

Need-based Aid: Student assistance awarded because a student’s financial circumstances would not permit him/her to afford the cost of a college education.

Principal (of a loan): The actual amount borrowed.

Promissory Note: A legally-binding agreement which the borrower signs to obtain a loan, in which the borrower agrees to repay the loan, with interest, in periodic installments. Includes information about any grace period, deferment, or cancellation provisions and the student’s rights and responsibilities with respect to the loan.

Repayment Period: The period during which payments of principal and interest are required. Follows any applicable in-school or grace period and excludes any period of authorized deferment or forbearance.

Servicer: Private companies that many postsecondary institutions, lenders, guaranty agencies, and secondary markets contract with to handle student loan processing.

Subsidy: The money the federal government uses to help underwrite student aid programs; primarily refers to government payments to lenders of the in-school interest on Federal Stafford loans.