



Financing Your Executive MBA Education

Type of Funding	Amount \$	Interest Rates	Information
Federal Stafford Loans	\$20,500/academic year* \$41,000 for EMBA degree	6.8% **	Loan guarantee based upon meeting the Federal eligibility requirements only.
Federal Graduate PLUS Loans	May be able to borrow a package up to \$75,000 for EMBA degree	8.5% **	Loan guarantee based upon meeting the Federal eligibility requirements <u>and</u> passing a student credit check related to previous educational loans.
Private/Alternative Loans	May be able to borrow a package that includes total cost of tuition and some living expenses*	Varies based on individual's credit score	Loan guarantee and interest rate based on student credit rating. Interest/terms vary by lender.
Other	Varies	Varies based on program	Home Equity/2 nd Mortgage; 401K Loans; Savings Accounts/CDs; Selling Assets

*Loan origination fee deducted by most lenders before disbursement.

**Fixed rate until June 30, 2011.

Federal Stafford Loan Information

The U.S. Department of Education offers low-interest student loans, called Stafford Loans, on an academic year basis. A federal application is required to qualify and is free online. These loans are not based on a student's credit rating, but students are required to meet federal eligibility requirements which include:

- U.S. citizenship, U.S. National or U.S. Permanent Resident with a valid Social Security Number
- Compliance with Selective Service Registration if you are a male born on or after Jan. 1, 1960
- Half-time (or greater) enrollment in an eligible school/program (*the CU EMBA qualifies*)
- Satisfactory academic progress as set by the postsecondary institution
- Certify that you are not in default on a previous federal student loan or grant
- Federal student aid may not be granted if you've been convicted under federal or state law of selling or possessing illegal drugs.

EMBA students are eligible for a maximum of \$20,500 in Stafford Loans per academic year or \$41,000 during the EMBA program. You are not required to accept the maximum each year if you would like to borrow less.

If you would like to borrow more than \$20,500 per year, there are other private loans available through alternative lenders or you can choose the Federal Graduate PLUS Loan program. *Please note that private loans and Graduate PLUS Loans are subject to a student's credit rating to be guaranteed, unlike Stafford Loans which are guaranteed as long as you meet the eligibility requirements.*

The interest rate for Stafford Loans is set at 6.8% which was effective July 1, 2006. Stafford Loan interest rates are usually subject to change each academic year, based on Federal Reserve activity, and are confirmed each July 1st. However, the rate of 6.8% will be fixed from July 1, 2006 through June 30, 2011 (5 years). Stafford Loan rates will never exceed 8.25%.

For some Stafford Loan amounts, interest is deferred and only calculated when repayment begins. For other loan amounts interest accrues during enrollment, and interest payments can be deferred or paid while the student is in school. These 2 designations are known as "Subsidized" and "Unsubsidized." The \$20,500 per academic year will be divided into "Subsidized" and "Unsubsidized" loan funds through a federal formula calculated during the application process. Not all students will qualify for "Subsidized" funds and will receive their entire loan as "Unsubsidized."

Repayment of Stafford Loans begins 6 months after a student is no longer enrolled. This can be due to graduation or withdrawal from an educational program. The repayment period is 10 years, and many lenders offer repayment benefits such as interest rate reductions for on-time consecutive payments. Student loan interest payments may also be tax deductible according to IRS Education Tax Credit standards.

Federal Graduate Plus Loans

In addition to Stafford Loans, the U.S. Department of Education offers supplemental loans called Graduate PLUS. The Graduate PLUS Loan allows a student to borrow money at a competitive rate after completing the free federal application **and** passing a credit check related to their loan repayment history.

The interest rate for the Graduate PLUS program is higher than the Stafford Loan, but it is generally lower than the rate from a private bank or alternative loan. The current rate is 8.5% fixed for 5 years. Repayment terms on the Graduate PLUS Loans align with the Stafford Loan, and the consortium of lenders also offer repayment benefits. The Graduate PLUS Loan can supplement your Stafford Loan (up to approx. \$34,000 for the 2-year program) or it can be your only source of financial aid (up to approx. \$75,000 for the 2-year program).

Private/Alternative Loans

Many banks also offer private loans, or "alternative" education loans. Much like "shopping" for a car loan, credit card, or a home mortgage, there are many options.

All of the private lender's guidelines and application processes apply, and rates/terms/repayment (while competitive) will vary from lender to lender and will be determined based upon the student's credit rating. Most private loans do offer rates lower than traditional credit cards.

The University of Colorado recommends several alternative lenders including: Key Bank, US Bank, and Citibank. Again, this type of loan can act as your only form of aid or it can supplement one of the previously explained federal loan packages. There is an annual maximum of total loan funds that can be borrowed.

Other Types of Funding

Students often ask if there are any other avenues to fund their education.

- Employer Educational Programs
 - *Your employer may help sponsor your educational costs. Many employers sponsor up to \$5,250 on a calendar year to prevent tax implications to the employee, but if your EMBA is directly related to your job training, your employer may be able to sponsor 100% of the cost with no tax liability to you. Contact your employer for more information or visit the IRS link below.*
- Military Educational Programs
 - *Program such as the GI Bill may be used to help fund your Executive MBA. Check with your military branch or talk to the CU Office of Veteran's Affairs at 303-556-2630*
- Self-directed Scholarship Search
 - *Minority and professional or personal affiliations may have scholarship opportunities. Use the web to research various ties you may have and scholarships you may qualify for.*
- Home Equity Loans or Additional Mortgages*
 - *Interest on these loans may be low depending on market conditions and the interest may be tax deductible. They will require credit approval and are likely to have closing costs*
- 401K Loans*
 - *No credit check is required and the interest you pay goes back into your account. Typically you must pay this loan back within five years or it's considered taxable income subject to penalty and taxes. Also if you leave your current employer, the loan may come due in full immediately. Contact your 401K organization for more information.*
- Savings Accounts and CDs*
 - *May also be a good source but consider whether it's better to keep the interest coming in on these savings.*
- Selling Assets*
 - *Selling stocks, bonds or other investments could have broad implications. You may be earning more on assets than you would spend on a loan. Selling assets may also create tax liabilities. Also selling assets may add to your income this year, which could reduce the amount of aid you are eligible for the next year.*

**Information from College Invest at: <http://www.collegeinvest.com>*

University of Colorado Executive MBA Scholarships

Scholarships are available in limited amounts and are generally awarded to students who are self-funding and receive no financial support from their employer or who demonstrate a significant need during the financial aid application. *Need based scholarships* are determined after the start of Term 1. In addition, incoming students who are members of the Colorado Executive Development in Residence (CEDR), Center for Information Technology Innovation (CITI), the Denver Downtown Partnership, 50 for Colorado, or the Association for Corporate Growth (ACG) may be eligible for an *affiliation* scholarship. This type of scholarship is determined prior to Term 1.

Helpful Websites

U.S. Department of Education: Financial Aid
<http://www.ed.gov/finaid/landing.jhtml>

IRS – Educational Tax Credits
<http://www.irs.gov/pub/irs-pdf/p970.pdf>

For More Information Contact:

Joe Hogan
Executive Programs
303-623-1888
800-228-5778

joe.hogan@cudenver.edu

It is not recommended to apply for financial aid until after you have been admitted to the Executive MBA Program. Guidebooks explaining how to apply, in full detail, are available from the EMBA Office.