Student Loan Repayment

Health Sciences Financial Aid Office
May 17th, 2018
KNOW YOUR LOAN PORTFOLIO
FINDING YOUR LOANS

www.nslds.ed.gov

Financial Aid Office
# NSLDS Report

## Loans

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1: FFEL CONSOLIDATED</td>
<td>$6,432</td>
<td>07/08/2005</td>
<td>$6,432</td>
<td>$0</td>
<td>$4,038</td>
<td>$3</td>
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<tr>
<td>2: FFEL CONSOLIDATED</td>
<td>$16,422</td>
<td>07/08/2005</td>
<td>$16,422</td>
<td>$0</td>
<td>$10,308</td>
<td>$8</td>
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<tr>
<td>3: STAFFORD UNSUBSIDIZED</td>
<td>$272</td>
<td>11/10/2004</td>
<td>$272</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>4: STAFFORD SUBSIDIZED</td>
<td>$2,610</td>
<td>10/22/2004</td>
<td>$2,610</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>5: STAFFORD SUBSIDIZED</td>
<td>$7,576</td>
<td>08/12/2004</td>
<td>$7,095</td>
<td>$481</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>6: STAFFORD SUBSIDIZED</td>
<td>$6,000</td>
<td>07/21/2004</td>
<td>$6,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7: FEDERAL PERKINS</td>
<td>$4,000</td>
<td>08/25/2003</td>
<td>$4,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>8: STAFFORD SUBSIDIZED</td>
<td>$8,500</td>
<td>08/18/2003</td>
<td>$8,500</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total FFEL CONSOLIDATED</strong></td>
<td></td>
<td></td>
<td><strong>$14,346</strong></td>
<td><strong>$11</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total STAFFORD UNSUBSIDIZED</strong></td>
<td></td>
<td></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total STAFFORD SUBSIDIZED</strong></td>
<td></td>
<td></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
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<tr>
<td><strong>Total FEDERAL PERKINS</strong></td>
<td></td>
<td></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total All Loans</strong></td>
<td></td>
<td></td>
<td><strong>$14,346</strong></td>
<td><strong>$11</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**KNOWING YOUR SERVICER**

<table>
<thead>
<tr>
<th>Loan Servicer</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>CornerStone</td>
<td>1-800-663-1662</td>
</tr>
<tr>
<td>FedLoan Servicing (PHEAA)</td>
<td>1-800-699-2908</td>
</tr>
<tr>
<td>Granite State – GSMR</td>
<td>1-888-556-0022</td>
</tr>
<tr>
<td>Great Lakes Educational Loan Services, Inc</td>
<td>1-800-236-4300</td>
</tr>
<tr>
<td>HESC/Edfinancial</td>
<td>1-855-337-6884</td>
</tr>
<tr>
<td>MOHELA</td>
<td>1-888-866-4352</td>
</tr>
<tr>
<td>Navient</td>
<td>1-800-722-1300</td>
</tr>
<tr>
<td>Nelnet</td>
<td>1-888-486-4722</td>
</tr>
<tr>
<td>OSLA Servicing</td>
<td>1-866-264-9762</td>
</tr>
</tbody>
</table>

***For University, Perkins, or HPSL loans contact ECSI at 888-549-3274***
<table>
<thead>
<tr>
<th>ACADEMIC YEAR</th>
<th>FEDERAL UNSUBSIDIZED</th>
<th>FEDERAL GRAD PLUS</th>
<th>PERKINS, HPSL, UNIVERSITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 - 2018</td>
<td>6.00%</td>
<td>7.00%</td>
<td>5%</td>
</tr>
<tr>
<td>2016 - 2017</td>
<td>5.31%</td>
<td>6.31%</td>
<td>5%</td>
</tr>
<tr>
<td>2015 - 2016</td>
<td>5.84%</td>
<td>6.84%</td>
<td>5%</td>
</tr>
<tr>
<td>2014 - 2015</td>
<td>6.21%</td>
<td>7.21%</td>
<td>5%</td>
</tr>
</tbody>
</table>
REPAYMENT STRATEGY

Prioritize repayment efforts – pay the most expensive debt FIRST
CAPITALIZATION

Addition of unpaid interest to the principal

$160,000

$22,670

Principal + Interest = Larger Principal

$182,670
REPAYMENT STRATEGY

Pay the interest on unsubsidized loans PRIOR to capitalization if possible
HOW TO POSTPONE PAYMENTS
GRACE PERIOD

- A period after graduation when payments are not required

- Automatically granted on unsubsidized loans and graduate PLUS Loans

- Interest accrues while in school

- Unsub and grad PLUS loans – 6 month period

- Perkins Loan & Pharmacy University Loan – 9 month period
  - No interest or payments on these loans during grace period
FORBEARANCE

- A period when payments are not required
- Must request from the lender/servicer
- Interest accrues on loans
- Two types
  - General/Discretionary (financial difficulties, medical expenses, reduction in income)
  - Mandatory (AmeriCorps, National Guard, Student Loan Burden, among others)
REPAYMENT PLANS
REPAYMENT PLANS

TRADITIONAL

Determines the payment amount and interest cost

INCOME DRIVEN
TRADITIONAL PLANS

- STANDARD
- EXTENDED
- GRADUATED
STANDARD PLAN

• The same monthly payment throughout repayment
• 10 year repayment period
• Automatically selected if you don’t choose another plan

Advantages: Typically yields the lowest overall loan cost

Considerations: Higher payment may be more difficult to manage if starting income is low

Best Option For: Borrowers whose primary goal is to minimize the repayment time period and the total interest cost of their loan debt
EXTENDED PLAN

• Allows up to 25-year repayment term
• Low monthly payment
• Total loans must be more than $30,000

Advantages
- Provides a lower monthly payment for the entire repayment term

Considerations
- Higher overall interest costs

Best Option For
- Borrowers who need long-term relief
GRADUATED PLAN

- Monthly payment adjusted at one or more predefined intervals
- Payment must cover accruing interest
- Payments start out low and increase every 2 years

Advantages
- Low initial monthly payment; predictable payment increases

Considerations
- Higher interest costs

Best Option For
- Borrowers seeking short-term repayment relief from high loan payments but expect an increase in their income in the next few years
INCOME DRIVEN PLANS

Monthly payments determined based on your annual income
INCOME DRIVEN PLANS

**Income** – Adjusted Gross Income Reported on your Tax Return

“**Protected**” Income – Income protected for paying your most basic living expenses, based on the poverty guideline for your family size.

“**Discretionary**” Income – The remainder of your income that is not “protected” income

“**Affordable**” Payments – A defined percentage of your discretionary income.
PARTIAL FINANCIAL HARDSHIP

The PFH test for entering IBR or PAYE:

Is your Standard monthly payment
(the 10-year monthly payment amount determined when entering the plan)
greater than

the monthly payment in IBR or PAYE
(whichever plan you are applying for)

If “yes,” you have a PFH.

For example ...
If you compare the monthly payments for a borrower with $183,000 of federal student loans, and a PGY-1 salary of $53,300* ...

- the Standard monthly payment would be $2,370
- the IBR monthly payment would be $440
- the PAYE monthly payment would be $300

... you will see that the borrower has a PFH and meets the requirement to qualify for IBR or PAYE since their Standard monthly payment would be greater than their payment under IBR or PAYE.
## INCOME-DRIVEN PLANS COMPARED

<table>
<thead>
<tr>
<th></th>
<th>PAYE (PAY AS YOU EARN)</th>
<th>IBR INCOME-BASED REPAYMENT</th>
<th>ICR INCOME-CONTINGENT REPAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WHO Qualifies?</strong></td>
<td>Eligibility depends on when you received your loans and your debt-to-income ratio</td>
<td>Eligibility depends on when you received your loans and your debt-to-income ratio</td>
<td>No initial income eligibility requirement</td>
</tr>
<tr>
<td><strong>Payments Generally Equal To:</strong></td>
<td>10% of your discretionary income**</td>
<td>10% of your discretionary income**</td>
<td>15% of your discretionary income**</td>
</tr>
<tr>
<td><strong>Forgives Any Remaining Balance After:</strong></td>
<td>20 Years of qualifying repayment</td>
<td>20 Years of qualifying repayment</td>
<td>25 Years of qualifying repayment</td>
</tr>
</tbody>
</table>

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* You are considered a new borrower if you have no outstanding balance on Direct Loan or Federal Family Education Loan (FFEL) program loan when you receive a Direct Loan or FFEL Program loan on or after the specified date.

** Payments will never be more than the 10-year Standard Repayment Plan amount.

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Federal Student Aid

An Office of the U.S. Department of Education

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WHAT PLAN IS RIGHT FOR YOU

Different individuals have different priorities

You may want to:

✓ Lower your monthly payments for a few years while you get your career on track

✓ Postpone payments temporarily while you are paying for relocation expenses after graduation

✓ Repay your loans as quickly and cheaply as possible

✓ Tie your monthly payments to your income so that you can take a lower paying but personally rewarding job
REPAYMENT FACT

The lower the monthly payment, the higher the total interest cost
Studentloans.gov

Find out your student loan repayment options here

Undergraduate Students

Graduate/Professional Students

Managing Repayment

Direct Consolidation Loans
Income-Driven Repayment
Repayment Estimator
Repaying Your Loans
Repayment Plans & Calculators
Trouble Making Payments?
Loan Discharge
Public Service Loan Forgiveness
Teacher Loan Forgiveness
Loan Servicers

Contact Us

FAQs

Log In

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English | Español

Create a verified FSA ID.

Forgot your FSA ID, Check your Studentloans.gov

assistance, call: 800-557-7394.
REPAYMENT STRATEGY

To reduce the cost of student loans – make extra payments
CONSOLIDATION

• When a new loan pays off existing loans and carries new terms

• Interest rate becomes fixed (Uses weighted average)

• Combines payments to multiple lenders/servicers into one payment

• Can possibly lower your overall interest rate from multiple loans over your academic career
LOAN FORGIVENESS

- Public Service Loan Forgiveness
  - Eligible loans
  - Qualifying payments
  - Qualifying work
PUBLIC SERVICE LOAN FORGIVENESS

Eligible Loans

- Federal Direct Subsidized and Unsubsidized Stafford
- Federal Direct Consolidation
- Federal Direct Grad PLUS
- Federal Perkins
PUBLIC SERVICE LOAN FORGIVENESS

**Qualifying Payments**

120 payments to Direct Loans made under

- Income-Driven Plans (ICR, IBR, PAYE, REPAYE)
- Standard 10-year Repayment

While simultaneously working in public service
Qualifying work: Full-time (30+hours/week)

- Non-profit, tax exempt, 501(c)(3) organization*

- Federal, state, local or tribal government

- Military Service

- Private organization providing public service

*Includes most medical schools and teaching hospitals
PRIVATE LOANS

- Typically unsubsidized for life of the loan
- A grace period and/or forbearance may be available
- Cannot be included in income driven plans or PSLF
- Be cautious when consolidating private loans
- Check with your private lender
YOUR CREDIT SCORE

What?
- An indicator of the creditworthiness of an individual
- Numerical value that represents the probability of a person to repay their debt
- FICO score ranging from a low of 300 to a high of 850

How?
- Better loan offers
- Lower interest rates on credit cards
- Faster credit approval
- Increased leasing and rental options
- Reduced security deposits
- Reduced premiums on auto, home and renter’s insurance

Why?
KEEP AN EYE ON YOUR CREDIT REPORT

• Late payments, going over credit limits, and having too many open accounts will lower your credit score
• Protect yourself from mistakes and identity theft
• Review each of your credit reports annually

Free Credit Report

www.annualcreditreport.com
STUDENT LOANS AND TAXES

**Student Loan Interest**
**Tax deduction**

Deductible up to $2500 annually
Amount can change based upon income and marital status

**Lifetime Learning**
**Tax credit**

A maximum of $2000 in tax credits for qualifying educational expenses
Reduces the amount of taxes owed

www.irs.gov - IRS Publication 970
Tax Benefits for Higher Education
DELINQUENCY & DEFAULT

- Call your lender as soon as you know you might be in trouble
- Federal Student Loans **DO NOT** qualify for bankruptcy
- Federal Student Loans are forgiven only in the case of death or permanent disability

Always stay in touch with your lender, loan servicer, or collection agency
QUESTIONS?
CONGRATULATIONS
CLASS OF 2018!