AGENDA

- Your Federal Loan Portfolio
- Repayment Plans
- After Graduation
- Other Considerations
- Questions & Answers
Your Student Loan Portfolio

Financial Aid & Scholarships
UNIVERSITY OF COLORADO ANSCHUTZ MEDICAL CAMPUS

Anschutz
STUDENT LOANS vs. OTHER LOANS

Federal student loans are unlike any other type of debt (car, mortgage, credit cards).

They offer flexible repayment terms and conditions, such as a variety of repayment plans, deferment, forbearance and forgiveness.
MASTER PROMISSORY NOTE (MPN)

- Legally-binding contract (promise to pay)
- Multi-Loan Feature
- Terms & Conditions
- Rights & Responsibilities
YOUR RIGHTS

- Prepay loan without penalty
- Request a shorter repayment schedule
- Change repayment plans
- Request deferment or forbearance
YOUR RESPONSIBILITIES

支付账单，无论是否有账单
更新您的联系信息
完成退出咨询
- 我们会发送电子邮件提醒
- 机构贷款：ECSI

If I do not make a payment on a loan made under this MPN when it is due, I will also pay reasonable collection costs, including but not limited to attorney fees, court costs, and other fees.
LENDER vs SERVICER
Where Do I Find My Loan Information?

studentaid.gov/
Your Dashboard

- **MY AID**
  - Loan: $125,000
  - Total Balance

- **UPCOMING PAYMENTS**
  - Dept: ED/FEDLOAN
  - Servicing (PHEAA)
  - Due Date: 11/20/2020
  - Pay on Servicer Website

- **MY CHECKLISTS**
  - I’m Preparing for School
  - I’m in School
  - I’m in Repayment
  - I’m a Parent

- **Estimate monthly payments and compare loan repayment plans**
  - Loan Simulator

- **Decide whether a Direct Consolidation Loan is right for you**
  - Loan Consolidation

- **Use the Public Service Loan Forgiveness (PSLF) Help Tool**
# INTEREST RATES & GRACE PERIOD

<table>
<thead>
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</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>5.31%</td>
<td>6%</td>
<td>6.6%</td>
<td>6.08%</td>
<td>6</td>
</tr>
<tr>
<td>Grad PLUS</td>
<td>6.31%</td>
<td>7%</td>
<td>7.6%</td>
<td>7/08%</td>
<td>6*</td>
</tr>
</tbody>
</table>

*Grad PLUS: Post Enrollment Deferment

- Fixed interest rates for life of the loan. Rate reduction does not impact prior year’s rate
- Loans previously in repayment have no grace period--these loans enter repayment **immediately** upon graduation.
CAPITALIZATION

Addition of unpaid interest to principal loan balance

**Principal**
$100,000

**Interest**
(3 yrs @ 5.31%)
$29,104

**Larger Principal**
(@ Repayment)
$129,104
YOUR ASSIGNMENT

Call your Servicer and ask,

“What is your capitalization policy for the Direct & PLUS loans?”

Obtain exact dates.
Consequences:

✦ Entire loan may become due & payable immediately.
✦ Deferment, forbearance, loan forgiveness forfeited
✦ Assigned to collections and charged fees
✦ Credit bureaus notified resulting in negative credit history
✦ Garnished wages and tax refunds
✦ Unable to renew professional license

Avoid by:

✦ Knowing the details of your loan debt
✦ Set up auto-pay
✦ Contact loan servicer BEFORE your payment is late
DISCHARGE

- Death or Total/Permanent Disability
- Bankruptcy (rare)
- Identify Theft
- Certain Public Service Professions
CONSOLIDATION

Reasons:
- Reduce # of Servicers
- Qualify for IBR or PAYE
- Qualify for PSLF

Consequences:
- New loan
- New terms & conditions
- Increased Interest Cost
  - Longer term: up to 30 years
- Negative Effect:
  - Loss of subsidies, grace, deferment, cancellation & forgiveness
DEFERMENT

- A period during which repayment of the principal and interest of your loan is temporarily delayed. You do not need to make payments while in deferment.
- Interest may not accrue on Subsidized Direct & Perkins loans, but continue to accrue on Unsubsidized Direct and Grad PLUS Loans.
If you can’t make your scheduled loan payments, but don’t qualify for a deferment, your loan servicer may be able to grant you a forbearance.

You may be able to stop making payments or reduce your monthly payment for up to 12 months. Interest will continue to accrue on your loans.
REPAYMENT PLANS
THINGS TO CONSIDER

**LIFE:**
- Family Obligations
- Financial Goals
- Career Goals

**STUDENT LOANS:**
- Monthly Payment Amount
- Interest Cost
- Potential Forgiveness
TRADITIONAL PLANS

- **Standard:** 10 years
  - Highest monthly payment—pay off debt quicker
  - Lowest overall interest payments
- **Graduated:** 10 years
  - More expensive than Standard
  - Payment: adjusts every two years
- **Extended:** up to 25 years
  - Lowest monthly payment
  - Most expensive interest
## INCOME DRIVEN PLANS

<table>
<thead>
<tr>
<th>Program</th>
<th>AKA:</th>
<th>% of Discretionary Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Contingent</td>
<td>ICR</td>
<td>20</td>
</tr>
<tr>
<td>Income-Based</td>
<td>IBR</td>
<td>15</td>
</tr>
<tr>
<td>Pay As You Earn</td>
<td>PAYE</td>
<td>10</td>
</tr>
<tr>
<td>Revised PAYE</td>
<td>REPAYE</td>
<td>10</td>
</tr>
</tbody>
</table>

- Payment is recalculated annually using updated income & household size.
- These are “safety net” options, or for PSLF.
What is Discretionary Income?

For Income-Based Repayment, Pay As You Earn, and loan rehabilitation, discretionary income is the difference between your annual income and 150 percent of the poverty guideline for your family size and state of residence.

For Income-Contingent Repayment, discretionary income is the difference between your annual income and 100 percent of the poverty guideline for your family size and state of residence.

The poverty guidelines are maintained by the U.S. Department of Health and Human Services and are available at aspe.hhs.gov/poverty-guidelines.
IBR & PAYE ADDITIONAL CRITERIA

- Demonstrate Partial Financial Hardship (PFH)
- Must submit documentation annually to continue in the plan
- Max monthly payment is the Standard Plan amount

Any loan amount forgiven may be taxable

IBRInfo.org
StudentAid.gov
MORE PAYE CRITERIA

- **No outstanding loans** on October 1, 2007 (or paid-off all outstanding loans before receiving a new loan on or after 10/1/2007);
- **Received a Direct Loan disbursement** on or after 10/1/2011.
REPAYE CRITERIA

- Unlike PAYE, any Direct Loan borrower can elect this plan.
- Calculates 10% of monthly discretionary income
- Your monthly payment can be larger than the Standard repayment amount.

Any loan amount forgiven may be taxable
SAMPLE REPAYMENTS

- Borrowed $100,000
- Interest rate 6.8%
- Annual income $60,000
- One in household

<table>
<thead>
<tr>
<th>Repayment</th>
<th>Monthly Amt $</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAYE</td>
<td>351.50</td>
</tr>
<tr>
<td>REPAYE</td>
<td>351.50</td>
</tr>
<tr>
<td>IBR</td>
<td>527.25</td>
</tr>
<tr>
<td>ICR</td>
<td>802.00</td>
</tr>
<tr>
<td>Standard</td>
<td>1150.80</td>
</tr>
</tbody>
</table>
GOOD & BAD

Good:
- Lower monthly payments
- Eligible payments toward PSLF
- Temporary solution to at least pay something

Bad:
- Annual paperwork for income and household size
- Longer repayment term = much higher interest cost
### Time period changes.

<table>
<thead>
<tr>
<th>Balance:</th>
<th>Loan</th>
<th>Interest Rate</th>
<th>Term:</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100,000.00</td>
<td>6.80%</td>
<td>6.80%</td>
<td>6.80%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Term:</th>
<th>5 years</th>
<th>10 years</th>
<th>25 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Loan Payment:</td>
<td>$1,970.70</td>
<td>$1,150.80</td>
<td>$694.07</td>
</tr>
</tbody>
</table>

### Monthly payments reduced.

- **5 years**: $1,970.70
- **10 years**: $1,150.80
- **25 years**: $694.07

### Overall interest paid.

| Total Interest Paid: | $18,241.82 | $38,096.57 | $108,222.66 |
OTHER REPAYMENT OPTIONS
PUBLIC SERVICE LOAN FORGIVENESS (PSLF)

- Make 120 Qualifying Monthly Payments

StudentAid.gov > Manage Loans
PSLF – Direct Loans Only

- Make 120 Qualifying Monthly Payments
- Direct Loan only

StudentAid.gov > Manage Loans
PSLF – Qualifying Repayment Plan

- Make 120 Qualifying Monthly Payments
- Direct Loan only
- Qualifying Repayment Plan
PSLF – Qualifying Employer

- A federal, state, local, or Tribal government organization, agency, or entity (includes most public schools, colleges and universities);
- A public child or family service agency;
- A non-profit organization under section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code (includes most not-for-profit private schools, colleges, and universities);
- A Tribal college or university; or
- A private non-profit organization (that is not a labor union or a partisan political organization) that provides a specific public service as its primary purpose.
PSLF – Qualifying Employer (cont.)

- Check with your employer regarding their classification
- Contact FedLoan Servicing [myfedloan.org/](https://myfedloan.org/)
- Below are more ways to locate a qualified employer

<table>
<thead>
<tr>
<th>Category</th>
<th>Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td><a href="https://www.usa.gov/agencies">https://www.usa.gov/agencies</a></td>
</tr>
<tr>
<td>Tribal College/University</td>
<td><a href="https://nces.ed.gov/globallocator/">https://nces.ed.gov/globallocator/</a></td>
</tr>
<tr>
<td>Non-Profit 501(c)(3)</td>
<td><a href="https://apps.irs.gov/app/eos/">https://apps.irs.gov/app/eos/</a></td>
</tr>
</tbody>
</table>
OTHER LOAN REPAYMENT PROGRAMS

• Indian Health Service – ihs.gov
• National Health Service Corps – nhsc.hrsa.gov
• National Institutes of Health – nih.gov
• US Armed Forces
• Local & State Programs
AFTER GRADUATION
GRACE PERIOD BEGINS

- After graduation until entering repayment
  - Subsidized loans are still interest-free
  - Unsubsidized & PLUS loans continue to accrue interest
- Update your contact information with Servicer
- Organize finances & determine the best repayment plan for you.
- Secure employment before repayment begins.
- During 4th month of grace apply for consolidation for PSLF.
- Active duty during grace period—work with your Servicer.

Don’t waste this valuable time!
REPAYMENT NOTIFICATION

- Sent by your Servicer 60-90 days before 1st payment due
- Obtain online account access
- Review repayment plans carefully
- Submit all requested documents promptly
- Return information no later than 30 days before due date
INTEREST-ONLY PAYMENTS

- During grace period
- Prior to capitalization
FINANCIAL PLANNING

- Include spouse/partner in discussions
- Establish monthly budget
  - Mint.com
  - Review regularly & adjust as needed
  - Establish emergency fund (3-6 months of expenses)
FINANCIAL PLANNING (cont.)

- List all of your debts
  - Prioritize & pay most expensive debt first
    - Debt Stacking: primerica.com/public/debt-stacking.html
    - Self-directed debt elimination plan: powerpay.org
- Seek a professional if needed.
  - XY Planning Network: xyplanningnetwork.com/
  - National Assn. of Personal Financial Advisors: napfa.org
PAY OFF DEBT WISELY

1. Variable interest
2. Credit card 19%
3. Grad PLUS 7.9%
4. Direct Loan 6.8%
5. Institutional Loan 5% (Perkins)
6. Auto Loan 4.2%

REMEMBER!
Pay higher interest rate loans first.

Review variable rates frequently and adjust payments as necessary.
MAKE ADDITIONAL PAYMENTS

When sending voluntary payments:

1) Send as a separate payment
   - Instruct to APPLY NOW
   Specify the loan to apply it to
   (high interest rates are the priority)

2) Verify payment was applied as requested
MANAGE YOUR LOANS—DON’T LET IT MANAGE YOU!
FINANCIAL PLANNING (cont.)

- List your financial goals & timeline:
  - Getting married
  - Starting a family
  - Buying a home
  - Purchasing a car
SHOULD I REFINANCE?

- Before refinancing your student loans with these private agencies, review your situation to see if you really need to refinance and investigate the agency.
- You won’t qualify for PSLF if you refinance.
- The Consumer Financial Protection Bureau created an article containing some good information.

ucdenver.edu/AnschutzFinAid/DPTStudents
FINANCING – Debt to Income Ratio

Consider your **Debt to Income (DTI)** ratio. What is debt-to-income ratio?

“Your debt-to-income ratio is all your monthly debt payments divided by your gross monthly income. This number is one way lenders measure your ability to manage the payments you make every month to repay the money you have borrowed.”

(from Consumer Financial Protection Bureau—[consumerfinance.gov](http://consumerfinance.gov))
FINANCING – Debt to Income Ratio

Example: Your monthly income is $5,000. Your monthly debt payments are:

$1,200 Housing
$100 Auto Loan
$400 Other (student loans, credit cards, etc.)
$1,700 Total monthly debt payment

$1,700 divided by $5,000 = 34%

43%
Credit

- Creditors will also check your credit when you request financing.
- Check your credit from the three credit agencies:
  - AnnualCreditReport.com
Why check your credit?

- Are all the creditors listed on your report your actual creditors?
- False reporting occurs. Damages your credit. Could take months to resolve.
- Resolved credit issues that remain on your credit could prevent you from getting financing.

(from Consumer Financial Protection Bureau—ConsumerFinance.gov)
Look for:

- Errors such as address where you never lived, employers you never worked for, information that should no longer be on your credit.
- Creditors you don’t recognize or never received a loan
- Are your student loans reported correctly. Contact your lender or servicer to correct the errors.

(from Consumer Financial Protection Bureau—ConsumerFinance.gov)
TAX DEDUCTION – INTEREST PAID
TAX DEDUCTION

皤 After the end of the tax year, Servicer sends you 1098-E form reporting how much interest you paid.

皤 IRS.gov Publication 970