

# Meeting College Costs in 2007-08

This information is for students who completed an application, but who did not qualify for need-based financial aid. It explains the campus employment and student loan resources mentioned on the enclosed letter. If you have questions or concerns, we encourage you to get in touch with one of our counselors.

## Student Loans and Jobs

### CAMPUS JOB

Many term-time jobs are available through Princeton's student employment program. If you are interested in working, you can ask for help finding a position by visiting our office when you return to campus.

If you work about 8.5 hours per week, you should earn approximately \$2,670. Since the money is paid to you every two weeks, you can view your earnings as a means of paying for your books and personal expenses.

### PRINCETON STUDENT LOAN

The Princeton Student Loan (PSL) is funded and administered by the University with no application fee or administrative charge. The PSL carries a 7% interest rate that is charged annually. There is a \$5,500 annual limit, with 10 years to repay the loan after college. A PSL request form is enclosed. Return the form if you wish to borrow the PSL and receive credit on your student bill.

### FEDERAL STAFFORD LOAN

An alternative to the PSL is the unsubsidized Federal Stafford Loan. You may contact the aid office for information about how to initiate an application for this federally guaranteed loan.

The Stafford loan interest rate is currently 6.8%, charged during repayment. The current in-school interest rate for unsubsidized loans is also 6.8% and is charged annually. The borrowing limits are \$3,500 for freshmen, \$4,500 for sophomores, and \$5,500 for juniors and seniors, with a maximum of \$23,000 for five years of undergraduate study. You will begin repayment of principal and interest six months after you are no longer studying at least half time. Minimum payments are \$50 a month. The Stafford loan promissory note will contain specific information about repayment schedules and deferment options.

Some lenders may charge a 2% origination fee, which is subtracted from the amount of the loan. In addition, a 1% guarantee fee may be charged. When your payment arrives, your family will be charged for the difference between the credited amount and the actual amount received.

## The Student Budget

Princeton Student Budget for 2007-08:

	<i>Freshmen and Sophomores</i>	<i>Juniors and Seniors</i>
Tuition	\$33,000	\$33,000
Room	5,980	5,980
Board	5,000	6,500
Books and Personal Expenses	3,395	3,355
<b>Total Student Budget</b>	<b>\$47,375</b>	<b>\$48,835</b>

The student budget includes tuition, which is the same for all students, the standard room charge for University dormitories, and the board rate based on a full University meal plan for sophomores, or the average cost of an eating club for juniors and seniors. The personal allowance covers expenses such as books, supplies, and incidentals, as well as the residential college fee, class dues, and the student government fee, which are charged on your University bill. You should add an allowance for travel expenses if you live some distance from Princeton.

For students who are not covered under their family's medical insurance, Princeton offers a health plan at a cost of \$1,050. If you choose to enroll, add this fee to the student budget.

## Aid and Resource Worksheet

To derive an estimate of how much your parents will contribute towards your educational costs at Princeton, use the following worksheet. Make your best estimates of the aid you plan to accept and other available resources.

Princeton Budget	\$ _____
Student Loan	\$ _____
Campus Job	_____
Share of Student Assets (1)	_____
Summer Savings (2)	_____
Outside Scholarships (3)	_____
Other Resources	_____
<b>Total (subtract from Princeton budget)</b>	_____
Estimated Parental Share	\$ _____

### (1) STUDENT ASSETS

If you have savings or investments that you plan to use for college, it is a reasonable assumption that one-quarter of the total will be available to pay for educational costs each year. If you do not intend to use one quarter of your own assets, enter the approximate amount you do plan to contribute.

## (2) SUMMER SAVINGS

\$3,070 is the average summer expectation we use for 2007–08. It assumes you will work 40 hours per week for 13 weeks at a rate of \$7.40 an hour, and that 80% of your total earnings are saved for college expenses. Enter more or less based on your own anticipated summer job.

## (3) OUTSIDE SCHOLARSHIPS

Enter the amount of scholarships or grants you expect to receive from outside the University. In its June mailing, the Student Accounts Office provided a form on which you can report your outside scholarships for credit on the student bill.

## Options for Paying the University Bill

Two plans are available for paying University fees: once each semester and monthly (through a program called the Monthly Payment Plan). You can divide the estimated parental share from the worksheet above by either 2 or 12 to get an idea of the amount due the University through each of these payment options. Keep in mind the Monthly Payment Plan carries an 9.25% interest charge. If your parents are interested in paying monthly, they should complete the application that was mailed to them in June from the Student Accounts Office. You may also contact Student Accounts at (609) 258-6378

to request an application, or visit the Web at <http://web.princeton.edu/sites/treasurersoffice/landr>.

If these payment plans do not meet your family's needs, there are two parental loan programs you might find useful: the Princeton Parent Loan and Federal PLUS programs.

## PRINCETON PARENT LOAN PROGRAM

Your parents may want to take advantage of the opportunity to borrow through the Princeton Parent Loan (PPL) program to pay the University bill. Eligibility for the PPL is based on the ability to meet repayment terms. Unless there are special circumstances, there is a family income limit of approximately \$467,300. In 2007–08 it is estimated that the PPL variable rate will be about 6% and the fixed rate about 7%. There is no fee to apply, and a single application can be used to request more than one year of borrowing. Repayment of the principal begins immediately, and parents have up to 10 years following graduation to repay. If your parents are interested in the PPL, further information can be obtained by writing the Parent Loan Office, Princeton University, Box 35, Princeton, NJ 08543, or by calling (609) 258-6401. Information is also available on the Web at <http://web.princeton.edu/sites/treasurersoffice/landr>.

Families may take out a PPL to cover University charges (the total of tuition, room, and board) less scholarships and loans. However, since we don't encourage parents to borrow any more than is necessary, the estimated parental

share from the worksheet is the recommended figure to use. If your parents have already established an annual PPL amount and wish to increase or decrease future disbursements, they should contact the Parent Loan Office.

To get an idea of the repayment terms, refer to the sample repayment schedule to find the amount that is nearest to the anticipated borrowing level and read across to the monthly payment column.

### PPL Sample 13-Year Repayment Schedule

(using an estimated 6% annual interest rate)

<i>Total amount borrowed</i>	<i>Monthly payment</i>
\$10,000	\$86
\$20,000	\$173
\$40,000	\$345
\$60,000	\$518
\$80,000	\$690
\$100,000	\$863

## PLUS

Another borrowing option for parents is PLUS, a federally supported parent loan program available through local banks. Your parents may borrow up to the cost of attendance less financial aid received. The variable PLUS rate is currently 8.5%, and there is a federal origination fee of 3% charged by the lender. In addition, a 1% guarantee fee may be charged. Parents may call or write us for information about how to initiate a PLUS application.

## Summary

We have guided you through a series of steps to help you and your family organize your resources to meet Princeton's costs. As we have pointed out, the first step is for you to reduce your parents' share by contributing from loans, employment earnings, personal savings, external scholarships, and other sources.

After these resources have been considered, your parents will have to meet the remainder of the amount due Princeton. Your parents have two alternatives available for paying University charges within the academic year. In addition, there are two long-term loan programs: the Princeton Parent Loan program and PLUS. These options enable your parents to borrow to help pay their share of the student bill and are designed to reduce the monthly obligation by extending payments over a number of years. If you are interested in learning more about the alternatives we have described, or if you would like our guidance as you and your family construct an educational budget, please get in touch with us.

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## Undergraduate Financial Aid

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