



Widener University

Commonwealth Law School

EXIT INTERVIEW COUNSELING PRESENTATION
MANAGING YOUR STUDENT LOAN REPAYMENT

Purpose of this session



- Review types of loans borrowed
- Terms of loans
- Consolidation
- Deferral and Forbearance Options
- Repayment Plans Available
- Tools Available

Types of Education Debt

Three Types

- Federal Loans
 - ▣ Stafford Subsidized/Unsubsidized
 - ▣ Direct Subsidized/Unsubsidized
 - ▣ GradPLUS (FFELP/Direct)

- Institutional Loan
 - ▣ Widener Scholar Loan (merit based)

- Private Loans
 - ▣ Examples: PNC, Wells Fargo, Sallie Mae, etc.

Federal Stafford/Direct Loan Terms

Subsidized and Unsubsidized

Interest rate:

For Loans disbursed *after* 07/01/2018:

Fixed at 6.595%

For Loans disbursed *after* 07/01/2017:

Fixed at 6.00%

For Loans disbursed *after* 07/01/2016:

Fixed at 5.31%

For Loans disbursed *after* 07/01/2015:

Fixed at 5.84%

For loans disbursed *after* 07/01/2014:

Fixed at 6.21%

For loans disbursed *after* 07/01/2013:

Fixed at 5.41%

Federal Stafford/Direct Loan Terms

Subsidized and Unsubsidized

Grace period: **6 months**

Repayment term: **10 years**

Lender: **Bank or Department of Education**

Holder: **Department of Education or original lender**

Maximum amount per academic year:
\$20,500.00

Unsubsidized Stafford Loan Terms

- Interest accrues from the date of disbursement and is the student's responsibility. It can be paid by the student while in school on a quarterly basis or can be capitalized at repayment.
- Capitalization is when the amount of accrued interest is added to the principal of the loan.
- Maximum amount was \$12,000 prior to 07/01/12, now \$20,500 in an academic year.

Federal Direct Graduate PLUS Loan

July 1, 2018 to Present

- Fixed 7.595% interest rate

July 1, 2017 to June 30, 2018

- Fixed 7.00% interest rate

July 1, 2016 to June 30, 2017

- Fixed 6.31% interest rate

July 1, 2015 to June 30, 2016

- Fixed 6.84% interest rate

July 1, 2014 – June 30, 2015

- Fixed 7.21% interest rate

July 1, 2013 – June 30, 2014

- Fixed 6.41% interest rate

Federal Direct Graduate PLUS Loan

- Loans disbursed after July 1, 2008 carry a six month post half-time enrollment deferment period (grace)
- Repayment = 10 years. Options exist to extend repayment term.
- For loans disbursed *prior to July 1, 2008* - Repayment begins 60 days after the loan is fully disbursed or the student ceases at least half time enrollment
 - Postpone repayment for up to 6 months after you leave school by requesting a forbearance.

Federal Direct Graduate PLUS Loan

- Direct GradPLUS loan servicers may or may not require you to request that you be put into your “Post half-time enrollment deferment”
- Check NSLDS 30 days after December 31, 2018 to make sure you are not in repayment and if you are contact your servicer!
<https://www.nslds.ed.gov>

Private Loan Terms

- Interest rate: **Varies by program**
- Fees: **Vary by program**
- Repayment term: **Options and incentives vary by program**
- Check with your lender for your loan's specific details

Preparing After Graduation

- Master Promissory Note
- Borrower Responsibilities
- Who is my Federal Loan servicer?
- Grace Period
- Deferment
- Forbearance
- Loan Consolidation
- Repayment Options

Master Promissory Note (MPN)

- Completed for both Federal Direct Unsubsidized & Graduate PLUS Loans
- An MPN is a binding legal document that you must sign before receiving your first Direct Loan. The same MPN can be used to make one or more loans for one or more academic years (up to 10 years)
- An MPN lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower
- It's important to read your MPN and keep it in a safe place because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferment or forbearance

Be Aware of Borrower Responsibilities

As a borrower, you are required to:

- Repay the loan according to the repayment schedule even if you don't complete the program, are unable to find a job in your chosen field and/or are dissatisfied with your educational experience
- Notify your loan servicer of anything that affects your ability to repay or impacts your eligibility for deferment or cancellation of the loan
- Notify your loan servicer of any changes in academic status, your name, address, phone number, etc.

Who/What is a Servicer?

- Servicers are organizations hired by the Department of Education to service your loans
- Your point of contact for repayment
- Set up an online account to monitor loan repayment, get important tax information and provide options for repayment

Federal Loan Servicers

The following are loan servicers for federally held loans made through the *William D. Ford Federal Direct Loan (Direct Loan) Program* and the *Federal Family Education Loan (FFEL) Program*.

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

Know Your Loan's Grace Period

A **grace period** is a specified period of time after you graduate or leave school during which you do not have to make payments on your loan. Be sure you know it!

- The Federal grace period is 6 months and it may differ for Private Loans
- It is included as part of the loan terms; you do not have to apply for it

Deferments and Forbearances



- If you are experiencing difficulties repaying your loans and need to postpone or suspend repayment, deferments and forbearances are available.

Deferments

A deferment is a specified period when a borrower may temporarily suspend loan payments if certain criteria are met.

- ▣ You must apply for it – contact your lender or servicer
- ▣ May be either loan-specific or borrower-specific
- ▣ Interest on subsidized loans does not accrue when in a deferment

There are Many Types of Deferments

For Federal Direct Unsubsidized Stafford and GradPLUS loans, the following deferments are available:

- ▣ In-school at least half-time
- ▣ Approved graduate fellowship program
- ▣ Unemployment / inability to find full-time employment
- ▣ During a period of economic hardship
- ▣ Approved rehabilitation training program for disabled
- ▣ Military service (vary by type and timing of service)

** Deferments also apply to Federal Consolidation Loans

What is Forbearance?

- Forbearance is an agreement to temporarily suspend or reduce loan payments for up to 12 months. Use it wisely, as it could cost you more in the long run.
- Helps avoid delinquency and default
- Will not adversely affect credit reports
- Must be applied for on an annual basis
- Carries a 3-year maximum time limit
- Loan interest will continue to accrue and must be paid or be capitalized

Two Types of Forbearances

- General
 - For general forbearances, your *lender* decides whether to grant forbearance or not.

- Mandatory
 - For mandatory forbearances, if you meet the eligibility criteria for the forbearance, your lender is required to grant the forbearance.

- Additional information can be found at <https://studentaid.ed.gov/sa/>

Federal Consolidation

Can work to your benefit or not

- With Whom
 - ▣ William D. Ford Direct Lending Program

- Why
 - ▣ Convenience of one lender/servicer
 - ▣ Lower monthly payments (will result in a larger total payment over time)
 - ▣ Ability to participate in Public Service Loan Forgiveness Program with Direct Consolidation Loans

Consolidation Considerations

- ❑ Variable vs. fixed interest rate loans

A Direct Consolidation Loan has a fixed interest rate for the life of the loan.

- ❑ The fixed rate is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of 1%.

Interest rates no longer capped at 8.25% (*July 1, 2013*)

- ❑ Any outstanding interest on the loans you consolidate will be capitalized immediately upon consolidation.
- ❑ Depending on amount, you will have between 10 and 30 years to repay the Direct Consolidation Loan.
- ❑ May lose repayment incentives on loans made under FFEL Program
- ❑ May lose eligibility for cancellation and interest subsidy benefits that are available only for Perkins loans.
- ❑ Not necessary if all of your loans are Federal Direct Loans – loans should already be with one servicer or servicers.

Federal Loans Eligible For Consolidation

- Federal Family Education Loan Program (FFELP)
 - (Stafford, PLUS, and Consolidation Loans)

- William D. Ford Federal Direct Loan Program
 - (Stafford, PLUS and Consolidation Loans)

- Federal Perkins Loans

- Where: <https://studentloans.gov>
 - You will be able to pull your loan information from NSLDS to help you complete your application.

National Student Loan Data System (NSLDS)

- To find Federal Stafford, Perkins or GradPLUS loan information, visit <https://www.nslds.ed.gov>
- You'll need your FSA ID and password to access your records. <https://fsaid.ed.gov>
- Contains information on all Federal educational loans, including those borrowed as an undergraduate.
- The website will provide information on:
 - ▣ Loan Amounts
 - ▣ Lender Contact Information
 - ▣ Loan Periods
 - ▣ Interest Rates
- For information on private/alternative loans, please check your records or visit your lender's website



NSLDS STUDENT ACCESS

National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

Financial Aid Review

View your federal loans, grants, and aid overpayments.

Enrollment

View your current enrollment, or let NSLDS know about future enrollment.

Subsidized Usage

View the status of your loans that are subject to subsidized usage limits.

Your Contact Information

View or add your contact information.

Exit Counseling

Complete Exit Counseling for your loans and/or TEACH Grants.

Authorization

Authorize a loan servicer to view your information on the NSLDS Professional Access site.

Glossary of Terms

Find definitions of the terms used on this site.

Frequently Asked Questions

View answers to common questions about this website and your financial aid.

Contact Us

Learn how to contact us.



MyStudentData
Download

Federal Loan Repayment Options

Many repayment options are available:

- ▣ **Standard**- 10-year repayment term
- ▣ **Graduated** - Payments are lower at first and then increase, usually every two years.
- ▣ **Extended** – Payments may be fixed or graduated; up to 25 years.

- ▣ **Income Driven Repayment Plans**
 - **Income Based Repayment (IBR)** - payments based on a percentage of discretionary income after adjusted by federal formula.
 - **Pay As you Earn Repayment (PAYE)** - similar to IBR
 - **Revised Pay As Your Earn (REPAYE)** – similar to IBR
 - **Income Contingent Repayment (ICR)** - Payments tied to your income.

Federal Loan Repayment Options

- **Standard** (only option available for Perkins)
 - ▣ 10 years, level payments
 - ▣ Least expensive option

- **Graduated**
 - ▣ Plan starts with lower payments that increase every two years.
 - ▣ Payments are made up to 10 years (between 10 and 30 years for consolidation loans)

- **Extended** - must have more than \$30,000 in outstanding Direct Loans or FFEL Program Loans.
 - ▣ Maximum of up to 25 years to repay
 - ▣ Payments may be fixed or graduated

Income-Driven Repayment Plans

- Income-driven repayment plans are designed to make your student loan debt more manageable by reducing your monthly payment amount.

- Four types:
 - Revised Pay As You Earn Repayment Plan (REPAYE Plan)

 - Pay As You Earn Repayment Plan (Pay As You Earn Plan)

 - Income-Based Repayment Plan (IBR Plan)

 - Income-Contingent Repayment Plan (ICR Plan)

Revised Pay As You Earn (REPAYE)

- Cap monthly student loan payment amount at 10% of monthly discretionary income – without regard to when borrower first obtained the loans
- Forgive remaining debt after 20 years if borrowed only for undergraduate study
- Forgive remaining debt after 25 years if borrowed only for graduate study
- Provide new interest subsidy benefit to prevent ballooning loan balances for those whose income-driven repayments cannot keep up with accruing interest.

Pay As You Earn (PAYE)

- Must be a New Borrower as of Oct 1, 2007.
- Must have had a Direct Loan disbursement after Oct 1, 2011.
- Only available if all loans are Federal Direct Loans.
- Must have a “partial financial hardship”
- Monthly payments are generally 10% of discretionary income.
- Adjusts annually
- If balance remains after 20 years, it is forgiven. Currently count as taxable income.

Income Based Repayment (IBR)

- Must have a “partial financial hardship” - annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 15 percent of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.

- IBR Plan for those who are **not** new borrowers* on or after July 1, 2014
 - Generally 15 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount; forgiveness after 25 years of qualifying repayment.

- IBR Plan for those who **are new** borrowers* on or after July 1, 2014
 - Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount; forgiveness after 20 years of qualifying repayment.

*For IBR, you are a new borrower if you had no outstanding balance on a William D. Ford Federal Direct Loan (Direct Loan) Program loan or Federal Family Education Loan (FFEL) Program loan when you received a Direct Loan on or after July 1, 2014.

Income Contingent Repayment (ICR)

The lesser of:

- 20 percent of your discretionary income

OR

- What you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income

Forgiveness after 25 years of qualifying repayment

Repayment Examples

Debt - \$143,486

Stafford - \$92,152

GradPLUS - \$51,334

Standard

Payment - \$1,607 for 120 months

Total Payments - \$192,892

Total Interest - \$49,406

Total payments and interest calculated using www.finaid.org

Repayment Examples

Standard - 20 years

Payment - \$1,045

Total Payments - \$250,705

Total Interest - \$107,219

Total payments and interest calculated using
www.finaid.org

Repayment Examples

Extended - 30 years

Payment - \$879

Total Payments - \$316,369

Total Interest - \$172,883

Total payments and interest calculated using www.finaid.org

Benefits of Income Driven Repayment

- **Payment**: Monthly payment amount less than 10-year Standard repayment plan.
- **Interest Payment Benefit**: Government will pay unpaid accrued interest on Subsidized Stafford loans for up to 3 consecutive years from date begin repayment under IBR.
- **20-25 Year Cancellation**: If repay under one of the **IBR** or **REPAYE** plans for 20-25 years and meet certain other requirements, any remaining balance cancelled.
- **20-Year Cancellation**: If repay under **Pay As You Earn** plan for 20 years and meet certain other requirements, any remaining balance is cancelled.

Disadvantages of Income Driven Repayment

- **You Will Pay More Interest**: Faster you repay loans, less interest you repay. Reduced monthly payment generally extends repayment period creating more interest over life of the loan.
- **Negative Amortization**: when required loan payment does not cover accruing interest.
- **Taxable Income**: Amount cancelled is taxable income.
- **You Must Submit Annual Documentation**: To set payment amount each year, loan servicer needs updated information about income and family size.
 - If not provided, will be required to pay monthly amount under 10-year Standard repayment plan.
 - Amount will be based on amount owed when began repaying under IBR, Pay As You Earn or REPAYE.

Studentloans.gov

- Department of Education website
<https://studentloans.gov>
- Repayment Estimator available-uses information from NSLDS.
- Remember, interest has not been capitalized at this point so repayment amount are estimates only.

Estimate Your Payments

Your Loan Information

- Use Your Loans
- Use Average Loan Balances

Your Loan Balance \$143,486

Interest Rate 6.2 %

[VIEW OR ADD YOUR LOANS](#)

[More Information](#) 

Your Tax Filing Status

Select your tax filing status:

Single 

Your Family Size

The following questions will be used to calculate your [family size](#) . Do not include yourself or your spouse (if applicable) in your responses to these questions. You and your spouse, as appropriate, are automatically included in your family size.

Dependent Children

How many children, including unborn children, are in your family and receive more than half of their support from you?

0 

Other Dependents

How many people, excluding your spouse and children, live with you, and receive more than half of their support from you?

0 

What is your marital status?

- Married
- Single





Current Loan Balance \$143,486

State of Residence

PENNSYLVAN 

Adjusted Gross Income

55000

Standard You will pay a total of \$192,774 over 120 months	\$1,606 - \$1,606/month	
Graduated You will pay a total of \$206,061 over 120 months	\$920 - \$2,761/month	
Extended Fixed You will pay a total of \$282,268 over 300 months	\$941 - \$941/month	
Extended Graduated You will pay a total of \$306,801 over 300 months	\$740 - \$1,398/month	
Revised Pay As You Earn (REPAYE) You will pay a total of \$201,208 over 300 months	\$307 - \$1,211/month	
Pay As You Earn (PAYE) You will pay a total of \$135,892 over 240 months	\$307 - \$921/month	
Income-Based Repayment (IBR) You will pay a total of \$297,678 over 300 months	\$460 - \$1,606/month	
IBR for New Borrowers You will pay a total of \$135,892 over 240 months	\$307 - \$921/month	
Income-Contingent Repayment (ICR) You will pay a total of \$264,156 over 224 months	\$714 - \$1,641/month	

Additional Tools Available

- Your servicer's website
 - Many offer repayment calculators, budgeting tools and mobile apps to help you manage repayment.
- AccessLex Institute - “AccessConnex” – provides free information if you have questions regarding loan repayment options.

Public Service Loan Forgiveness

- Program provides an opportunity for the balance of borrower's loan to be forgiven after making 120 separate, on-time qualifying monthly payments.
 - Available only for loans made and repaid under the Direct Loan Program.

- Loans made under other federal student loan programs may become eligible for forgiveness if they are consolidated into a Direct Consolidation Loan
 - **Note:** Only payments made on the Direct Consolidation Loan will count toward the required 120 monthly payments. Payments made prior to consolidation are not eligible.

Public Service Loan Forgiveness

- Must be employed full-time in a public service position while making both the loan payment and time the remaining balance is forgiven.
- The public service loan forgiveness is an all-or-nothing benefit. If a borrower stops working full-time in a public service job, even with just a few of the 120 payments left, they get no forgiveness.

Public Service Loan Forgiveness

- A government organization (including a federal, state, local, or tribal organization, agency, or entity; a public child or family service agency; or a tribal college or university).
- A not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code.
- A private, not-for-profit organization (that is not a labor union or a partisan political organization) that provides one or more of the following public services:
 - Emergency management;
 - Military service;
 - Public safety;
 - Law enforcement;
 - Public interest law services

Public Service Loan Forgiveness

The 120 required payments must be made under one or more of the following Direct Loan Program repayment plans:

- All of the income-driven repayment plans (plans that base your monthly payment on your income)
- The 10-year Standard Repayment Plan
- Any other Direct Loan Program repayment plan; but only payments that are at least equal to the monthly payment amount that would have been required under the 10-year Standard Repayment Plan may be counted toward the required 120 payments

Federal Loan Repayment Etc.

- Borrowers can prepay their federal loans with no penalty.
- Payments with a shorter repayment period save money.
- Borrowers can move between the various repayment schedules without penalty.
- Federal Loans are eligible for forgiveness if you become completely and permanently disabled or die.

Private Loan Repayment Options

- Standard, Graduated and Extended.
- Depending on your lender, length or repayment can range from 10 to 25 years.
- Timing of repayment begin date will depend on your lender and terms of your loan.

Check with your lender!

Delinquency

Delinquency is the failure to make payments when due.

- Reflects adversely on your credit report.
- Once you are delinquent for 270 days, you go into default.
- Contact your lender immediately to explore payment options if you become delinquent.

Default

- Default** is the failure to repay educational loans.
- Reflects adversely on your credit report
 - Wages may be garnished
 - May lose federal and/or state income tax refunds
 - Suspends future borrowing ability
 - May lose professional licenses
 - Must repay the entire loan immediately
 - May be referred to a collection agency

Remember you must repay your student loans!

Tips For Success

- Be organized!
- Read and understand all correspondence from lenders and servicers.
- Save copies of all student loan records, correspondence and payment receipts (paper or electronic).
- Contact your lender or servicer to request a deferment, apply for a forbearance, or with any questions you may have.
- No penalty for pre-payment on Student Loans.

Tax & Borrower Benefits!

Consult your tax advisor for details

Lifetime Learning Credit

Student Loan Interest Deduction

Tuition/Fees Deduction

*Repayment Incentives for Federal/Private
Loans*

On Time Incentive

Direct Withdrawal

Co-signer release

Consult your lender for details

Contact Information

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Financial Aid Counselor

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Questions now or anytime in the future