

STUDENT LOAN REPAYMENT, AND CONSOLIDATION

Office of Student Financial Management

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TODAY'S AGENDA

- **Locating Your Loans**
- **Loan Types and Rates**
- **Repayment Options**
- **Loan Forgiveness**
- **Loan Consolidation & Refinancing**
- **Bar Study Loans**

WHO DO I PAY? HOW MUCH DO I OWE?

Answering these questions should be your first priority.

- Visit www.StudentLoans.gov
 - You may need to create your FSA ID the first time you visit this website
 - This ID is new as of May 2015
 - Click on “Repayment Estimator” in the right hand column
 - Click on “View/Add Loans”
 - Provides information about all federal student loans including:
 - Loan types borrowed
 - Loan balances
 - Lender/servicer contact information
 - Interest rate
 - If you still plan on borrowing additional loans, you can add loan amounts to the list to see the total amount of debt
- If you borrowed private loans, you can check your credit report for lender contact information (www.annualcreditreport.com)

VIEWING LOAN HISTORY ON STUDENTLOANS.GOV

I want to:

-  View My Documents
-  Complete Loan Counseling (Entrance, Financial Awareness, Exit)
-  Complete Loan Agreement (Master Promissory Note)
-  Apply for a Direct PLUS Loan
-  Appeal Credit Decision
-  Complete an Endorser Addendum
-  Complete PLUS Credit Counseling
-  Apply for Loan Consolidation
-  Apply for an Income Driven Repayment Plan
-  Co-sign a Spouse's Income Driven Repayment Plan Application
-  Complete TEACH Grant Counseling

Estimate Your Payments

Your Loan Information

- Use Your Loans
- Use Average Loan Balances

Your Loan Balance **\$150,000**

Interest Rate **5.3 %**

[VIEW OR ADD YOUR LOANS](#)

[More Information](#)

Your Tax Filing Status

Select your tax filing status:

Single

Repayment Estimator

This tool uses your loan information from NSLDS® to:

- estimate monthly payments
- determine repayment plan eligibility
- compare repayment plan costs
- estimate loan forgiveness

[Go to the Repayment Estimator](#)

LOANS YOU MAY HAVE BORROWED:

- **Direct Loan Program**
 - Subsidized/Unsubsidized Loans and/or Graduate PLUS Loans
 - Borrowed directly from the Dept. of Ed.
 - Only program for Sub/Unsub and PLUS loans starting in the 10-11 academic yr
- **Perkins Loan**
 - Borrowed directly from a school
- **Federal Family Educational Loan (FFEL) Program**
 - Program ended **June 30, 2010**
 - Subsidized/Unsubsidized Loan and/or Graduate PLUS Loans
 - Originally borrowed from a private lender – i.e. Wells Fargo or CollegeInvest
 - **CAUTION:** These loans are not eligible for some repayment plans or Public Service Loan Forgiveness

Private Loans – not in NSLDS/Studentloans.gov

- Bar Study Loan
- Private Educational Loan (SallieMae Smart Options, Wells Fargo Collegiate, CitiAssist)

LOAN INTEREST RATES

Loan	2016-17	2015-16	2014-15	2013-14	7/2006 - 6/2013	Pre-2006
Direct (Stafford) Loan for grad students	5.31%	5.84%	6.21%	5.41%	6.8%	variable
Direct Graduate PLUS Loan	6.31%	6.84%	7.21%	6.41%	7.9%	
FFEL Graduate PLUS Loans					8.5%	
Direct (Stafford) Loan for undergrad students	3.76%	4.29%	4.66%	3.86%	6.8% unsubsidized	variable
					3.4% - 6.8% subsidized	
Perkins Loans	5%					
Private and Bar Study Loans	Rates determined by lender. Can be fixed or variable.					

WHEN DOES REPAYMENT START?

GRACE PERIOD – A period of time, after a borrower leaves school, during which payments on loans are not required.

Length of Grace Period:

Direct/Stafford Loan:	6 months
Direct Graduate PLUS:	6 months – granted as an administrative forbearance
Perkins Loan:	9 months
Private & Bar Loans	Varies by lender, typically 6-9 months

Note:

Only 1 grace period is awarded per loan. If you have loans from before law school, that entered repayment, these will re-enter repayment as soon as you are no longer enrolled.

STUDENT LOAN REPAYMENT OPTIONS

- **Standard Repayment**

- 10 year repayment (120 payments)
- Repay a fixed amount each month until your loans are paid in full.
- Monthly payment of, at least, \$50

- **Extended Repayment**

- 25 year repayment (300 payments)
- To qualify, you must have, at least \$30,000 in federal student loan debt
- Repay a fixed amount each month until your loans are paid in full

- **30-Year Repayment (Consolidation)**

- Available only to students who have consolidated their loans
- Pay a fixed amount each month until your loans are paid in full

- **Graduated Repayment**

- Available for all the different repayment plan lengths
- Monthly loan payments start off lower and increase every 2 years
- No single payment will be more than 3x larger than any other payment

INCOME DRIVEN REPAYMENT (IDR) PLANS

- Payments are based on **income & family size**
 - Can be as low as \$0
 - **Discretionary Income** = Adjusted Gross Income (AGI) minus 150% of the poverty guideline for your family size
- Make payments until:
 - (1) You pay the loan off in full,
 - (2) You reach the end of the repayment plan,
 - (3) You qualify for Public Service Loan Forgiveness.
- If you reach the end of the repayment plan, the remaining loan principal & interest are cancelled.
 - **The cancelled amount is considered taxable income**
- You must re-apply for these plans **every year**
 - Apply online at www.StudentLoans.gov

INCOME DRIVEN PLAN COMPARISON

	IBR	PAYE	new IBR	RE-PAYE
Payment Amount:	15% discretionary income	10% discretionary income	10% discretionary income	10% discretionary income
Repayment Length:	25 yrs (300 pmts)	20 yrs (240 pmts)	20 yrs (240 pmts)	25 yrs (300 pmts) if have graduate debt 20 yrs (240 pmts) if have ugrad debt only
Married Borrowers:	Includes joint income if file taxes jointly, borrower's income only if file married filing seperately.	Includes joint income if file taxes jointly, borrower's income only if file married filing separately.	Includes joint income if file taxes jointly, borrower's income only if file married filing separately.	Includes joint income, regardless of how taxes are filed
Payment Cap:	amt of 10-Yr Standard pmt	amt of 10-Yr Standard pmt	amt of 10-Yr Standard pmt	None
Other:				If monthly payments do not cover full amount of interest accrued, only 50% of accrued interest is assessed.
Criteria:	All borrowers: FFEL & Direct Loans	Direct loans only. No loans prior to Oct 1, 2007 & at least one loan on/after Oct 1, 2011	Direct loans only. No loans prior to 07/01/2014	All borrowers: Direct Loans only

COMPARING REPAYMENT PLANS

Standard, Extended and Graduated Repayment

Loan Balance @ Repayment		Standard (10yr)	Extended (25yr)	Graduated (10yr)	Extended Graduated (25yr)
\$65,000	Monthly Payment	\$715	\$408	\$408 - \$1,224	\$314 - \$627
	Amount Repaid	\$85,815	\$123,266	\$91,346	\$134,234
\$100,000	Monthly Payment	\$1,118	\$654	\$640 - \$1,921	\$512 - \$973
	Amount Repaid	\$134,130	\$196,050	\$143,319	\$213,130
\$150,000	Monthly Payment	\$1,693	\$1,000	\$972 - \$2,916	\$796 - \$1,469
	Amount Repaid	\$203,167	\$300,105	\$217,596	\$325,873
\$200,000	Monthly Payment	\$2,268	\$1,347	\$1,304 - \$3,912	\$1,079 - \$1,964
	Amount Repaid	\$272,210	\$404,187	\$291,884	\$438,630

Interest rate assumption: 5.84% for first \$65,000; 6.84% for any amount above \$65,000)

IBR/PAYE/REPAYE Monthly Payment Amounts

AGI	\$30,000		\$40,000		\$50,000		\$60,000		\$75,000		\$100,000	
	old IBR	(RE)PAYE new IBR	old IBR	(RE)PAYE new IBR	old IBR	(RE)PAYE new IBR	old IBR	(RE)PAYE new IBR	old IBR	(RE)PAYE new IBR	old IBR	(RE)PAYE new IBR
Family Size: 1	\$154	\$103	\$279	\$186	\$404	\$270	\$529	\$353	\$717	\$478	\$1029	\$686
2	\$76	\$51	\$201	\$134	\$326	\$218	\$451	\$301	\$639	\$426	\$951	\$634
3	\$10	\$10	\$123	\$82	\$248	\$166	\$373	\$249	\$561	\$374	\$873	\$582
4	\$0	\$0	\$45	\$30	\$170	\$114	\$295	\$197	\$483	\$322	\$795	\$530

Based on the 2015 federal poverty guidelines for the 48 contiguous states

PERSONALIZED REPAYMENT ESTIMATOR

- For a personalized estimate of what your payments would be based on your current borrowing, you can go to www.StudentLoans.gov.
 - Click on “Repayment Estimator”
- Uses your personal federal loan history to generate estimates of payments under different plans
- If you plan to borrow additional loans, you can add them under “View or Add Your Loans” to get a more accurate estimate.

STUDENTLOANS.GOV ESTIMATOR

Repayment Estimator [More Information](#)

Current Loan Balance \$150,000 **Family Size**

Adjusted Gross Income (AGI) **State of Residence** COLORADO

Show payment estimated under Public Service Loan Forgiveness (PSLF)

Standard	\$1,613 - \$1,613/month	+
You will pay a total of \$193,568 over 120 months		
Graduated	\$915 - \$2,746/month	+
You will pay a total of \$204,932 over 120 months		
Extended Fixed	\$903 - \$903/month	+
You will pay a total of \$270,991 over 300 months		
Extended Graduated	\$662 - \$1,433/month	+
You will pay a total of \$295,709 over 300 months		
Revised Pay As You Earn (REPAYE)	\$308 - \$525/month	-
You will pay a total of \$49,035 over 120 months		
First Monthly Payment	Last Monthly Payment	Total Amount Paid
\$308	\$525	\$49,035
Public Service Loan Forgiveness	Repayment Period	
\$165,233	120 months	

[More Information](#)

Standard	\$1,613 - \$1,613/month	+
You will pay a total of \$193,568 over 120 months		
Graduated	\$915 - \$2,746/month	+
You will pay a total of \$204,932 over 120 months		
Extended Fixed	\$903 - \$903/month	+
You will pay a total of \$270,991 over 300 months		
Extended Graduated	\$662 - \$1,433/month	+
You will pay a total of \$295,709 over 300 months		
Revised Pay As You Earn (REPAYE)	\$308 - \$1,212/month	+
You will pay a total of \$201,612 over 300 months		
Pay As You Earn (PAYE)	\$308 - \$922/month	-
You will pay a total of \$136,195 over 240 months		
First Monthly Payment	Last Monthly Payment	Total Amount Paid
\$308	\$922	\$136,195
Projected Loan Forgiveness	Repayment Period	
\$172,805	240 months	
More Information		
Income-Based Repayment (IBR)	\$461 - \$1,613/month	+
You will pay a total of \$298,429 over 300 months		

REPAYMENT – THINGS TO CONSIDER

- How much can you **afford**?
- Do you want the **lowest payment** or to **repay your debt as quickly as possible**?
 - The longer you repay your loans, the more you usually pay in interest
- Do you want to submit income documentation annually or would you rather have a fixed amount due over the time you are repaying?
- You can always make additional payments beyond the amount that you owe
- You can **switch repayment plans** after your initial selection.
- If you are repaying on an **Income Driven Repayment** plan, and don't anticipate being able to pay off the total loan amount during the repayment term, **SAVE** for the taxes you may owe.
- Do you work/plan to work in the **public service sector**?

PUBLIC SERVICE LOAN FORGIVENESS

- Designed to assist borrowers who want to work in, typically lower-paying, public service positions by offering loan forgiveness after 10 years of service.
 - Pairs with the **Income Based, Pay As You Earn** and **Revised Pay As You Earn** Repayment Plans

Who Qualifies?

- Individuals working full-time in public service, and repaying their **eligible loans under specific repayment plans** can qualify to have their remaining debt (interest and principal) forgiven **after 120 payments (10 years)**.

What does that mean...?

QUALIFYING FOR PUBLIC SERVICE LOAN FORGIVENESS

- **Working full-time**
 - Employers definition or 30 hours (whichever is more)
- **In public service**
 - Government & and 501(c)(3); *can't be contract employee*
- **Repaying eligible loans**
 - Direct Stafford (sub & unsub), Direct Grad PLUS, Direct Consolidation
- **Under specific repayment plans**
 - Income Based Repayment, Pay as You Earn, Income Contingent Repayment, Standard 10-Year Repayment
- **After 120 payments**
 - No partial cancellations
 - You must be able to prove that your payments qualified
 - Keep good records of your employment – Employment Certification Form
 - An employment certification form is available online at www.studentaid.gov/publicservice
 - Filling out the form will help you keep track of how many payments have been made that count toward the 120 required payments
 - Not required but strongly recommended; can fill out as often as 1x per year
 - When you fill out the form for the first time, your loans will be transferred to the loan servicer who handles all PSLF eligible loans – FedLoan Servicing (PHEAA).

PERKINS LOAN CANCELLATION

- Perkins Loans have their own cancellation provisions
 - Up to 100% of the loan can be cancelled for those employed in/as:
 - Law Enforcement (including District Attorneys)
 - Public Defenders
 - Some forms of education
 - Military (service in area of hostilities)
 - Peace Corps or Americorps
 - Certain other professions (see the Cancellation form below for a full list)
 - Loans will have a certain percentage forgiven for each year of service. For full cancellation, you need to complete 5 years of service.
 - Loans are deferred (no payment is due), while you complete your eligible service.
 - You can submit Postponement/Cancellation Form to the school from which you received your Perkins Loan
 - For DU borrowers: www.du.edu/bursar/forms.html
- If you consolidate your Perkins Loan, you lose these benefits

FEDERAL LOAN CONSOLIDATION

There are a few common reasons people consolidate federal student loans:

1. Take advantage of 10-year Federal Public Service Loan Forgiveness program or the new Pay As You Earn Repayment Plan – if your loans are not all *Direct* loans
2. Preference of having all loans in one place
3. Have federal loans with a variable interest rate (issued before July 1, 2006 and were not consolidated)
4. Have a Grad PLUS Loan that required a co-signer

Common Misconception: Consolidating will **not** give you a lower rate on your federal loans.

CONSOLIDATION

- Consolidate *after* you finish school
- Consolidation takes about 6-8 weeks to be processed
 - Recommended that you consolidate by: May – December grads, October – May grads, December – July grads
- Once you consolidate, your **grace period ends**.
 - *Unless* you indicate on your application that you'd like the Department to delay processing your application.
- Consolidation instructions available on final 2 slides.

PRIVATE LOAN REFINANCING

- There are private loan companies that will re-finance your federal and private student loan debt.
- **Interest Rates:** 2.5-6.5% variable, 3.5-7.35% fixed
- **Repayment Length:** 5-20 years
- **BENEFITS:** lower interest rates, less interest paid, pay loan off quicker
- **DOWNSIDES:** less protections available for private loans than federal, no option to repay based on income, more difficult to deal with in case of economic hardship.
- Usually require high credit score and income to qualify
- **BEST FOR:** graduates with lower debts and/or higher incomes
 - Those who can afford larger payments to pay off loans quicker
 - May become a more viable option a couple years after graduation

Warning: Refinancing your federal loans with a private company means you lose all benefits and repayment options assoc. w/ federal loans.

PRIVATE LOANS: BAR STUDY LOANS

- Bar study loans are loans from private lenders for the purpose of paying for bar study courses and living expenses while you study for the Bar.
 - Private loan, usually with variable interest
 - NOT eligible for Income Driven Repayment Plans or loan forgiveness
 - Cannot be combined or consolidated with your federal loans
 - Credit check is required, a co-signer may be necessary
 - More info at: www.law.du.edu/financial-aid/graduating-students-and-alumni
- Federal loans can only cover the cost of the bar exam itself
 - Complete budget adjustment with Financial Aid Office
 - www.du.edu/financialaid/forms
 - Bar exam fee must be paid for while you are still a student and prior to submitting a budget adjustment form

HELPFUL WEBSITES

Student Financial Management:

- www.law.du.edu/financial-aid
- www.law.du.edu/financial-aid/graduating-students-and-alumni

Budget Adjustment Form:

- www.du.edu/financialaid/forms

Income Driven Plans and Public Service Loan Forgiveness

- www.studentaid.ed.gov/publicservice
- www.studentaid.ed.gov/idr

Federal Perkins Loan Cancellation/Deferment (DU)

- www.du.edu/bursar/forms.html

Loan Repayment Calculators:

- www.StudentLoans.gov
- www.finaid.org/calculators

Loan Consolidation:

- www.StudentLoans.gov

Loan Refinancing:

- <https://studentloanhero.com/5-banks-to-refinance-your-student-loans-0052>

Federal Student Loan History:

- www.StudentLoans.gov
- www.nslds.ed.gov

Other Websites:

- www.askheatherjarvis.com
- www.equaljusticeworks.com

QUESTIONS?

Contact Information:

- **Email:** FinancialManagement@law.du.edu
- **Phone:** 303.871.6557
- **Web:** www.law.du.edu/financial-aid
- **Location:** Ricketson Law Building, Suite 115
- **Hours:** Monday – Friday, 8:30am – 4:30pm or 5pm

Appointment Scheduling:

- Go to the “*Law Student*” tab in [PioneerWeb](#)
- Look under the “*Calendars and Announcements*” section
- Click on “*Schedule an Appointment with Law School Financial Management*”

CONSOLIDATION: HOW TO

■ Timeline:

- Consolidate *after* you finish school
- Consolidation takes about 6-8 weeks to be processed
 - Recommended that you consolidate by: **May** – December grads, **October** – May grads, **December** – July grads
 - Once you consolidate, your **grace period ends** – *unless* you indicate on your application that you'd like the Department to delay processing your application.

■ Consolidation application is available at www.StudentLoans.gov

- Login and click on “**Complete Direct Consolidation Loan App and Prom Note**”

■ The application will display all your federal loans and ask you which you want to consolidate.

CONSOLIDATION, CON'T:

- The consolidation application will ask you for the following items:
 - Do you want to delay processing of your application? For how long?
 - Select your loan servicer (the company to whom you'll make payments). The 4 servicers are **Great Lakes**, **FedLoan Servicing**, **Nelnet** and **Navient** (previously **SallieMae**)
 - If you intend to pursue Public Service Loan Forgiveness, select **FedLoan Servicing**, otherwise, the choice is yours.
 - Select your repayment plan. If you select an income driven plan, you'll be asked to provide tax/income information
 - List 2 references who don't live with you
 - Review the terms and conditions and sign and submit the app and prom note
- Once the application is submitted, you'll receive a confirmation in the mail.
 - This is your opportunity to make any corrections to the application
 - If no corrections are needed, the consolidation processing will proceed