Financial Aid Borrowers: Supplemental Exit Counseling Workshop

Stetson University College of Law
Why do this session?

- Online exit counseling at [www.studentloans.gov](http://www.studentloans.gov) is mandatory

- We provide follow-up counseling to help you understand:
  - Repayment plans
  - Deferment/forbearance options
  - Forgiveness
  - Timeline

- Just because you graduate does not mean you can’t ask us questions. I am always happy to be a resource!
Let’s Review Federal Loans

- Stafford Subsidized and Unsubsidized
- Automatic 6 month grace period
- Interest rate on Stafford loans
  - 6.8% - prior to this year
  - 5.41% - 2013-2014
- Deferment and forbearance options to postpone payments
- Interest that accrues capitalizes upon entering repayment
- First payment is due within 45 days after repayment begins
Federal Loans Continued:

- **Graduate PLUS Loans**
  - Direct Loan’s Graduate Plus Loans – auto. 6 mo. Deferment
  - First payment is due 45 days after deferment ends
  - Graduate Plus Loans prior to Stetson – call your lender!

- **Interest rate on Plus loans**
  - 7.9% - prior to this year
  - 6.41% - 2013-2014

- **Interest capitalizes upon repayment**

- **Deferment and forbearance options to postpone payments**
Federal Loans Continued

- Undergraduate Loans: Perkins or Stafford Loans
  - Automatic 6 month grace period may have expired – call lender
  - May need to apply for deferment
National Student Loan Database System

- U.S. Department of Education's central database for federal student financial aid records.
- Receives data from schools, agencies that guaranty loans, the Direct Loan program, and other U.S. Department of Education programs.
- Displays information on loan amounts, outstanding balances, loan statuses, and disbursements.
- Need FAFSA Personal Identification Number (PIN) to access NSLDS
National Student Loan Database System

<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>DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$5,833</td>
<td>12/06/2010</td>
<td>$5,833</td>
<td>$0</td>
<td>$5,833</td>
<td>$131</td>
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<td>DIRECT STAFFORD SUBSIDIZED</td>
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<td>12/06/2010</td>
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<td>$835</td>
<td>$13</td>
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<tr>
<td>STAFFORD UNSUBSIDIZED</td>
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<td>01/19/2010</td>
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<td>STAFFORD UNSUBSIDIZED</td>
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<td>$0</td>
<td>$3,205</td>
<td>$0</td>
</tr>
</tbody>
</table>

Scheduled Start of Repayment: 05/05/2014
Loan Period Begin Date: 08/26/2013
Loan Period End Date: 12/13/2013

Disbursement(s) and Status(es)

<table>
<thead>
<tr>
<th>Disbursement Date</th>
<th>Disbursement Amount</th>
<th>Loan Status</th>
<th>Status Description</th>
<th>Status Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/23/2013</td>
<td>$5,833</td>
<td>IN GRACE PERIOD</td>
<td>11/07/2013</td>
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<tr>
<td></td>
<td></td>
<td>LOAN ORIGINATED</td>
<td>12/08/2010</td>
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</tr>
</tbody>
</table>

Service/Lender/Guaranty Agency/ED Servicer Information

<table>
<thead>
<tr>
<th>Contact Type</th>
<th>Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current ED Servicer:</td>
<td>DEPT OF ED/FEDLOAN SERVING/RHEAA</td>
</tr>
<tr>
<td></td>
<td>PO BOX 530210</td>
</tr>
<tr>
<td></td>
<td>ATLANTA</td>
</tr>
<tr>
<td></td>
<td>GA 30338-210</td>
</tr>
<tr>
<td></td>
<td>800-699-2898</td>
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<tr>
<td></td>
<td><a href="mailto:accountinfo@myfedloan.org">accountinfo@myfedloan.org</a></td>
</tr>
</tbody>
</table>
Other Loans: Bar Study

- Remember, you can increase Federal loans for Bar Exam fee if needed. Not for prep course or living expenses....

Private/Alternative Student Loans

- Interest rate on loans are variable, based on credit, and determined by your lender
- Repayment term is 10 years (some lenders 15 year repayment term)
- Limited forbearance options to post-pone payments
- Consolidation with Federal loans is NOT an option
- Bar Loan Chart: on F.A. Website, Planning for Repayment page
Repayment Information

- Postpone payments – detailed discussion next slide
- Repayment Plans
  - Standard, Graduated, Extended, Income Based, Pay as You Earn, Income Contingent, Income Sensitive, Interest Only
  - FY 15 Proposal and PAYE
- Can I change plans?
  - Yes! Servicers allow changing to help avoid delinquency.
- Consolidation
- Loan Forgiveness
- Take Away: No Penalty for Pre-payment of loans
Postpone Payments

- Does not hurt credit
- Do one form/request for each servicer if applicable
  - E.g., Undergraduate loans w/no grace left and more than one servicer
- Deferment (annual application)
  - Only federal loans are eligible
    - Stafford Subsidized: Feds pay the interest
    - In-school (enrolled at least half-time)
  - Economic Hardship or Unemployment Hardship
- Forbearance (six months-one year application)
  - Temporary postponement of payment as determined by the lender on federal and/or private loans
Selecting a Repayment Plan

- Repayment Calculator (www.studentloans.gov)
  - Not fun, but important. Play with different scenarios.
- Did you indicate your ‘Preferred Plan’ during online exit counseling?
- Does that mean you have selected a repayment plan? No!
  - Repayment plans are selected through your loan servicer before you go into repayment.
  - No need to pick one now. Wait until you know salary, bar passage, job status, etc.
Consolidation

- Federal Loans ONLY
  - All Federal loans borrowed while at Stetson are through Direct Loans (Fall 2009 and forward)
  - No need to consolidate if all loans are Direct Loans
  - You may have FFEL loans if you borrowed pre-Fall 2009
  - Can consolidate Perkins loans but loses interest subsidy and some cancellation options.

- Private Loans
  - Cannot be included in a federal loan consolidation (Bar study loan, private undergraduate loans....)
Consolidation continued…

- One payment, to one lender; no fee to consolidate
- Feds won’t sell your loan but you will have new servicer
- Weighted average interest rate – no real interest savings
- Do it too soon and lose benefit of grace but can fill out application now and list grace expiration
- Do not complete later than 4 months after graduation, if applicable; takes up to 2 months to complete
- 10 Year Public Service Loan Forgiveness
- Direct Loans – only option
Loan Forgiveness

- FL Bills (SB 146 & HB 77) in discussion
  - Follow FL Bar News; pre-filed for next year’s legislative session
- John R. Justice Prosecutors & Defenders Incentive Act 2008
  - Look up on Office of Attorney General
  - Partial payments per year
- Standard Loan Forgiveness
  - 25 years of monthly payments through the Direct Loan program (standard, extended and/or income based)
  - Remaining principle and interest is forgiven
    - Taxed on amount of balance forgiven
Loan Forgiveness

- **Public Service Loan Forgiveness**
  - FY 15 Budget Proposal and YOU
  - After 10 years or 120 “qualifying” individual monthly payments through the Direct Loan program (payments can be standard, ICR, and/or IBR) the remaining principle and interest is forgiven
  - No tax penalty
  - Employment Certification
  - Payments do not need to be consecutive
  - Payments must be on time (within 15 days of the due date)
  - Online payment – set up tracks/counts payments you make
  - Need to consolidate into Direct Loan Program to qualify if you have FFEL
  - Full time employment in 501(c)3 or government job
  - Peace Corps and AmeriCorps do count!
Timeline/To Do List:

Now:
- Do online exit counseling; Log into NSLDS.
- Keep Pin in safe place
- Gather loan statements – need lender name(s) and account number (or use SSN).
- Call “pre-Stetson” lenders – when are first payments due?
- Apply for deferment if “pre-Stetson” loans go into repayment

Four months or so after graduation:
- Start consolidation process, if applicable, esp. if you plan to do Loan Forgiveness
- Choose plan post-bar results and knowledge of salary/exp.