



USC University of
Southern California

Student Loan Exit Counseling

USC Financial Aid

Fall 2016

Today's Topics

Loan Programs

Rights and Responsibilities

Repayment

Deferments/Forbearance

Cancellation/Forgiveness

Tax Benefits

Default

Managing Your Money and Your Credit



Subsidized Loans

Subsidized Federal (Stafford) Loan

Federal Perkins Loan

Institutional Loan

Unsubsidized Loans

Unsubsidized Federal (Stafford)
Loans

Federal PLUS Loans (Parent and
Grad)

Private Loans (Discover Loan, Smart
Option Loan, Collegiate Loan)

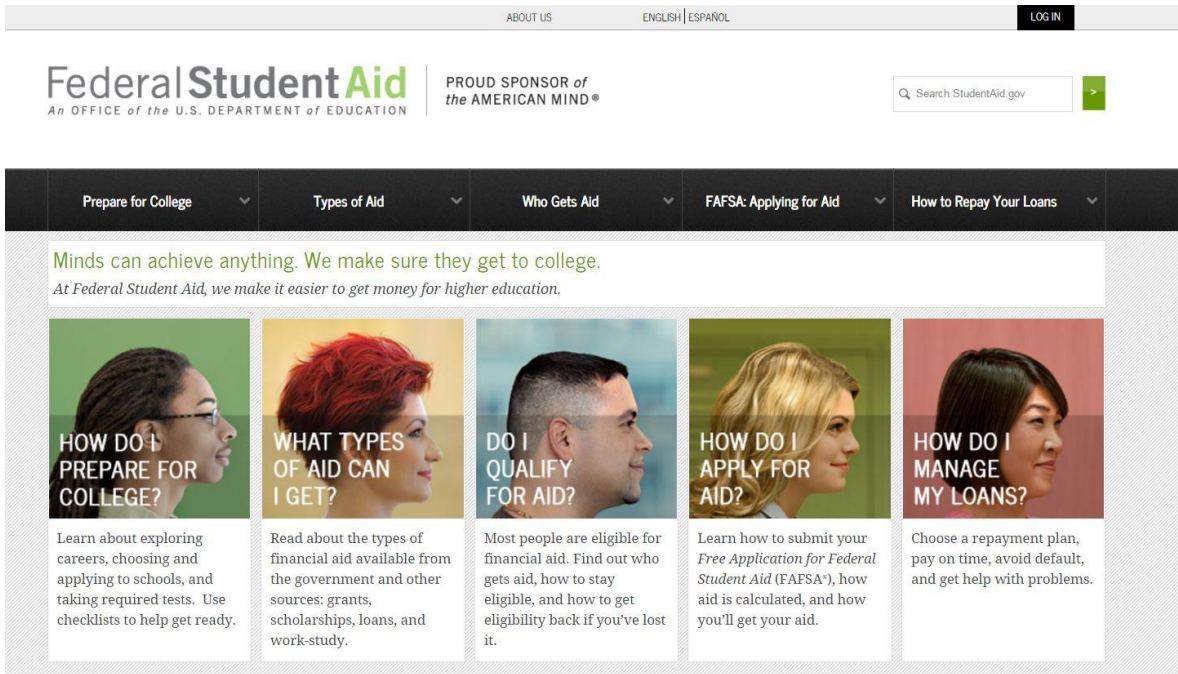
Rights

- Know how much you borrowed (disclosure statement)
- Where to make payments
- Where to write or call with questions
- You may pre-pay your loan at any time without penalty

Responsibilities

- **PAY YOUR LOAN**
- Notify your lender if you change your name, address, telephone number or student status
- Notify your lender if anything affects your ability to pay your loan

Where are my loans?



ABOUT US ENGLISH | ESPAÑOL LOGIN

Federal Student Aid PROUD SPONSOR of the AMERICAN MIND®
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Search StudentAid.gov

Prepare for College Types of Aid Who Gets Aid FAFSA: Applying for Aid How to Repay Your Loans

Minds can achieve anything. We make sure they get to college.
At Federal Student Aid, we make it easier to get money for higher education.

- HOW DO I PREPARE FOR COLLEGE?**
Learn about exploring careers, choosing and applying to schools, and taking required tests. Use checklists to help get ready.
- WHAT TYPES OF AID CAN I GET?**
Read about the types of financial aid available from the government and other sources: grants, scholarships, loans, and work-study.
- DO I QUALIFY FOR AID?**
Most people are eligible for financial aid. Find out who gets aid, how to stay eligible, and how to get eligibility back if you've lost it.
- HOW DO I APPLY FOR AID?**
Learn how to submit your *Free Application for Federal Student Aid* (FAFSA®), how aid is calculated, and how you'll get your aid.
- HOW DO I MANAGE MY LOANS?**
Choose a repayment plan, pay on time, avoid default, and get help with problems.

Get information on all of your existing Federal Loans

- Direct (Stafford)
- PLUS
- Consolidation
- Perkins

Access information on your

- Loan Amounts
- Loan Servicers
- Loan Status

Servicer	Borrower Phone	Website
FedLoan Servicing (PHEAA)	(800) 699-2908	myfedloan.org
Great Lakes	(800) 236-4300	mygreatlakes.org
Navient	(800) 722-1300	navient.com
Nelnet	(888) 486-4722	nelnet.com
Cornerstone (UT)	(800) 663-1662	mycornerstoneloan.org
EdFinancial (TN)	(855) 337-6884	edfinancial.com/dl
Granite State (NH)	(888) 556-0022	gsmr.org
MOHELA (MO)	(888) 866-4352	mohela.com
OSLA Servicing (OK)	(866) 264-9762	osla.org



Loan Consolidation

www.studentloans.gov



Log in to StudentLoans.gov with your verified FSA ID

LOG IN

Create an FSA ID. For assistance, call: 1-800-557-7394.

You may take out a Federal Direct Consolidation Loan to pay off all(or some) federal student loans

Find out you

- Complete a Consolidation Loan Application and Promissory Note

- Use the Repayment Estimator
- Apply for an Income-Driven Repayment Plan
- Co-sign Spouse's Income-Driven Repayment Plan Request
- Access Repayment Forms

Undergradu

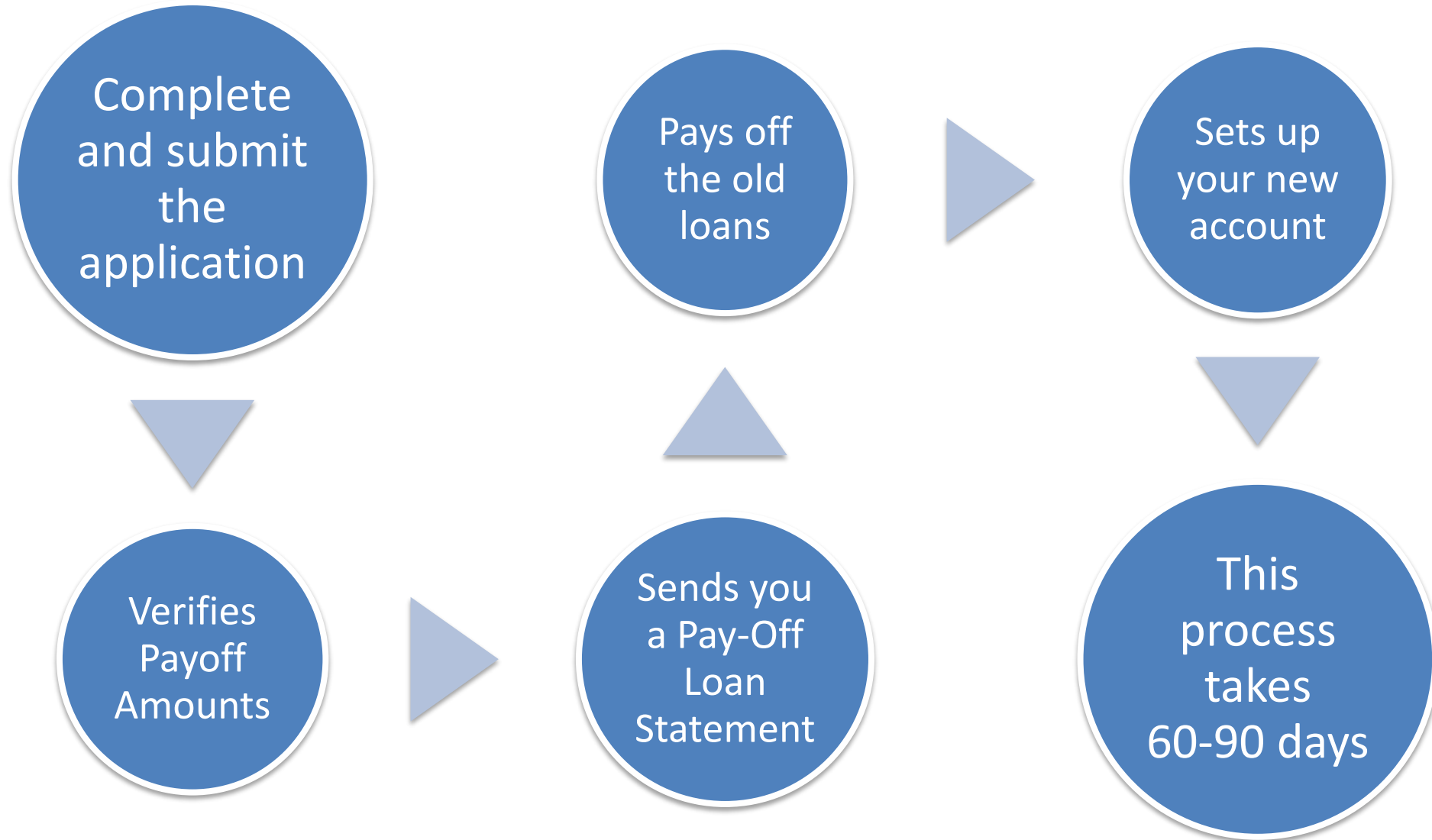
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- Co-sign Spouse's Income-Driven Repayment Plan Request
- Access Repayment Forms

& Consolidation



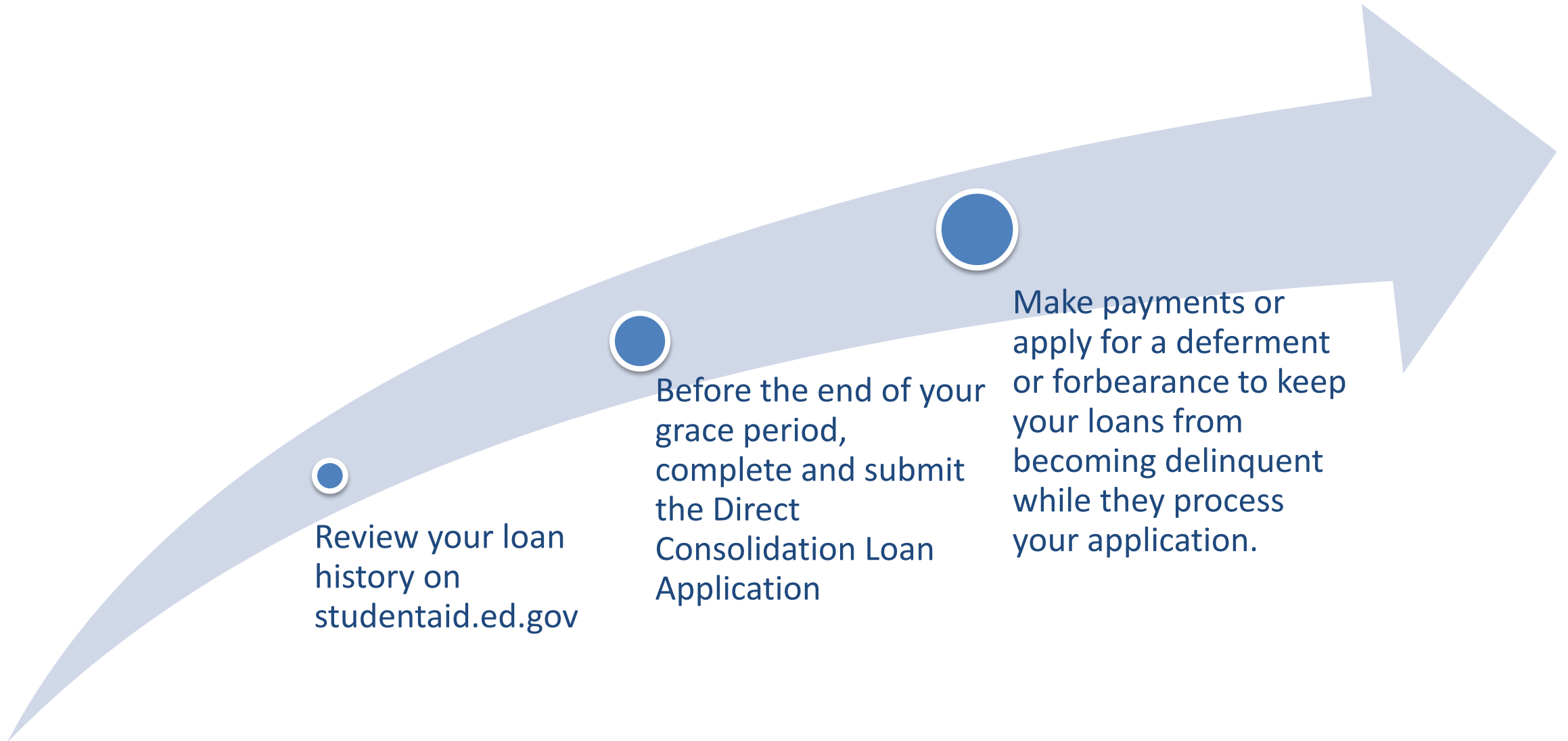
Repayment: What To Expect

Federal Loan Consolidation Process





Federal Loan Consolidation Process





Pros and Cons of Consolidation

PROS

- Repayment Benefits/Forgiveness
- Endorser

CONS

- Longer Repayment Terms
- Perkins Loans

Depends

- Interest Rates
- Grace Period



Academic Year	Undergrad Sun Stafford	Undergrad Unsub Stafford	Graduate Unsubs Stafford	Direct PLUS (Parent or Grad)
July 1, 2016 to June 30, 2017	3.76% Fixed	3.76% Fixed	5.31% Fixed	6.31% Fixed
July 1, 2015 to June 30, 2016	4.29% Fixed	4.29% Fixed	5.84% Fixed	6.84% Fixed
July 1, 2014 to June 30, 2015	4.66% Fixed	4.66% Fixed	6.21% Fixed	7.21% Fixed
July 1, 2013 to June 30, 2014	3.86% Fixed	3.86% Fixed	5.41% Fixed	6.41% Fixed



What is Capitalization?

DEFINITION: The addition of accrued interest to outstanding principal

Generally, unpaid interest is capitalized once each time the borrower enters repayment or the following deferment periods.

- Grace,
- Deferments
- Forbearances

May be capitalized more frequently on private loans

Payments you make in grace or period of eligible enrollment will reduce overall interest cost

Grace Periods

Loan Program	Grace Period
Federal Direct Student Loans	6-months
Federal Perkins Loan	9-months
Federal PLUS Loans (Parent and Grad)	6-months
Health Profession Loans	12-months
Federal Consolidation Loan	N/A

Consider Affordability and Overall Cost

10-Year Repayment Period

- Standard Repayment
- Graduated Repayment

Extended Repayment

- May extend repayment up to 25 years, depending on how much you borrowed

Income Driven Repayment

- Payment amount varies with income

Studentaid.ed.gov

Studentloans.gov

SaltMoney.org



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Courses

Goals

Loan Help

Resources

Connect

20m.

★★★★☆ (351)

Get Expert Student Loan Help

The route to student loan repayment can be complicated. Our Repayment Navigator simplifies it by helping you chart the best course to your debt-free destination.

Updated: May 20, 2015

What You'll Learn

- How much you owe in student loans.
- Which repayment plans can reduce your monthly payments.
- How you may be able to eliminate your debt altogether.

When it comes to student loans, there's no "right way" to repay. Depending on your personal and financial circumstances, you can choose from any number of options and plans as you blaze your trail to repayment.

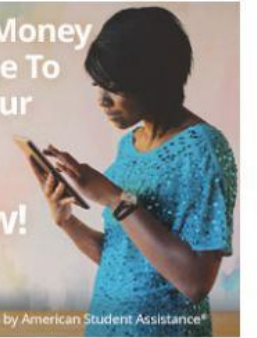
Whether you're just starting to think about the route you'll take, or you've lost your way and need to get caught up on some missed payments, Repayment Navigator can help you map out a path that works for you.



Gain The Money
Knowledge To
Unlock Your
Future

Join Now!

SALT is brought to you by American Student Assistance®





Federal Student Aid | StudentLoans.gov | Log In | Español | MENU

Find out your student loan repayment options here >>

Log in to StudentLoans.gov with your verified FSA ID
LOG IN
Create an FSA ID
For assistance, call: 1-800-557-7394

<p>Undergraduate Students</p> <p>The first step in getting student aid is completing the Free Application for Federal Student Aid (FAFSA™) at www.FAFSA.gov. You must do this every year.</p>	<p>Graduate/Professional Students</p> <ul style="list-style-type: none"> Complete Entrance Counseling Complete Loan Agreement for a Subsidized/Unsubsidized Loan (MPN) Complete Financial Awareness Counseling Complete Exit Counseling Use the Repayment Estimator Complete TEACH Grant Counseling Complete TEACH Grant Agreement to Serve 	<p>Parent Borrowers</p>	<p>Repayment & Consolidation</p> <p>How To Create An FSA ID</p>
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Myths About Financial Aid | Overview of the Financial Aid Process | Budgeting | Responsible Borrowing

<p>My Account</p> <ul style="list-style-type: none"> My Home Page My Documents Account Settings 	<p>Obtain Aid</p> <ul style="list-style-type: none"> Complete Loan Agreement (MPN) Complete Loan Counseling Apply For PLUS Loans Appeal Credit Decision Complete Endorser Addendum Download Paper Loan Documents Complete TEACH Grant Counseling Complete TEACH Grant Agreement to Serve 	<p>Repay Loans</p> <ul style="list-style-type: none"> Estimate Your Payments Consolidate Your Loans Apply For Income-Driven Repayment Co-Sign Income-Driven Repayment Repayment Forms 	<p>Customer Support</p> <ul style="list-style-type: none"> Frequently Asked Questions Glossary Loan Servicers Sitemap What You Need Contact Us
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Repay Loans

- Estimate Your Payments
- Consolidate Your Loans
- Apply For Income-Driven Repayment
- Co-Sign Income-Driven Repayment
- Repayment Forms

REPAYMENT ESTIMATOR

- Repayment Plans
- Estimate Your Payments
- Next Steps

You're currently not logged in!

You must log in to complete and submit federal student loan processes.

LOG IN

Repayment Plans

Which loans are included? ▾

What assumptions do we make? ▾

Projected Loan Forgiveness ▾

- Repayment Plans
- Estimate Your Payments
- Next Steps

Estimate Your Payments

Your Loan Information

- Use Your Loans
- Use Average Loan Balances

Your Loan Balance \$0

Interest Rate N/A

[VIEW OR ADD YOUR LOANS](#)

[More Information](#) 

Your Tax Filing Status

Select your tax filing status:

Single 

Repayment Estimator [More Information](#)

Current Loan Balance: \$29,214 Family Size:

Adjusted Gross Income (AGI): State of Residence:

Show payment estimated under Public Service Loan Forgiveness (PSLF):

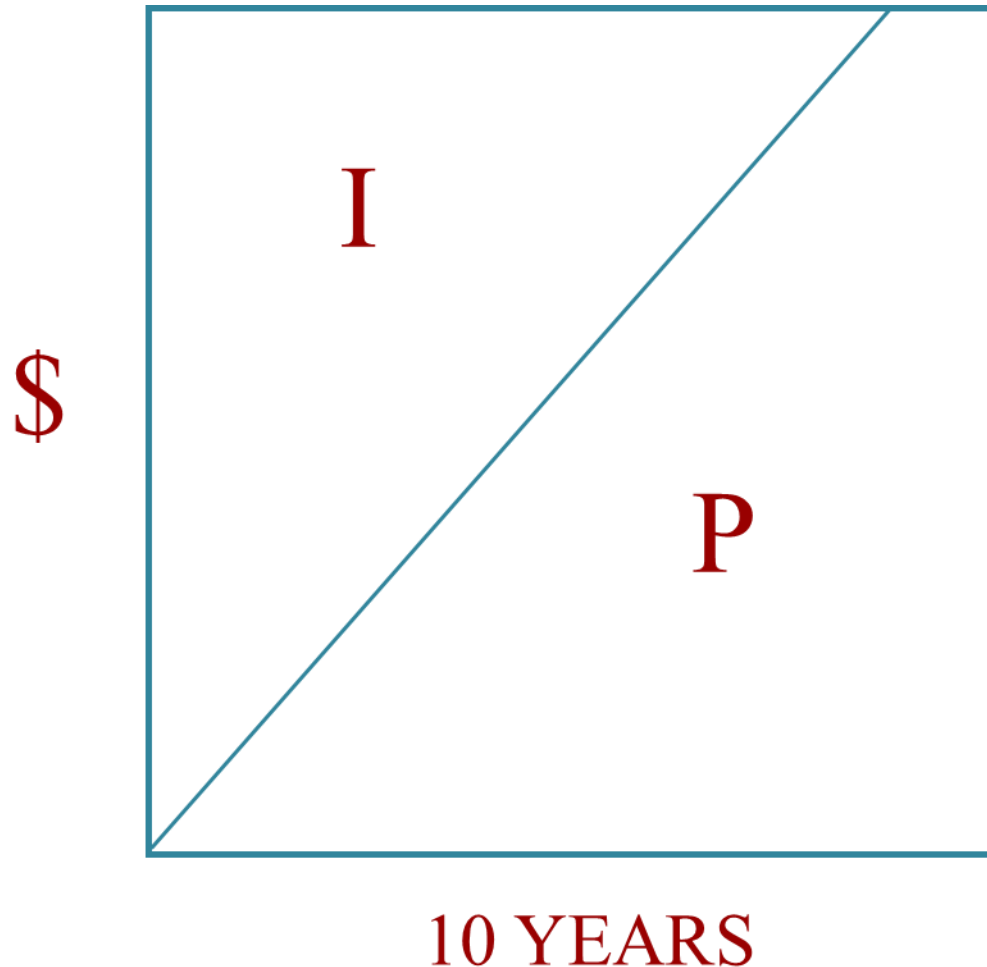
Standard You will pay a total of \$35,327 over 120 months	\$294 - \$294/month	+
Graduated You will pay a total of \$36,838 over 120 months	\$165 - \$494/month	+
Revised Pay As You Earn (REPAYE) You will pay a total of \$37,344 over 139 months	\$185 - \$380/month	+
Pay As You Earn (PAYE) You will pay a total of \$37,481 over 146 months	\$185 - \$294/month	+
Income-Based Repayment (IBR) You will pay a total of \$35,419 over 122 months	\$277 - \$294/month	+
IBR for New Borrowers You will pay a total of \$37,481 over 146 months	\$185 - \$294/month	+
Income-Contingent Repayment (ICR) You will pay a total of \$37,806 over 161 months	\$217 - \$254/month	+

Adjusted Gross Income

Comparison Charts

PSLF Consideration

Standard Repayment



Monthly Payment Schedule

Initial Balance	\$35,000
Years 1-10	\$403

Payment Summary

Total \$ Payments	\$48,334
Total Interest	\$13,334
Total # of Payments	120

Graduated Repayment

Monthly Payments

Initial Balance	\$35,000
Years 1-2	\$232
Years 3-4	\$345
Years 5-6	\$415
Years 7-8	\$520
Years 9-10	\$697

Payment Summary

Total \$ Payments	\$52,010
Total Interest	\$17,010
Total # of Payments	120

Extended Repayment

Monthly Payments

Initial Balance	\$35,000
Year 1-25	\$243

Payment Summary

Total \$ Payments	\$72,878
Total Interest	\$37,878
Total # of Payments	300

Standard Comparison Recap

Payment Plan	Initial Payment	Total Paid
Standard 10 years	\$403	\$48,334
Graduated 10 years	\$232 - \$697	\$52,010
Extended Fixed 25 years	\$243	\$72,878
Extended Graduated 25 years	\$198- \$347	\$78,939

Based on \$35,000 in Federal Direct Loans at 6.8%



Understanding Earnings



Application Systems Analyst



Licensed Clinical Social Worker



Marketing Account Executive



High School Teacher





Income-Driven Repayment (IBR and PAYE/REPAYE)

High Debt Relative to Income

- Appropriate for early in careers or public service

Allows for Reduced Payment

- From 15% to 10% of discretionary income

Married Borrowers Filing Jointly

- Spousal income and student loan debt considered

Allows for Forgiveness

- 25 Years (Old IBR and REPAYE including Grad Loans)
- 20 Years (PAYE, new IBR, and REPAYE with only undergrad loans)
- IRS considers amounts forgiven to be taxable income in the year forgiven



Eligible Borrowers for Income-Driven Plans (IBR and PAYE)

Income-Based Repayment (IBR)

- Direct Loan and FFEL Program borrowers; and,
- Had a balance on any FFEL or Direct Loan on 10/1/2017

Pay As You Earn (PAYE)/(REPAYE)

- Direct Loan borrowers only
- FFEL Borrowers may qualify through Consolidation



Payment Amounts for Income-Driven Plans (IBR and PAYE/REPAYE)

Income-Based Repayment (old IBR)

- 15% of discretionary income
- Possible interest subsidy for up to 3 years

Pay As You Earn or Revised (PAYE/REPAYE/new IBR)

- 10% of discretionary income
- Possible interest subsidy for up to 3 years



Income-Driven Repayment (Old IBR)

Annual Income	\$40,000
Monthly Income	\$3,333
Total Educational Indebtedness	\$35,000
Monthly Payment Under Standard Repayment (\$35,000 at 6.80 %)	\$403
Annual Income	\$40,000
150% of Poverty Level (Single)	<u>-\$17,655</u>
Discretionary Income	\$22,345
15% of Discretionary Income	\$3,351
Monthly Payment Under old IBR	\$279

Income-Driven Repayment (PAYE/REPAYE/New IBR)






Annual Income	\$40,000
Monthly Income	\$3,333
Total Educational Indebtedness	\$35,000
Monthly Payment Under Standard Repayment (\$35,000 at 6.80 %)	\$403
Annual Income	\$40,000
150% of Poverty Level (Single)	<u>-\$17,655</u>
Discretionary Income	\$22,345
10% of Discretionary Income	\$2,249
Monthly Payment Under PAYE/REPAYE/new IBR	\$187



Applying for Income-Driven Repayment Plans



Apply for Income Drive Payment Plans Regardless of Federal Loan Service Agent

 Undergraduate Students ▼	 Graduate/Professional Students ▼	 Parent Borrowers ▼	 Repayment & Consolidation ▼
<ul style="list-style-type: none">• Complete a Consolidation Loan Application and Promissory Note• Use the Repayment Estimator• Apply for an Income-Driven Repayment Plan• Co-sign Spouse's Income-Driven Repayment Plan Request• Access Repayment Forms <div data-bbox="1345 1065 1702 1265"><p>Repayment: What To Expect</p></div>			

Applying for Income-Driven Repayment Plans

Uses IRS Data Retrieval Tool that is used on the FAFSA

- Retrieves the most recent tax information from two most recently completed tax years

Electronically transmits application to loan servicers

- No follow-up necessary unless AGI is unavailable or borrower wants to submit alternative documentation of income

Servicer may require Alternative Documentation of Income (ADOI)

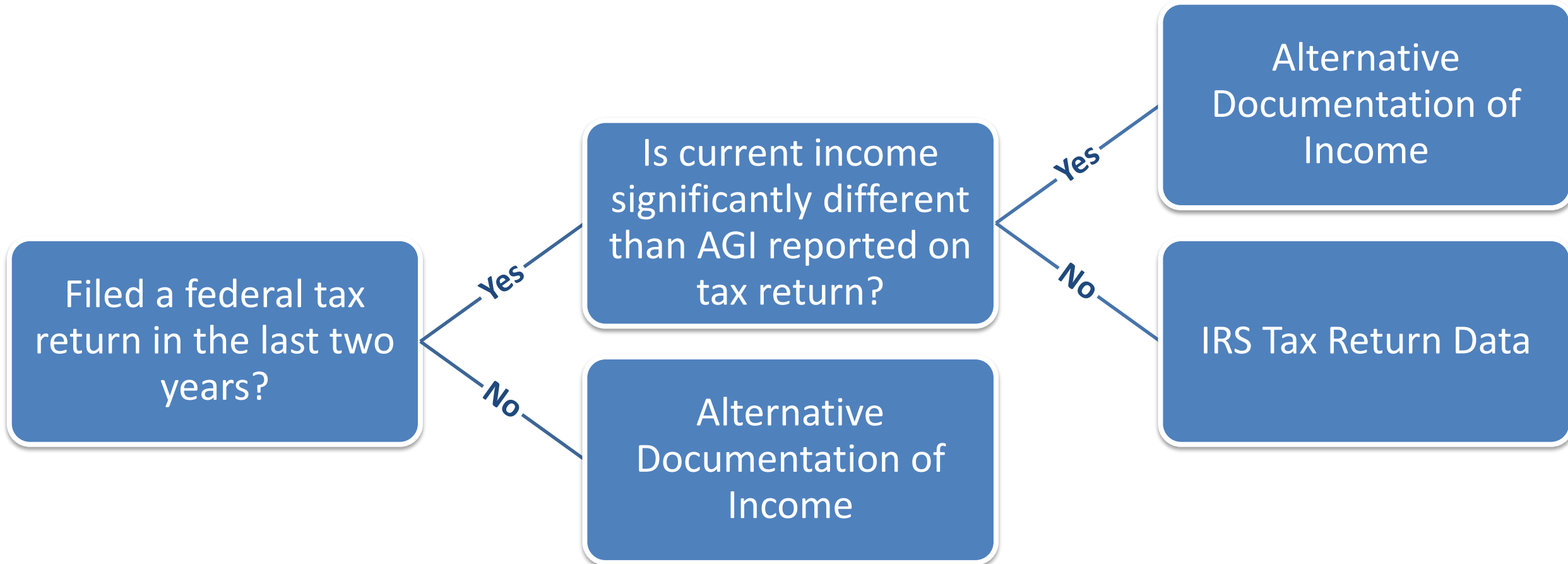
- If AGI is unavailable or does not reasonably reflect current income

Must recertify family size and update income information each year

- Failure to do so, will revert the account to the 10-year standard repayment plan.
- Can update income information and family size early if it changes mid-year.



Tax Return or Alternative Documentation of Income



Public Service Loan Forgiveness

Program for federal student loan borrowers who work in certain kinds of jobs.

It will forgive remaining debt after 10 years of eligible employment and qualifying loan payments.



- Borrower must also be employed by a qualifying organization at the time that the borrower applies for and receives PSLF
- According to the IRS, the forgiven amount is not treated as taxable income



PSLF – Qualifying Payments



Doesn't matter what you do, it matters where you work.

1

- Any government organization

2

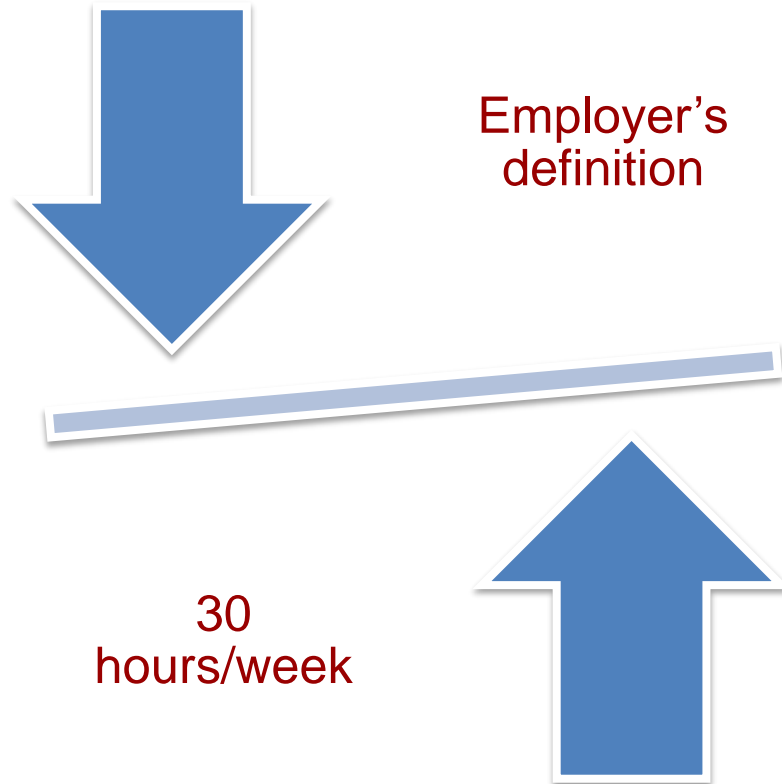
- 501(c)(3) not-for-profit organization

3

- Other not-for-profit organizations providing specific qualifying services

PSLF – Full-Time Employment

Full-time is the greater of:



Must be a full-time employee or work multiple part-time jobs that equal full time

For borrowers at a not-for-profit organization hours spent on religious instruction, worship services, or proselytizing cannot be factored into meeting the full-time employee requirement



Pay as You Earn (PAYE/REPAYE) and Public Service Loan Forgiveness

Year of Income Driven Repayment	Income	Monthly Loan Repayment
Year 1	\$40,000	\$186
Year 2	\$40,160	\$202
Year 3	\$43,264	\$212
Year 4	\$44,994	\$222
Year 5	\$46,794	\$233
Year 6	\$48,666	\$243
Year 7	\$50,612	\$255
Year 8	\$52,637	\$267
Year 9	\$54,743	\$279
Year 10	\$56,932	\$292

Pay as You Earn (PAYE/REPAYE) and Public Service Loan Forgiveness

Payment Summary	
Total # of Payments	120
Total \$ Payments	\$28,817
NPV of Total Payments	\$21,514
Total Loan Forgiveness	\$48,465 UNTAXED

The Right Loan - Federal Direct Loan

- Direct (Stafford), Direct Graduate PLUS, Direct Consolidation Loan Programs

The Right Job – Full Time Employment (30 hours/week)

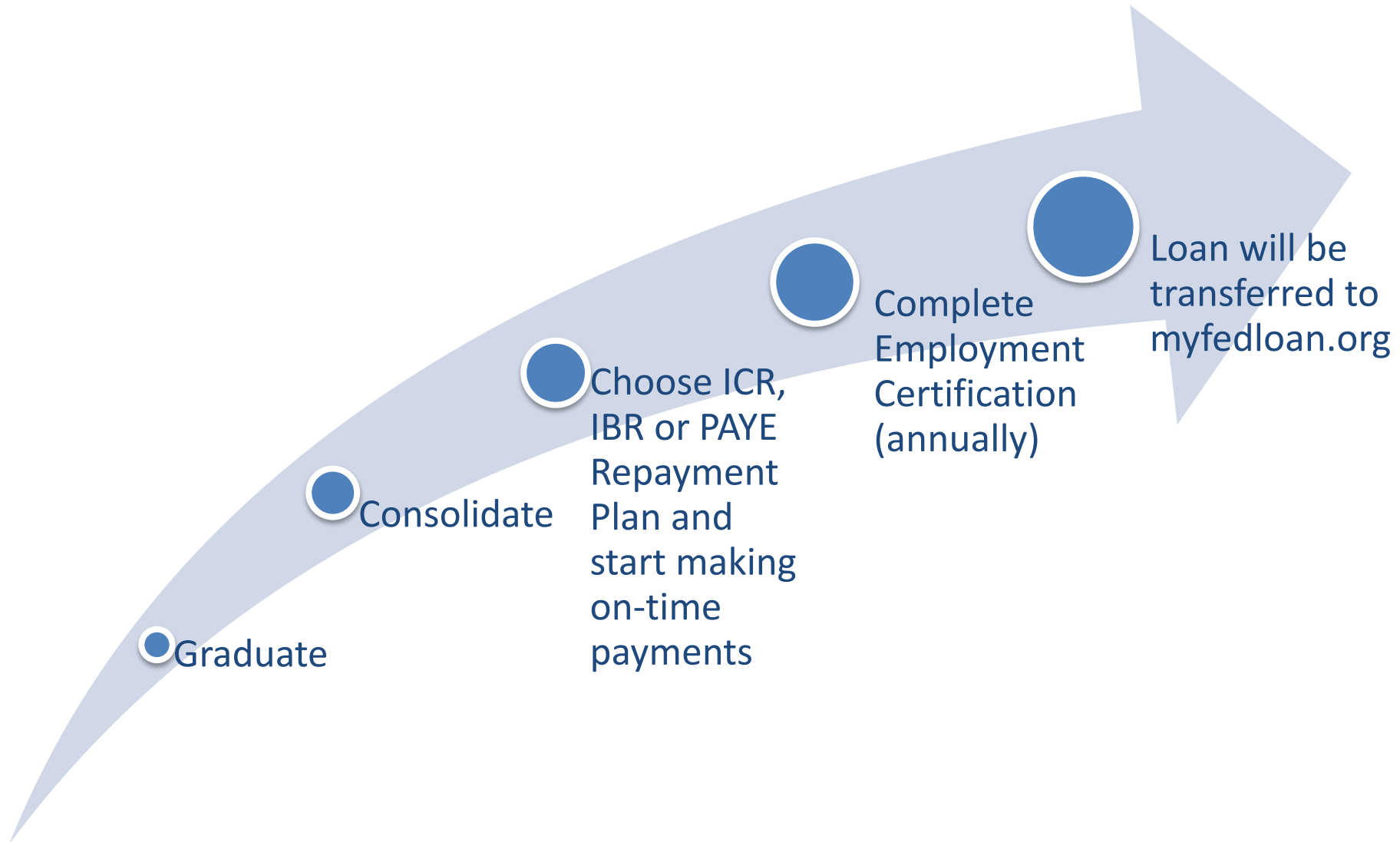
- Federal, State, Local or Tribal Government
- Private nonprofit 501(c)(3) organizations
- AmeriCorps or Peace Corps positions

The Right Payment

- 120 On-time Payments Under the Income Driven Plans (ICR, IBR, PAYE/REPAYE)



Public Service Loan Forgiveness Action Steps



ASK FOR HELP!!

Let your Lender or Loan Service Agent know if anything effects your ability to pay your loan

You may be eligible for a

- Deferment
- Forbearance
- Cancellation



In-School Deferment

Unemployment Deferment

Economic Hardship Deferment



Temporary suspension or reduction of
loan payments

- Financial Difficulties
- Reduced-Payment Forbearance
- Med or Dental Internships
- Debt Exceeds Monthly Income
- Americorp/Teacher Loan Forgiveness
- Local/Nat'l Emergency
- Military Mobilization
- Designated Disaster Area
- Borrower Ineligible for Deferment



DEATH

Your Loans Will Qualify for Cancellation in the
Event of Your Death

PERMANENT AND TOTAL DISABILITY

Your Loans Will Qualify for Cancellation Should You
Become Totally AND Permanently Disabled

*To the extent that the borrower is not insolvent at the time
of cancellation, these events may create tax liability*

The Taxpayer Relief Act of 1997

	Full Deduction	Partial Deduction	No Deduction
Single	\$65,000 or less	\$65,001 to \$80,000	\$80,001 or more
Married filing jointly	\$130,000 or less	\$130,001 to \$160,000	\$160,001 or more

Limited to: First 60 months of repayment

Max student loan interest deduction: \$2,500/year

May be eligible: Voluntary payments & capitalization

www.irs.gov/publications/p970/



Undergraduate Students



The first step in getting student aid is completing the Free Application for Federal Student Aid (FAFSA®) at www.FAFSA.gov. You must do this every year.



Graduate/Professional Students



Parent Borrowers



Repayment & Consolidation



- Complete Entrance Counseling
- Complete Loan Agreement for a Subsidized/Unsubsidized Loan (MPN)
- Complete Financial Awareness Counseling
- Complete Exit Counseling
- Use the Repayment Estimator
- Complete TEACH Grant Counseling
- Complete TEACH Grant Agreement to Serve



How To Create An FSA ID

Everyone Must Complete Exit Counseling at studentloans.gov



NAMES, ADDRESSES, E-MAIL ADDRESSES AND PHONE NUMBERS



- Your next of kin 
- Two references who live in the U.S.
- Your future employer (if known)

CLOSE

Consequences of Default

Hold on University Services

Adverse Credit History

Tax-Offset & Wage Garnishment

Loan Acceleration

Sent to a Collection Agency

Late Fees & Collection Costs

Litigation

Suspension of Professional Licenses

Federal Student Aid Ombudsman

- Works with federal student loan borrowers to resolve loan disputes and problems.
- (877) 557-2575
- ombudsman.ed.gov

Consumer Financial Protection Bureau

- Works with non-federal student loan borrowers to resolve their disputes and problems.
- (855) 411-2372
- cfpb.gov





Creating A Spending Plan





SMART Financial Goals

S=Specific

M=Measureable

A=Attainable

R=Relevant

T=Time Bound



Creating A Spending Plan



Habitual Spending



Paying Off Your Balances

- **Credit card payment example:**
 - 18% credit card
 - \$2,500 balance
 - Minimum payment (2% of balance)

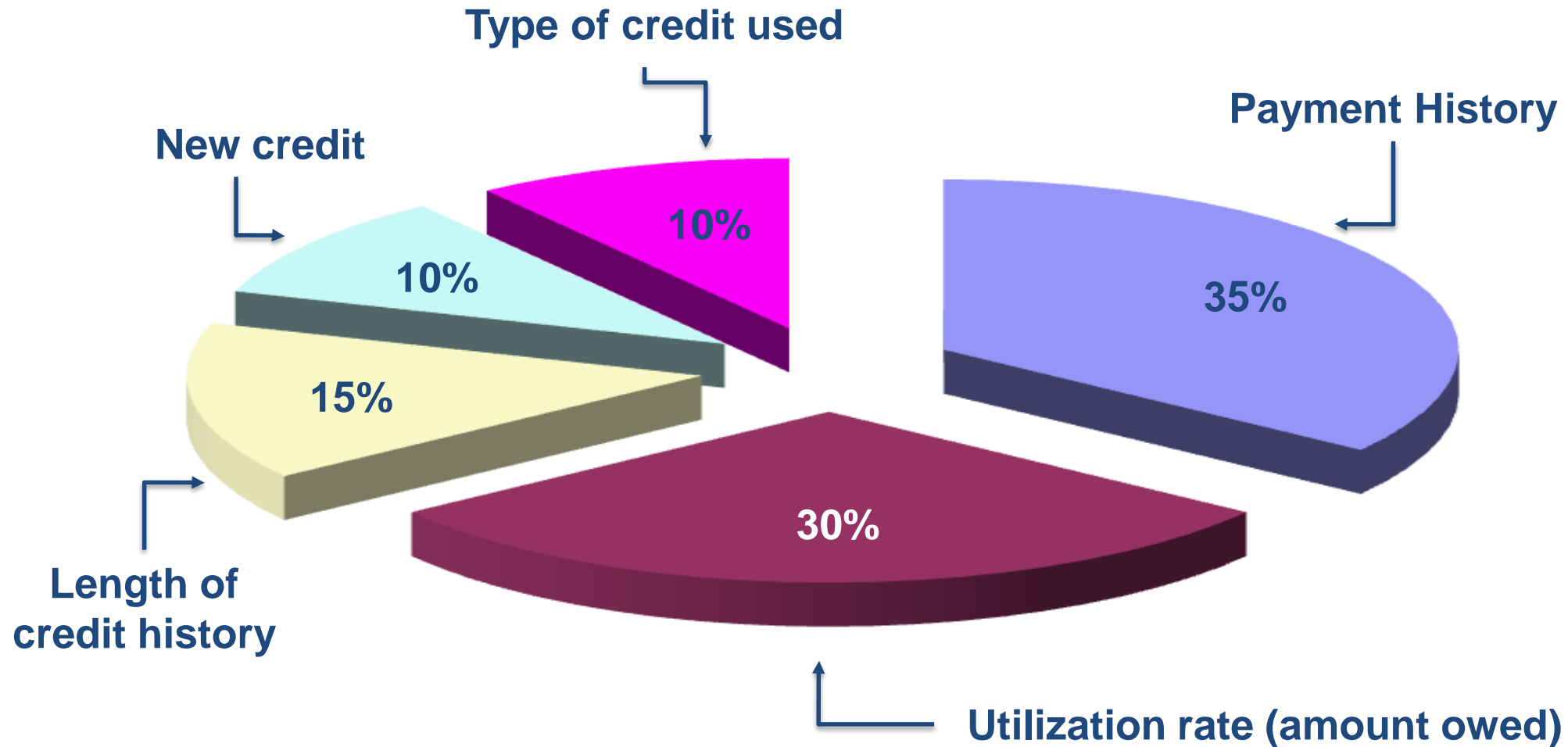


Results	Minimum monthly payment		
	2%	\$50	\$75
Total Cost to Pay Off:	\$8,396	\$4,656	\$3,388
Total Interest Paid:	\$5,896	\$2,156	\$888
Number of Years:	27.8	7.8	3.8

- Entitled to an annual free copy of your Credit Report
 - (877) 322-8228
- www.myfico.com – fee for service
- www.creditkarma.com – free but advertisements
- www.bankrate.com – info, articles, calculators



What is a FICO Score Based On?





Higher the FICO Score, the Lower the Payment

FICO score	APR*	Monthly payment	Total Interest Cost
720-850	3.257%	\$730	\$1,275
690-719	4.585%	\$745	\$1,806
660-689	6.687%	\$768	\$2,661
620-659	9.384%	\$799	\$3,781
590-619	13.765%	\$852	\$5,657

*National average interest rates as of 03/30/2016 (myfico.com). This table illustrates how different FICO score ranges can affect rates and monthly payments on a \$25,000, 36-month fixed-rate auto loan.

Read All of Your Mail

Guard Your Mail and Trash from Theft

- Deposit Outgoing Mail at the Post Office
- Place Mail on Hold when on Vacation

Shred, Shred, Shred

- Charge Receipts
- Credit Applications or Offers
- Insurance Forms
- Checks and Bank Statements
- Expired Credit or Debit Cards

888-5 OPTOUT (888-567-8688) optoutprescreen.com



Deter, Detect, Defend

Read your mail daily

Review your bank statements and credit cards carefully

Monitor your credit report annually





Keep Personal Information Personal

Watch what information you
share on Social Networks

Keep your PIN private

Use Good P@ssw0Rds!

Lock your phone with
password.





More Information

nslds.ed.gov

studentloans.gov

studentaid.gov

saltmoney.org

borrower.ecsi.net

annualcreditreport.com

myfico.com

creditkarma.com

cfpb.gov

ombudsman.ed.gov

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