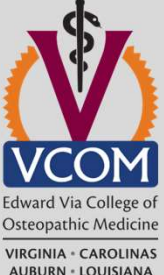



**Exit Counseling for
2023 Graduates**



Jan Belton
Director for Financial Aid –
Carolinas Campus

1



Agenda

- Basic loan status timeline (3)
- Definitions and important terms (13)
- Public Service Loan Forgiveness (7)
- Two repayment strategies that both have the same first step (25)

2

Loan Status Timeline



- In-School Deferment – ends graduation day
- Grace Period or Graduate PLUS Forbearance – ends 6 months after graduation
- Revised Pay-As-You-Earn (REPAYE), Pay-As-You-Earn (PAYE), or Income-Based Repayment (IBR)
- Decision time → Public Service Loan Forgiveness (PSLF), or Aggressive repayment

3

Definitions & Important Terms

• Grace Period



- For unconsolidated Direct Loans only
- Automatic 6-month period following graduation
- Can only be used once
- Graduate PLUS loans have a 6-month automatic forbearance instead
- No action needed

4

Definitions & Important Terms

• Deferments



- In-School – must be enrolled at least half-time
- Graduate Fellowship – must be an approved fellowship program
- Active Duty Military – must be on active duty
- Unemployment – must be receiving unemployment benefits

5

Definitions & Important Terms

• Forbearances



- Graduate PLUS forbearance
 - up to 6 months immediately after graduation
- General Administrative Forbearance
 - various reasons, depending on your lender
 - typically 6 months to a year
- Residency Forbearance
 - accepted into a residency program
 - limited only by the length of residency

6

Definitions & Important Terms

• Repayment Plans



- Standard – equal monthly payments for 10 yrs.
- Extended – equal monthly payments for 10-25 yrs.
- Graduated – monthly payments increase over time for up to 25 yrs.
- Income-Driven Plans (5 of them)
 - Required for Public Service Loan Forgiveness

7

Definitions & Important Terms

• Income-Driven Repayment Plans



- Repayment plans with the monthly payment determined by income, **not** debt level
- Low salary = low monthly bill
(great during residency)
- Must be applied for initially, and renewed each year

8

Definitions & Important Terms

• Income-Driven Repayment Plans



■ 5 plans:

- Income-Sensitive (IS)
- Income-Contingent (IC)
- ❖ Revised Pay-As-You-Earn (REPAYE)
- ❖ Pay-As-You-Earn (PAYE)
- ❖ Income-Based (IBR)

■ General best order =

REPAYE > PAYE > IBR > IS or IC

9

Definitions & Important Terms

• REPAYE Marriage Caveat



- PAYE and IBR allow student-only calculation, if taxes filed separately
- REPAYE **always** considers spouse's income and spouse's student loan debt
 - Married Filing Separately tax status **does not** help
- High spouse income = higher monthly family loan payment
- If spouse has \$0 student loan debt and spouse's income = \$60,000, then REPAYE monthly bill:
 - will be ≈ \$450 **higher** than MFS + PAYE (≈ \$5,400 / year)
 - will be ≈ \$350 **higher** than MFS + IBR (≈ \$4,200 / year)

10

Definitions & Important Terms

• Consolidation vs Refinancing



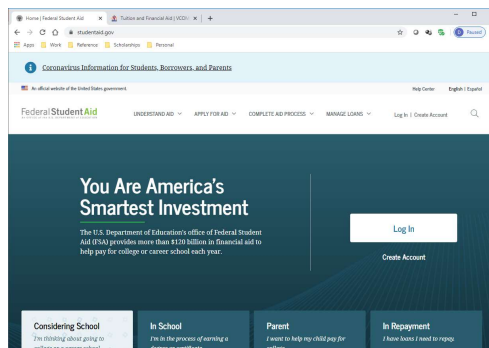
- Consolidation is federal
- Refinancing is private
- Consolidation combines federal loans using a weighted interest rate
 - It doesn't save you money during aggressive repayment
 - It DOES work with Public Service Loan Forgiveness
- Refinancing combines all loans using a market interest rate
 - It may save you money during aggressive repayment
 - It does NOT work with income-driven repayment plans or Public Service Loan Forgiveness

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StudentAid.gov



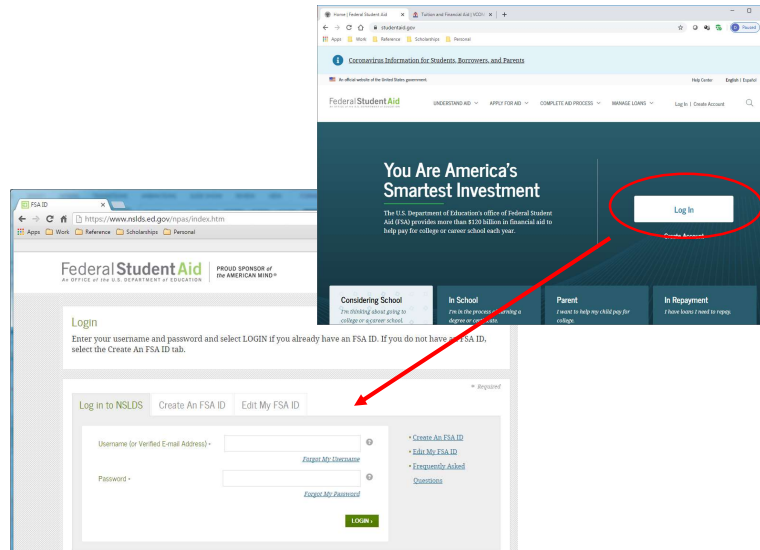
■ StudentAid.gov



- Available 24/7 at:
<https://studentaid.gov>
- Tracks your loans until they are paid in full
- Key to tracking multiple payments to multiple parties

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StudentAid.gov



13

StudentAid.gov



FederalStudentAid

UNDERSTAND AID

APPLY FOR AID

COMPLETE AID PROCESS

MANAG

Dashboard

My Aid

View Details




Your loan balance
is \$0.

Loan information as of 01/22/2006

Illiv: Investigate


14

StudentAid.gov



7 Loans [View Breakdown](#)

2 Servicers | Total original amount awarded: \$22,180



Your loan balance is \$0.

Loan information as of 01/22/2006

HELPFUL LINKS

[Explore Repayment Options](#)

[Try the Loan Simulator](#)


[Learn About Public Service Loan Forgiveness \(PSLF\)](#)

[Explore Income-Driven Repayment Options](#)

[Learn About Loan Consolidation](#)

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Private Loans



- Private loans do not have the same Grace Period, Deferment, Forbearance, and Repayment options because they are not part of the federal loan system.
- Ask your lender:
 - ☐ Is there a grace period, and what is the length?
 - ☐ When does repayment begin?
 - ☐ What is my repayment term?
 - ☐ What are my deferment and forbearance options and requirements?
 - ☐ How and when is interest calculated?
 - ☐ What are your interest capitalization policies?
 - ☐ Is there a repayment benefit?

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Private Loans



- StudentAid.gov won't list your Private loans
- Find a listing of all your loans on your free credit report at <http://www.annualcreditreport.com>



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Sample Credit Report



GLELSINELNET		
Address: 2401 INTERNATIONAL LN MADISON, WI 53704 <i>No phone number available</i>	Account Number: 44983400622....	
Address Identification Number: 7634492132		
Status: Open/Never late.		
Date Opened: 08/2004	Type: Installment	Credit Limit/Original Amount: \$10,523
Reported Since: 06/2008	Terms: NA	High Balance: NA
Date of Status: 10/2009	Monthly Payment: \$114	Recent Balance: \$10,030 as of 10/2009
Last Reported: 10/2009	Responsibility: Individual	Recent Payment: \$114
GLELSIWELLS FARGO BK TT		
Address: 2401 INTERNATIONAL LN MADISON, WI 53704 <i>No phone number available</i>	Account Number: 44983400623....	
Address Identification Number: 7634492132		
Status: Open/Never late.		
Date Opened: 08/2007	Type: Installment	Credit Limit/Original Amount: \$5,678
Reported Since: 08/2009	Terms: NA	High Balance: NA
Date of Status: 10/2009	Monthly Payment: \$56	Recent Balance: \$4,725 as of 10/2009
Last Reported: 10/2009	Responsibility: Individual	Recent Payment: \$56

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Public Service Loan Forgiveness (PSLF)



Rules

- ❑ Be in active repayment (no forbearance)
- ❑ Make 120 scheduled payments in IDR or Standard repayment (do not have to be consecutive)
- ❑ Be employed by a 501(c)(3) organization, the military, state or federal government, or other select positions

Benefit

- ❑ Remaining principal balance and accumulated interest are forgiven, tax-free

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PSLF Benefit Examples



Unsubsidized Loans = \$200,000 @ 4.3%

Family Size = 1

4-yr Non-Profit Residency

Starting Resident Salary = \$46,000

Starting Practice Salary = \$150,000

Salary Growth Rate = 4%

Repayment Plan = REPAYE

REPAYE	
Initial Monthly Payment *	\$213.46
Total Unsub Repaid	\$318,868.88
Total Grad PLUS Repaid	\$0.00
Total Repaid	\$318,868.88
Total Repayment Time	21 years
Total Interest Subsidy	\$11,510.13
REPAYE Forgiveness	\$0.00
or	
PSLF Forgiveness	\$174,668.55
PSLF Total Payments	\$98,643.37

- Approximately \$100,000 repaid over 10 years
- Approximately \$186,000 forgiven

20

PSLF Benefit Examples



Unsubsidized Loans = \$175,000 @ 5%
 PLUS Loans = \$80,000 @ 6%
 Family Size = 1
 4-yr Non-Profit Residency
 Starting Resident Salary = \$46,000
 Starting Practice Salary = \$150,000
 Salary Growth Rate = 4%
 Repayment Plan = REPAYE

REPAYE	
Initial Monthly Payment *	\$213.46
Total Unsub Repaid	\$292,282.03
Total Grad PLUS Repaid	\$155,827.23
Total Repaid	\$448,109.26
Total Repayment Time	25 years
Total Interest Subsidy	\$22,297.51
REPAYE Forgiveness	\$96,783.34
+	
PSLF Forgiveness	\$279,612.39
PSLF Total Payments	\$98,643.37

- Approximately \$100,000 repaid over 10 years
- Approximately \$302,000 forgiven

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PSLF Benefit Examples (VCOM 2011)



Graduated in 2011

Unsubsidized Loans = \$224,000 @ variable interest rate
 PLUS Loans = \$28,770 @ variable interest rate
 Family Size = 1 at graduation; 3 by end of repayment
 Starting Salary = ~\$65,000
 Starting Monthly Payment = ~\$400
 Repayment Plan = Income-Based Repayment

- ~\$70,000 paid over 10 years
- ~\$350,000 forgiven at the 10-year point

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PSLF Benefit Examples (other VCOM graduates)



- Class of 2007 graduate – ~\$242,000 forgiven
- Class of 2008 graduate – ~\$154,000 forgiven
- Class of 2010 graduate – ~\$271,000 forgiven
- Class of 2010 graduate – ~\$332,000 forgiven
- Class of 2010 graduate – ~\$225,000 repaid
~\$118,000 forgiven
- Class of 2011 graduate – ~\$145,000 forgiven

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PSLF Benefit Examples



- Higher paid specialties result in larger amounts repaid, but still result in forgiveness
- For-profit residencies result in longer repayment time (13-15 years), but still result in forgiveness
- Non-profit practice is the key

24

PSLF Caveats



- Loans must be in the Direct Loan program
 - May need consolidation
- Must make payments; forbearance months do not count towards 120
- Must be employed by an eligible organization for the entire period
- Higher salaries result in higher IDR payments, which reduces forgiven balance after 10 years
- Exact timing of salary changes can alter IDR payments
- Applied for at end of 10-year period; Congress may change the law

25

Decision Time



- Repayment Strategy 1 – PSLF
 1. Apply for REPAYE, PAYE, or IBR
 2. Make monthly payments only for the billed amount
 3. Submit employment certifications and check your monthly payment each year
- Repayment Strategy 2 – Aggressive repayment
 1. Apply for REPAYE, PAYE, or IBR
 2. Make an extra payment each month against your highest interest rate loan
 3. Refinance after residency

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Decision Time



- Residency and practice matters
 - Non-profit residency + non-profit practice is great for PSLF
 - For-profit residency + non-profit practice can still work for PSLF
 - Any residency + for-profit practice eliminates PSLF
- Repayment Strategy 1 – PSLF
 1. Apply for REPAYE, PAYE, or IBR
- Repayment Strategy 2 – Aggressive repayment
 1. Apply for REPAYE, PAYE, or IBR

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Decision Time



If there is any chance
you'll work at a non-profit
practice site



Apply for
REPAYE, PAYE, or IBR

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Repayment Strategy 1 – PSLF



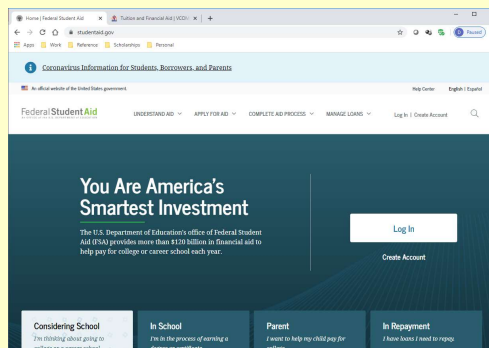
1. Apply for REPAYE, PAYE, or IBR
2. Make monthly payments only for the billed amount
3. Submit employment certifications and income verifications every year as required

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StudentAid.gov



■ StudentAid.gov



■ Available 24/7 at:
<https://studentaid.gov>

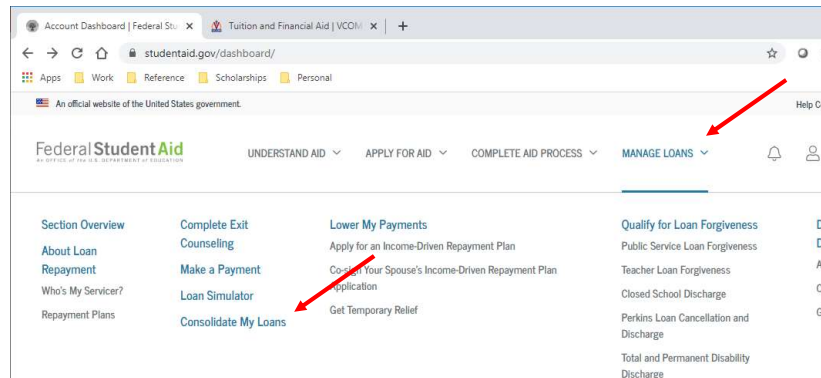
30

1. Consolidate into the Direct Loan program, if needed



- Only one option for consolidation:

<https://studentaid.gov/>



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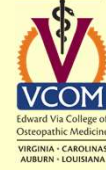
1. Apply for Residency Forbearance, if needed



- Stops you from getting a monthly bill
- Is guaranteed as long as you ask for it
 - There's usually an application form
- Must be requested from each lender or servicer
- Forms available online or by calling

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Repayment Strategy 1 – PSLF



1. Apply for REPAYE, PAYE, or IBR

- Gives lowest monthly payment that still qualifies for PSLF
- Low income during residency =
low monthly payments =
greater loan forgiveness
- Apply through your loan servicer

33

2. Make monthly payments only for the billed amount



- PSLF requires 120 regularly-scheduled monthly payments
- Additional payments do not count
- Minimum of 10 years

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3. Submit employment certifications and income verification each year



- Form currently available at StudentAid.gov
- Also available from your servicer
- Submit yearly income information to your servicer
- REPAYE marriage caveat

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Repayment Strategy 1 – PSLF



1. Apply for REPAYE, PAYE, or IBR
 - Consolidate into the Direct Loan Program (if needed)
 - Apply for Residency Forbearance if consolidation takes >90 days
2. Make monthly payments only for the billed amount
3. Submit employment certifications and check your monthly payment each year

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Repayment Strategy 2 – Aggressive repayment



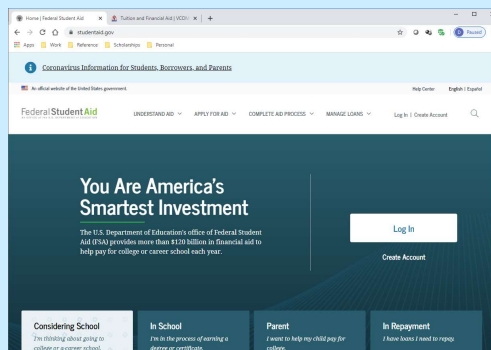
1. Apply for REPAYE, PAYE, or IBR
2. Consider refinancing (later)
3. Make an extra payment each month against your highest interest rate loan

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StudentAid.gov



■ StudentAid.gov



■ Available 24/7 at:

<https://studentaid.gov>

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1. Apply for REPAYE, PAYE, or IBR



- Gives lowest monthly payment during residency
- Low income during residency =
low monthly payments =
greater cash flexibility
- REPAYE offers interest subsidy
- Apply through your loan servicer

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2. *Do not* consolidate ... consider refinancing



- ***Do not*** consolidate your loans
 - Consolidation would lump all of your loans together, eliminating the chance to pay on the highest interest rate loan first.
- ***Do*** consider refinancing after residency
 - Lower interest rate = lower total cost
 - Will lose income-driven repayment plans
 - Will lose PSLF chance

40

3. Make an extra payment each month



- Pay the monthly bill first
- Then make an extra payment against your highest interest rate loan
 - Pays it off faster
 - Reduces your total cost
- It may not be an educational loan

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3. Make an extra payment each month



	Principal	Interest Rate
1. Credit card	\$4,000	15.00%
2. Private student loan	\$20,000	5.50% (var.)
3. Graduate PLUS loans	\$40,000	7.00%
4. Unsubsidized loans	\$170,000	6.00%
5. Car loan	\$18,000	5.00%
6. Mortgage	\$200,000	4.00%

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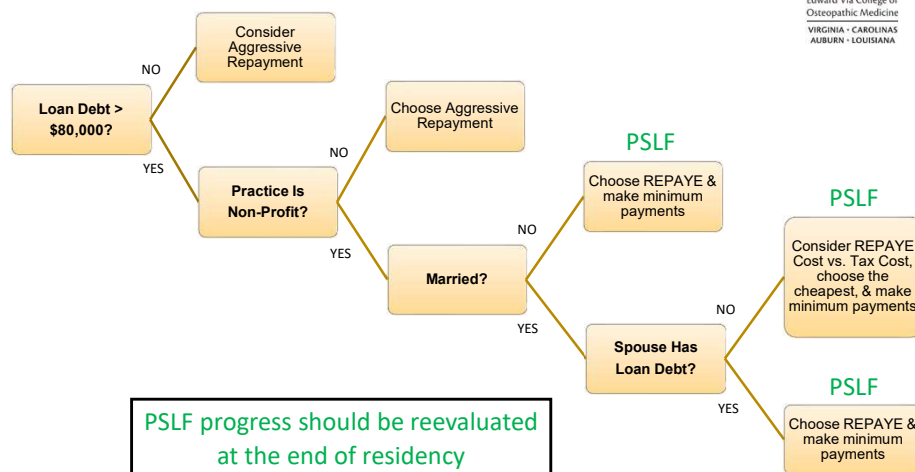
Repayment Strategy 2 – Aggressive repayment



1. Apply for REPAYE, PAYE, or IBR
2. Do **not** consolidate,
but **do** consider refinancing after residency
3. Make an extra payment each month against
your highest interest rate loan

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Decision Time



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Stay on top of your loans



- Let your lenders or servicers know if your name, address, telephone number, or email address changes

Name

Address

Telephone

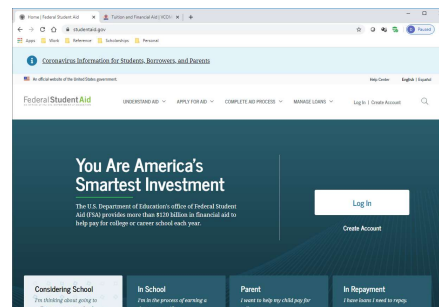
Email Address

45

Take Action



- Go to <https://studentaid.gov> – find out who holds your federal student loans
- Know who and how much you owe
- Take action for each loan



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Association of American Medical Colleges aamc.org



- The AAMC site has a lot of great videos and webinars that you can review:
- Several that we recommend watching, but are not required are:
- <https://students-residents.aamc.org/financialaid/videos>

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AAMC First - aamc.org



- 1 - Repayment Strategies for Graduating Medical Students
- 2 - Steps to increase your credit score
- 3- Student Loans and Repayment Strategies

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Aamc.org



- 4 – Home Financing for Graduating Medical Students
- 5- AAMC's Financial Wellness Program

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Questions?

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