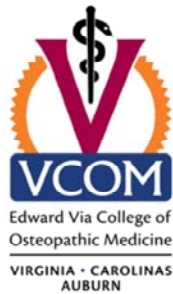


Exit Counseling for 2016 Graduates



Good afternoon everyone! I'm glad to have you all here. If you didn't sign in already, please make sure you do.

All of the changes Congress has made in the last few years have opened up some new possibilities for you, but they've also created a large potential for confusion.

Agenda



- Basic loan status timeline
- Grace period, deferments, forbearances, and repayment plans
- Public Service Loan Forgiveness
- Two repayment strategies

Hopefully you've watched at least some of the online modules by now. In this session, we're going to go over just a few basic loan repayment items because I want to be sure we're all clear on these definitions first. Then we're going to talk about the Public Service Loan Forgiveness program because it's really your decision-point for which repayment strategy you're going to use. The two repayment strategies we advocate are divergent in terms of the process and paperwork to complete. Once we've covered Public Service Loan Forgiveness, we'll discuss the two repayment strategies that we think make the most sense for you.

Our goal with this session is to focus on the two strategies that will get you through loan repayment as cheaply as possible.

Loan Status Timeline



- In-School Deferment – ends graduation day
- Grace Period or Graduate PLUS Forbearance – ends 6 months after graduation
- Income-Based Repayment (IBR) or Pay-As-You-Earn (PAYE)
 - With or without Residency Forbearance depends on Public Service Loan Forgiveness (PSLF)
- Income-Based Repayment

Right now all of your loans are in an In-School Deferment status. That deferment will end when you graduate on May 7th. Any Direct Unsubsidized loans you have will then automatically go into a Grace Period for six months, and any Graduate PLUS loans will automatically go into a Graduate PLUS Forbearance. After that, just about everyone will go into an income-driven repayment plan, maybe with a Residency Forbearance, depending on whether or not you choose to go after Public Service Loan Forgiveness.

Grace Period



- For unconsolidated Stafford 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

All of your Unsubsidized loans have an automatic 6-month Grace Period that kicks in right after you leave school. Typically that means graduation, but if you had Stafford loans from undergrad and took some time off between then and med school, you may have already used up your Grace Period on those loans. All of your Graduate PLUS loans have an automatic 6-month forbearance right after graduation, similar to the Grace Period. Both of these statuses are automatic – you don't have to remember to request them.

The Registrar's Office will report your graduation date to the National Student Loan Database, so be aware, your lenders will be informed you've left school. If your address has changed - - if you've changed phone numbers or email addresses, it is YOUR responsibility to let your loan servicer know.

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
- Economic Hardship – various parts, but not applicable to residency

Once your Grace Period and automatic Graduate PLUS forbearance expire, your loan servicers will want to start sending you monthly bills. Deferments and forbearances allow you to postpone that billing. Not everyone is going to use a deferment or forbearance. For example, if you're going to go for Public Service Loan Forgiveness, then you won't use any deferment or forbearance. We'll talk about that more in a bit.

If you do need to postpone payments though, deferments are better than forbearances, because any Subsidized Stafford loans and any portion of a Consolidation loan that came from a Subsidized Stafford loan will continue to be interest-free while you're on deferment. Deferments have very specific eligibility requirements though.

These are the common deferments that may help you at some point. Try to remember the Graduate Fellowship Deferment if you're already planning for a fellowship after your residency. For those of you heading into military service, there's an Active Duty Military Deferment now that can help you.

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

Forbearances are very similar to deferments in the sense that they also stop you from getting a monthly bill. The difference is that your Subsidized Stafford loans are not interest-free while you're in a forbearance status. Still, if you don't qualify for a deferment and you want to avoid getting a monthly bill, then a forbearance will do that for you.

We already talked about the Graduate PLUS Forbearance.

The General Administrative Forbearance is kind of the catch-all forbearance status for any short-term situation when you're unable to make payments. It's decided on by each loan servicer separately, but generally doesn't have many qualification rules.

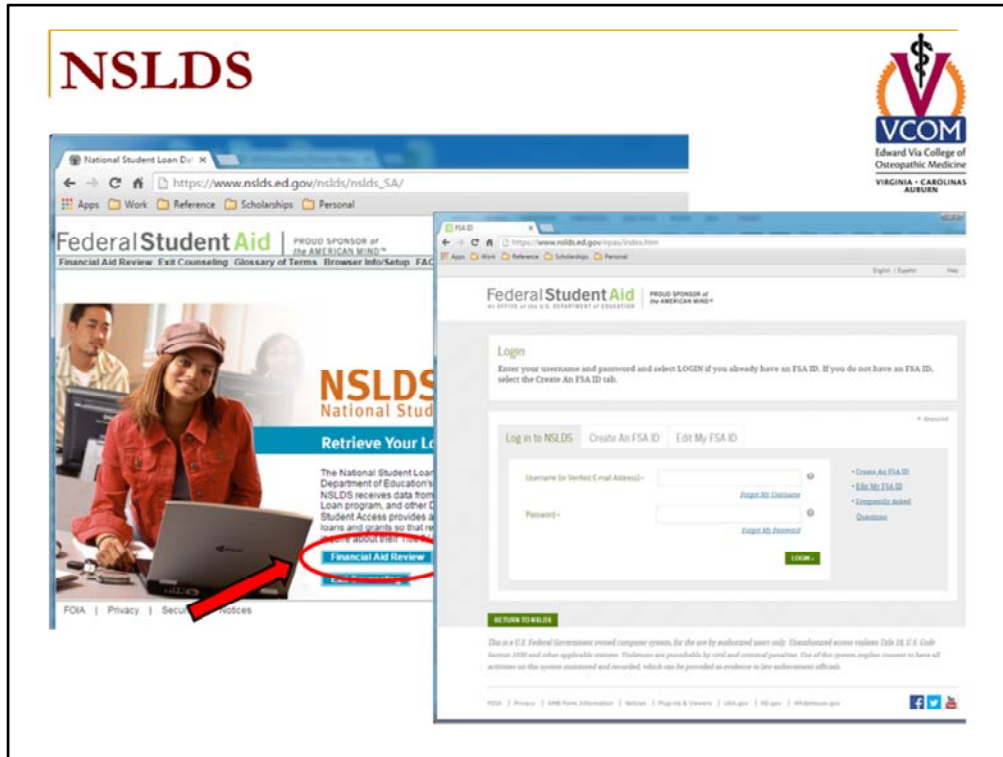
The Residency Forbearance is the one many of you will use if you aren't on the Public Service Loan Forgiveness track. You are eligible for that forbearance for the entire length of your residency. There's typically a form to submit to your lender, but as long as you submit the form each year, you should be kept in that forbearance status.

■ National Student Loan Data System


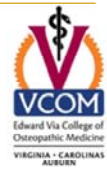


- ❑ Available 24/7 at <http://www.nsls.ed.gov>
- ❑ Tracks your loans until they are paid in full
- ❑ Key to tracking multiple payments to multiple parties

In order to plan appropriately, you first need to know what loans you have, who has them, what the interest rates are, and what the status is on each one. The best place to start is with NSLDS, the National Student Loan Data System. NSLDS tracks all of your federal loans from any school and shows you all of the important information about each one.



To log on to NSLDS, you'll need to click on "Financial Aid Review", **[Click]** then log in using your FSA ID and password.

National Student Loan Data System (NSLDS) for Students

Loans							
	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD UNSUBSIDIZED	\$2,000	10/01/2008	\$1,000	\$0	\$1,000	\$0
2	DIRECT STAFFORD SUBSIDIZED	\$5,500	10/01/2008	\$2,750	\$0	\$2,750	\$0
3	STAFFORD SUBSIDIZED	\$3,401	08/24/2007	\$1,701	\$1,700	\$1,701	\$64
4	STAFFORD UNSUBSIDIZED	\$5,000	08/24/2007	\$2,500	\$2,500	\$2,587	\$98
5	STAFFORD UNSUBSIDIZED	\$5,000	02/05/2007	\$0	\$5,000	\$0	\$0
6	STAFFORD SUBSIDIZED	\$1,154	02/05/2007	\$0	\$1,154	\$0	\$0
7	STAFFORD SUBSIDIZED	\$5,500	07/24/2006	\$2,099	\$3,401	\$2,099	\$67
8	STAFFORD UNSUBSIDIZED	\$5,000	07/24/2006	\$0	\$5,000	\$0	\$0
9	FEDERAL PERKINS	\$1,200	10/11/2001	\$1,200	\$0	\$1,200	\$0
10	FEDERAL PERKINS	\$1,500	08/31/1999	\$1,500	\$0	\$1,500	\$0
Total DIRECT STAFFORD UNSUBSIDIZED						\$1,000	\$0
Total DIRECT STAFFORD SUBSIDIZED						\$2,750	\$0
Total STAFFORD SUBSIDIZED						\$3,800	\$131
Total STAFFORD UNSUBSIDIZED						\$2,587	\$98
Total FEDERAL PERKINS						\$2,700	\$0
Total All Loans						\$12,837	\$229

Once you log in, you can see a summary of all of your federal loans.

[Click] The top section is the important part for you. **[Click]** It shows you all of your loans, **[Click]** the original loan amount, **[Click]** the loan date, **[Click]** and the outstanding principal and interest.

This information is typically updated every two weeks, but each loan servicer has their own schedule. While NSLDS does a great job of pulling everything together in one place, it is not up-to-the-minute. For up-to-the-minute amounts, you'll need to check with the individual servicer.

[Click] **[Click]** The loan detail page shows you even more information. If you click on the number to the left of each loan, you'll see all of the information from the loan detail page.

NSLDS



START HERE GO FURTHER
FEDERAL STUDENT AID

National Student Loan Data System (NSLDS) for Students

NSLDS is a repository of information from many sources. Changes to the data are made by these sources. Collecting the data into one central location such as NSLDS gives you convenience and saves you time. If for any reason you disagree with the information reported to NSLDS, please contact one or more of the sources of your data listed on the detail pages on this site. The Department is also available as a resource at 1-800-4FEDAD if you need additional assistance. Your comments and corrections will help improve the services NSLDS provides.

Detail Loan Information for Student: Your enrollment status is **FULL TIME, effective 03/01/2004**.

Type of Loan: 15 STAFFORD SUBSIDIZED
Loan obtained while attending the School: B

Date Entered Repayment: 06/20/2004
Loan Period Begin Date: 06/20/2003
Loan Period End Date: 06/13/2004

Amounts and Dates						
Loan Amount	Outstanding Principal Balance	Outstanding Principal Balance As of Date	Outstanding Interest Balance	Outstanding Interest Balance As of Date	Interest Rate	Calculated Amount
\$1,500	\$1,025	06/20/2004	\$28	06/20/2004	VARIABLE	\$1,750

Disbursement(s) and Status(es)					
Disbursement Date	Disbursement Amount	Loan Status	Status Description	Status Effective Date	
06/20/03	\$1,750	DA	DEFERRED	06/21/2003	
		RP	IN REPAYMENT	11/22/2007	
		DA	DEFERRED	07/03/2007	
		RP	IN REPAYMENT	04/09/2007	
		DA	DEFERRED	02/24/2005	
		RP	IN REPAYMENT	06/20/2004	
		IS	IN GRACE PERIOD	11/06/2004	

Servicer/Lender/Guaranty Agency Information

Contact Type	Contact
Current Servicer	GREAT LAKES EDUCATIONAL LOAN SERVICES, I 2401 INTERNATIONAL LANE M6 52107944 800-238-4300
Current Lender	ANY BANK 723 MAIN ST ANYWHERE W6 52465 888-805-8888
Current Guaranty Agency	GREAT LAKES HIGHER ED GUARANTY CORP 2401 INTERNATIONAL LANE M658009 W6 52107910 800-238-4600 SERVICE@GLHEC.ORG

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility, loan payoff, repayment status, or loan reporting. Please consult the Financial Aid Office at your school or the specific lender of your debts for further information.

This screen shows you the **[Click]** current interest rate, **[Click]** the repayment status, such as if it's in Grace, Deferment, or Repayment, and **[Click]** includes the current servicer, lender, and guaranty agency for each loan, with contact information for each one.

Over the last two years, the Department of Education has tried to get all the loans for each student to a single servicer. That's not true for everyone though. By checking the loan detail page for each one of your loans, you can keep track of which servicer is handling each one.

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?

Up to this point, everything I've talked about is in reference to federal student loans. Private loans are very different. They aren't part of the federal system, so they don't have the same options when it comes to repayment. For any Private loans you have, you need to contact your lender directly and ask them these questions.

Private Loans



- NSLDS won't list your Private loans

- Find a listing of all your loans on your free credit report at

<http://www.annualcreditreport.com>



Also, NSLDS won't list any Private loans. The easiest way to see all of your Private loans is to look at your credit history. There are three major credit bureaus, and you're entitled to a free copy of your history from each bureau once a year. Just go to <http://www.annualcreditreport.com> and complete the request process. Note: this is NOT FreeCreditReport.com. FreeCreditReport.com is not free, so use this site.

Sample Credit Report



GLELSINELNET		
Address: 2401 INTERNATIONAL LN MADISON, WI 53704 <i>No phone number available</i>	Account Number: 44983400522...	
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: 44983400523...	
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

Your credit history from each bureau will not show you a credit score, but it will show you every account you've opened and the payment history for it. Your Private loans should show up on all three credit histories and will look something like this.

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-Sensitive – FFEL only, but inferior to IBR
- Income-Contingent – DL only, but inferior to IBR
- Income-Based (IBR), Pay-As-You-Earn (PAYE), & Revised Pay-As-You-Earn (REPAYE) – monthly payments based on annual income for up to 25 yrs

When you're ready to start making payments, you have a bunch of options for which repayment plan to go with. The Standard and the Extended plans both have equal monthly payments, but the Extended plan will have a lower required monthly payment because of the longer term. The Graduated plan starts your required monthly payment at a low amount and then systematically increases it every few years. The idea is that your monthly payments will increase as your income increases, but your payment and your income are not directly connected.

The Income-Sensitive, Income-Contingent, Income-Based, Pay-As-You-Earn, and Revised Pay-As-You-Earn plans all connect your required monthly payment to your actual income. Your monthly payment on any of these plans will go up or down as you go along, depending on your income changes. We are only going to focus on the IBR, PAYE, and REPAYE plans here today because those plans are better than the Income-Sensitive and Income-Contingent plans in nearly every situation. Also, if you're going for Public Service Loan Forgiveness, you **have to be** in one of those three plans.

So let's focus on those three.

Income-Based Repayment (IBR), Pay-As-You-Earn (PAYE), & Revised Pay-As-You-Earn (REPAYE)



- Anyone can apply for IBR or REPAYE;
PAYE is more restrictive
- Sets your monthly bill based on your income,
not your debt
- Two stage approval process
- Requires an application w/ proof of income
 - Usually current paycheck stub
- Critical for PSLF repayment strategy

I want to make sure everyone understands the Income-Based, Pay-As-You-Earn, and Revised Pay-As-You-Earn repayment plans.

Anyone can use the IBR or REPAYE plans, regardless of whether or not you're going for Public Service Loan Forgiveness. PAYE is better, but more restrictive. Your loan servicer can tell you whether or not you qualify for PAYE. For the rest of this discussion, IBR, PAYE, and REPAYE are basically interchangeable. Simply put, you want whichever one will give you the lowest monthly bill. You don't really need to know the different qualification rules. Just talk with your loan servicer and get into whichever plan will give you the lowest monthly bill.

Remember, anyone can use these plans. We'll talk a lot about Public Service Loan Forgiveness and while Public Service Loan Forgiveness does depend on these plans, these plans **do not** depend on Public Service Loan Forgiveness.

All of these plans base your monthly payment on your income, not your debt. Applying for one of these plans requires you to prove your income. You're probably going to do that by giving them a copy of your paycheck stub or a copy of your offer letter from your residency. Your approval depends on comparing your projected payment on a Standard repayment plan against your projected payment one of these plans and taking the lower payment. Nearly everyone will qualify for one of these plans because of the big imbalance between your debt and your residency income.

Once you're approved onto one of these plans, you won't be kicked out of it, no matter how high your income rises. Your monthly payment amount will increase as your income goes up, but you won't be kicked out.

Again, these plans are critical for the Public Service Loan Forgiveness strategy that we'll talk about in a few minutes because these plans will give you the lowest monthly payment that still qualifies for forgiveness.

So what is this Public Service Loan Forgiveness thing that I keep talking about?

Public Service Loan Forgiveness (PSLF)



Rules

- Be in active repayment (no forbearance)
- Make 120 scheduled payments in IBR 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

Public Service Loan Forgiveness is probably the most important thing we'll talk about today because your choice on this will effectively determine which repayment strategy you follow until your loans are gone.

The Public Service Loan Forgiveness program is a way to have a substantial amount of your loans written off at the end of 10 years. If you go this route and follow the rules, any remaining balance after the 10 years will be written off, tax-free. For most students, this is far better than any other repayment strategy in terms of dollars repaid. Even though other loan repayment programs may also have forgiveness provisions in them, the write-off amounts are taxed, while Public Service Loan Forgiveness is not.

To qualify, you have to be actively making payments for those 10 years and be employed by a 501(c)(3) organization, the military, or a state or federal government. You don't have to be employed by the same organization for the whole 10 years, but any employer along the way has to be a qualifying one. What makes this so very good for medical students is that residency counts as part of those 10 years, as long as your residency is at a non-profit site and you're getting a bill and making payments during residency.

PSLF Benefit Example



Debt at graduation = \$200,000 @ 6%

Family Size = 1

4-yr Residency, Starting Salary = \$46,000

Starting Practice Salary = \$150,000

Salary Growth Rate = 4%

Repayment Plan = IBR

- approx. \$150,000 repaid over 10 years
- approx. \$160,000 forgiven after 10 years

(calculated using IBR Calculator on www.finaid.org/calculators)

To give you an example of what this means, let's consider one of you graduating with a debt of \$200,000, going into a 4-year residency at \$46,000, and then a practice salary of \$150,000. After 10 years of making payments in the IBR plan, you would have written checks for approximately \$150,000 and would have approximately \$160,000 written off. The financial benefit is obviously huge.

This works because the IBR plan sets your monthly payment amount based on your income, not on your debt. During residency, your lower salary causes your monthly payment to be a lot lower than it "needs" to be to cover your loan debt. The cumulative effect is that you'll have a bunch of loan money still unpaid after 10 years, all of which will get written off.

All of these variables affect your overall repayment and forgiveness amounts. I'm used an example with about the smallest forgiveness amount. A larger debt, a larger family size, a smaller salary, or using Pay-As-You-Earn would all increase the forgiveness amount.

PSLF Caveats



- Loans must be in the Direct Loan program
- 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 IBR payments, which reduces forgiven balance after 10 years
- Exact timing of salary changes can alter IBR payments
- Applied for at end of period; Congress may change the law

So what's the catch? Most people hear about the Public Service Loan Forgiveness program and think it's too good to be true. Well yes, there are some rules and caveats.

Your loans have to be in the Direct Loan program. All of your loans through VCOM were part of the Direct Loan program, so you're set on those. If you have loans from before VCOM though, you'll probably have to consolidate your loans to make them eligible for PSLF.

You have to be getting a bill and making payments for PSLF, so forbearance and deferment months don't count.

And the big one – Congress could change this program before you reach the 10-year mark. Because you don't technically apply for the forgiveness until you reach the 10-year mark, no one has actually used this program yet. Congress has started talking about possible changes to this program. You have a few things working in your favor though. For starters, PSLF is written into the promissory notes for your loans, which could mean that Congress can't legally negate the program. Even if they could, Congress is often slow, which means you're likely to be graduated and making payments on your loans before they make any changes. When Congress makes changes to the loan programs, they typically grandfather in previous loans, so I think you'll still be fine. But we'll watch the news over the next few months and let you know if we see any changes that will affect you.

PSLF is a really important piece of choosing your repayment strategy, so let's stop here for a bit and address any questions you have about PSLF or the other slides so far.

Decision Time



■ Repayment Strategy 1 – PSLF

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

■ Repayment Strategy 2 – Aggressive repayment

1. Apply for Residency Forbearance at graduation
2. Do **not** consolidate
3. Apply for IBR, PAYE, or REPAYE
4. Make a voluntary payment each month against your worst loan

Now with all of that background information behind us, let me simplify your options for you. We believe there are really only two repayment strategies that give you the cheapest way out from under your loans.

Repayment strategy 1 is for those of you that are looking at the Public Service Loan Forgiveness option. This strategy involves starting payments as soon as possible, then paying as little as possible for 10 years and having the rest forgiven.

Repayment strategy 2 is for those of you that are looking at paying your loans back yourself or with the help of a loan repayment program from your employer or the National Health Service Corps. This strategy involves setting your monthly bill as low as possible, then making voluntary payments every month against your worst loan until they're all paid off.

Your residency match is a big factor – if you are headed to a for-profit residency, then PSLF won't really work for you and you need to look at repayment strategy 2 instead.

These two strategies are divergent from day one though. Since one involves paying as little as possible each month and the other involves paying as much as possible each month, they are nearly exact opposites. While you technically can change your mind along the way, the cheapest route will be to pick one strategy or the other and stick with it all the way through.

Repayment Strategy 1 – PSLF



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

We're going to talk about both strategies, and I want to start with the Public Service Loan Forgiveness one. To make the most of PSLF, you'll want to look at consolidation, apply for IBR, PAYE, or REPAYE, and then make the minimum payment each month for 10 years.

1. Consolidate into the Direct Loan program, if needed



- FFEL program loans from previous schools are not eligible for PSLF
- No way to convert FFEL program loans to the DL program
- Consolidation creates a new loan in the DL program

Remember that PSLF only applies to Direct Loans. All of your VCOM loans are already in the Direct Loan program. If you also have some undergrad or previous grad school loans that are not in Direct Loans, there isn't any way to just convert them to DL. By consolidating them though, you can lump them together into a single new DL Consolidation loan, which does qualify for PSLF.

If all of your loans are already in the Direct Loan program, then you don't need to consolidate for PSLF.

NSLDS



■ National Student Loan Data System



■ Available 24/7 at
<http://www.nsls.ed.gov>

If you do need to consolidate, or if you don't know whether or not all of your loans are in the Direct Loan program, remember to start at NSLDS. You can check your loans to see if they're in the Direct Loan program, then get a full listing of all of your loans for the Consolidation loan application.

1. Consolidate into the Direct Loan program, if needed



- Only one option for consolidation:

<https://studentloans.gov/>

- Click on the **Sign In** button

- May take as much as 6 months to finalize



To start the consolidation process, you need to go to this website. This is the Department of Education's website and is the only way to consolidate into the DL program. You can't do this until after graduation, but I recommend you do it as soon after graduation as possible. Once you submit the application, it may take them a rather long time to process it.

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

If you start to get bill information on your separate loans before the consolidation is finished, you can use the Residency Forbearance to stop the bills. Remember that the Grace Period and the 6-month Graduate PLUS Forbearance are automatic. Those should be enough time to get the consolidation done. But just in case not, you have this option.

Residency Forbearance has to be requested from each servicer though. The servicer's website and contact information will be on the loan details page in NSLDS.

2. Apply for IBR, PAYE, or REPAYE



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

As soon as your consolidation is done or your Grace Period expires, then you want to set your loans up on the IBR, PAYE, or REPAYE repayment plans because those will give you the lowest monthly payment that still qualifies for PSLF. Remember, you're trying to pay as little as possible for the 10 years before the forgiveness kicks in.

3. Make monthly payments only for the billed amount



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

When the monthly bills start coming, just pay them. Remember though, extra payments don't count towards the 120 mark. You can't speed up the forgiveness process. So in order to pay the least and get the most forgiven, you want to pay only the amount that they bill you for.

4. Submit employment certifications and check your monthly payment each year



- New form currently available at:
<http://studentaid.ed.gov/sites/default/files/public-service-employment-certification-form.pdf>
- Also available from your servicer
- Submit income information to your servicer
- Married-filing-jointly vs.
Married-filing-separately
- Make sure you have the lowest monthly bill

From then on, it's just a matter of paying the monthly bill as it comes and updating your information with your servicer each year.

The Employment Certification form is available at this website, but you should also be able to get it from your loan servicer, which will probably be easier.

When it comes to income, being married can make a difference in this strategy. The IBR and PAYE monthly payment calculations look at your Adjusted Gross Income each year. If you're married and filing a joint tax return, your AGI will likely include some of your spouse's income, and therefore will cause your IBR or PAYE monthly bill to be higher.

The other option is to file your taxes using the Married-filing-separately status. The Married-filing-separately status is the most expensive tax status though. So before you file your taxes each year, we recommend you have a tax professional calculate your AGI and taxes both ways. Then you can use that information to estimate your IBR and PAYE monthly payments in both scenarios. You'll want to compare the higher monthly payment with a combined AGI against the higher taxes with a separated AGI to see which is better for you. This will be different for every couple, so I can't recommend one direction or the other for you right now.

REPAYE is different. REPAYE looks at your family income regardless of your tax filing status, so your spouse's income would always be included. If you're on the REPAYE plan, you'll want to file your taxes in whichever way is the cheapest for you.

REPAYE also has a slightly different way of calculating your monthly bill as your income gets increasingly high. Remember that you want the lowest bill possible. So after you have new income information each year, you'll want to check with your loan servicer to see if one of the other repayment plans might be lower. You still have to make sure that you stay in IBR, PAYE, or REPAYE. But if a different one gives you a lower monthly bill, then switch to it.

Repayment Strategy 1 – PSLF



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

So to summarize the repayment strategy for PSLF, you should:

Complete a Direct Loan consolidation, if you have old FFEL loans.

Apply for Residency Forbearance on each loan only if the consolidation takes a long time.

Set up your loans on the IBR, PAYE, or REPAYE plans.

Make payments, while updating your income and employment certification each year.

Repayment Strategy 2 – Aggressive repayment



1. Apply for Residency Forbearance at graduation
2. Do **not** consolidate
3. Apply for IBR, PAYE, or REPAYE
4. Make a voluntary payment each month against your worst loan

Repayment strategy 2 is for those of you who are not considering Public Service Loan Forgiveness and will be paying back your loans on your own or with a loan repayment program from your employer or National Health Service Corps. This repayment strategy gets your loans paid off as quickly as possible, thereby keeping your overall interest charges to a minimum.

To do that, we recommend you start by putting all of your loans into Residency Forbearance right after graduation. **Do not** immediately consolidate your loans. There may be a situation where consolidation is helpful, but generally it will ruin the aggressive repayment strategy that we're about to go through. Once your loans are set in Residency Forbearance, then apply for IBE, PAYE, or REPAYE for all of them. IBR, PAYE, or REPAYE will set your required monthly bill as low as possible after residency, freeing up cash each month for you to direct specifically against your worst loan.

■ National Student Loan Data System



- Available 24/7 at <http://www.nsls.ed.gov>
- Key to tracking multiple payments to multiple parties

NSLDS is even more important to you for this repayment strategy because your loans will stay separated. NSLDS is a great way to track them as you go along.

1. Apply for Residency Forbearance



- 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

Your first step in this repayment strategy is to put all of your loans into Residency Forbearance individually. Again, this is guaranteed to you, but you do have to request it from each individual servicer.

2. *Do not consolidate*



- **Do not** consolidate any fixed rate loans
 - Consolidation would lump all of your loans together, eliminating the chance to pay on the worst loan first.
- For older loans still w/ a variable rate
 - Check the 2015-2016 rate that will be released in late May
 - If the new rate is the same or lower → wait another year
 - If the new rate is higher → consolidate **only** these loans

Do not consolidate your loans for this strategy. Consolidation replaces all of your individual loans with a single loan and a single interest rate, eliminating the chance for you to pay on your worst loans first.

Consolidation does make sense if all of your loans are at exactly the same interest rate already. In that case, consolidation would make repayment simpler without hurting this repayment strategy, but most of you have different types of loans from different years.

Consolidation also makes sense for older loans with variable interest rates. These would be from before VCOM; all of your VCOM loans have fixed rates already. If you have some older variable-rate Stafford loans, that rate will change every July 1st. The new rate is announced at the end of May. You'll want to check that new rate and then decide whether or not to consolidate your variable-rate loans. If the new rate will be higher than your current rate, then consolidate. If the new rate will be the same or lower than your current rate, then wait until next year and look at it again. Whenever you do consolidate, be sure you're consolidating only the variable-rate loans.

3. Apply for IBR, PAYE, or REPAYE



- Requires an application to each loan servicer
- Should not cancel Residency Forbearance
 - Depending on servicer, may have to re-request
- Grants access to IBR, PAYE, or REPAYE while your income is lower; you can't be kicked out later

Next, you'll want to put each of your loans into the IBR, PAYE, or REPAYE repayment plans. Setting your loans up on IBR, PAYE, or REPAYE should not cancel the Residency Forbearance that you set up before. You are legally allowed to use those in combination. If any of your servicers cancels the Residency Forbearance when they approve you for IBR, PAYE, or REPAYE, then you can call them and ask for Residency Forbearance again. You may have to go through that extra step, but they can't deny you the Residency Forbearance, so keep pushing for it.

You may be wondering why we encourage you to apply for IBR, PAYE, or REPAYE when the Residency Forbearance is already stopping your bill all the way through residency. We recommend you do this now because your best chance of being approved into these plans is right after graduation, when your income is the lowest and your debt is the highest. Again, once you're in one of those plans, you can't be kicked out. Being approved right after graduation means you don't have to worry about the possibility of being denied for it after residency when your income has gone up and your debt has gone down.

4. Make a voluntary payment each month



- Residency Forbearance stops you from getting a monthly bill, but interest accrues
- Make a voluntary payment against your worst loan first to pay it off faster and reduce your total cost
- This may not be an educational loan

Once all of your loans are set up on Residency Forbearance and a repayment plan, you won't be required to make payments during residency. Still, we highly recommend that you make voluntary payments of whatever amount you can afford against your worst loan. In fact, this strategy really only works if you're making those voluntary payments. If you're the kind of person that just wants to pay the bills as they come, then this strategy will actually be one of the more expensive routes. This strategy depends on you making voluntary payments along the way.

When you're done with residency, the Residency Forbearance will end and monthly bills will start coming. You definitely need to pay the bills as they come so you aren't listed as delinquent on any of them. Your monthly bill will be based on the plan formula though, so it should be easily manageable with your salaries. Then, also, make an additional voluntary payment against your worst loan. This continues to pay down your worst loans first, reducing the overall amount of interest you repay.

When you're putting this strategy into practice, keep in mind that your worst loan may not be a student loan. Try to think about all of your loans and the terms on each of them. Variable interest rates, high interest rates, and hard repayment schedules like on some Private loans, may make other loans worse than your student loans.

4. Make a voluntary 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 loan	\$30,000	7.90%
4. Stafford loan	\$80,000	6.80%
5. Car loan	\$18,000	6.00%
6. Mortgage	\$200,000	5.00%

Try to consider your entire financial picture. Credit cards in particular tend to have higher interest rates, so focus on those first. Also, Private student loans usually have variable interest rates, which will get more expensive as the economy improves. You always want to focus on the **worst** loan, not the highest balance loan. Every loan dollar in a high-rate loan costs you more every month. The faster you can eliminate those higher-rate loans, the cheaper it will be for you.

During residency, when you can use the Residency Forbearance to completely stop your student loan bills, try to focus on credit cards in particular and get them paid off.

Then once you finish residency and get ready to start practicing, consider living like a resident for just a couple more years. For most of you, you'll get a huge salary increase when you transition from residency to practice. If you keep your expenses at the resident level, that will give you \$100,000 or more to use against your debt each year.

Repayment Strategy 2 – Aggressive repayment



1. Apply for Residency Forbearance at graduation
2. Do **not** consolidate
3. Apply for IBR, PAYE, or REPAYE
4. Make a voluntary payment each month against your worst loan

So to summarize the repayment strategy for paying your loans back on your own, you should:

Apply for Residency Forbearance on each loan.

Do not consolidate.

Set each loan up on IBR, PAYE, or REPAYE.

Make the required payments, then make an additional voluntary payment against your worst loan.

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

One last piece of advice: As you move around to residency and practice, be sure that your loan servicers know where you are. When anyone goes delinquent on their loans, we get a report of it to try to help you get caught up. The vast majority of them are because students forget to change their addresses, phone numbers, or email addresses when they move.

Take Action



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



So please, no matter which repayment strategy you're going to use, go to NSLDS, make a list of your loans, take action on each one of them, and keep track of them as you go along.



Questions?

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I know this was a ton of information. I'll take questions here now. But if you have questions later too, you can always contact either Jan or I. Also, if you want an individual appointment with me, I'll be glad to do that, but please call or email first so that we can set it up as a real appointment and make sure we have enough time available for you.

Are there any questions now?

Thank you for coming, and congratulations to you as you move on to residency!