

Is the FEL right for us?

Paying for education is an investment in a student's future. When grants, scholarships, and savings don't cover related costs, education loans – taken out by the student or a family member – can be a good choice when a smart career plan is in place and you keep costs low.

- ▶ Federal Direct student loans are the lowest-cost education loans and should be the first source of loan aid used to fund a student's education.
- ▶ After Federal Direct student loans, families can compare other top options – ACPE's state education loans, such as the Alaska Supplemental Education Loan (ASEL) and the FEL, and federal parent loans, to determine what is right for them.
- ▶ Private, for-profit lenders may also offer alternative education loans. Be wary of teaser interest rates that vary (meaning they change – and can go up significantly), interest that capitalizes (is added to the balance of the loan) frequently, and fees that may greatly increase borrowing costs.



Questions?

800.441.2962

907.465.2962

(in Juneau)

907.465-3143 TTY

ACPE@alaska.gov

Talk with one of
our Alaska-based
customer service
specialists



Lot, with ACPE for 14 years

*Famous Relation: Carlos Santana is a distant cousin
Collection: Stories about different cultures & food
Skill to take pride in: I speak fluent Spanish*

Pro Tip

When comparing different loans and lenders, know the different types of interest rates:

Fixed Interest – the rate remains the same for the life of the loan

Variable Interest – the rate varies as the market interest rates fluctuate, so your rate and payments may change over time. Beware – some have no cap on how high the interest rate can go!

Credit-Based Pricing – this interest rate is set based on your credit and may be fixed or variable

or **Maureen**



Maureen, with ACPE for 15 years

*Best way to start the day: 2 cups of coffee and a hug from my son
Transportation of choice: 2010 Dodge Ram pickup
Volunteer: cook & serve at Glory Hole homeless shelter*

Pro Tip

Sometimes, rather than taking out a loan in your name, you can help your student access funds by cosigning on a student loan.

If you're considering cosigning, make sure you understand what it means: If the borrower does not repay the loan, you will have to. Be sure you can afford to repay the loan and that you are willing to accept this responsibility.

acpe.alaska.gov

 /followacpe

7/2014

Alaska Family Education Loan

0% Origination Fee
6.82% APR



© John Hyde, ADF&G, Alaska Division of Tourism



**Alaska
Commission on
Postsecondary
Education**

Alaska Student
Loan Corporation

**#1 Alaska Borrower
Satisfaction
Rate***
acpe.alaska.gov

* 2013 Alaska Student Loan Survey

THE FAMILY EDUCATION LOAN (FEL) is a state education loan that allows you to help cover a family member's education costs. FELs are similar to federal parent PLUS loans but can cost less. A spouse, parent, step-parent, foster parent or grandparent can take out a FEL on behalf of the student.

Eligibility Basics

The borrower and student must

- ▶ Be Alaska residents
- ▶ Be U.S. citizens or eligible non-citizens, compliant with Selective Service requirements
- ▶ Be in good standing on any prior Alaska education loan
- ▶ Be current with any child support obligations.

The borrower must also

- ▶ Not have an adverse credit history, or have a credit-worthy cosigner (minimum credit score not required)

The student must also

- ▶ Be a spouse, child, step child, foster child, or grandchild of the borrower
- ▶ Attend an eligible postsecondary institution
- ▶ Enroll full time in a career/technical certificate or degree-seeking program of study
- ▶ Be a student in academic good standing, as defined by the institution you attend

The requirements of AS 14.43.750 also apply.

Why choose the Alaska Family Education Loan?

- ▶ As a state agency, it is ACPE's mission in law and commitment to serve Alaska residents with the lowest costs possible
- ▶ Low fixed interest rates and annual borrower benefits
- ▶ Excellent customer service: 24-hour account access and a team of Alaskans who care about you
- ▶ Loans are serviced by the Alaska Commission on Postsecondary Education

The Loan Application & Approval Process

- ▶ **Applying is both quick and easy:** complete the FEL application/ promissory note packet. You'll get funds faster if you apply online at acpe.alaska.gov, and you can even complete your credit check online. If you do not qualify due to the existence of adverse credit, you may add a credit-worthy cosigner while you're online. You may qualify without a credit history – you just cannot have adverse credit, such as records of delinquencies.
- ▶ If you pass the credit check, you will have an option to forward a signature request to the student. The student is also required to sign the FEL application prior to approval, but cannot access your credit information.
- ▶ If the application is approved, ACPE will send you a Loan Approval Disclosure (LAD) that you'll need to accept. It's fastest if you log back on to your acpe.alaska.gov account and electronically accept the loan.
- ▶ The loan funds will be sent to the school based on their scheduled disbursement dates, but no sooner than 10 days after you accept the LAD.

Be sure your student works with the school's financial aid office to ensure all school financial aid steps are completed.

Borrower Benefits

*Apply Now!
acpe.alaska.gov*

As your state higher education agency, ACPE's goal is to keep your costs as low as possible through annual cost reductions. Check out the current year's borrower benefits at **acpe.alaska.gov**.



FEL Costs & Benefits

2014-2015

Fixed Interest Rate	6.70% ¹ (6.82 APR) ²
Borrower Benefits ³	
Online auto-pay	-0.25%
Lowest Rate Equivalent	6.45%
Origination Fee	0% <i>New For 2014!</i>

¹ The rate is set by the Alaska Student Loan Corporation Board.

² APR = Annual Percentage Rate. The APR example assumes a principal loan amount of \$8,500, and a repayment term of 10 years, with repayment beginning immediately after the loan is fully disbursed. The APR does not include the effects of borrower benefits.

³ State loan (ASEL and FEL) Borrower Benefits are applied as credits or rate reductions to reduce the borrower-paid costs whenever the Alaska Student Loan Corporation has the capacity to do so. Benefits are variable, meaning that a new benefits package may be offered each program year. Delinquent or default borrowers may forfeit some or all benefits.

Loan Limits⁴

Program	Annual	Aggregate
Career Training (Vocational)	\$6,500	\$42,500
Undergraduate	\$8,500	\$42,500
Graduate	\$9,500	\$47,500
Combined		\$60,000

⁴ Loan amounts are prorated based on the term of attendance. For example, an undergraduate student attending for only one semester is eligible for half of the annual limit (\$4,250).

Disbursement and School Certification

Loan funds will be sent directly to the school's financial aid office, based on their scheduled disbursement dates.

Repayment

Repayment begins after the loan is fully disbursed – the first payment is scheduled within 60 days of final disbursement.