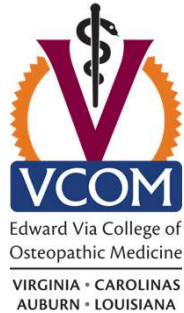


Exit Counseling for 2025 Graduates

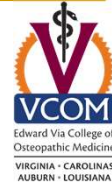


Daniel Hewitt

Director for Financial Aid –
Virginia Campus

Hello there, and welcome to our VCOM Financial Aid Exit Counseling!

Agenda



- Basic loan status timeline
- Definitions and important terms
- Public Service Loan Forgiveness
- Next steps

This session is a supplement to the information you already received as part of your Federal Exit Counseling. Remember that you need to complete both the Federal Exit Counseling and this presentation. The Federal Exit Counseling provides basic information as a groundwork for this presentation, so if you haven't watched it yet, please exit this session and go watch the Federal one first.

During this presentation, I will briefly review some loan repayment terms so that you understand the definitions. Then I will talk about Public Service Loan Forgiveness, or PSLF, because it offers a significant forgiveness possibility and will likely determine which repayment strategy you ultimately choose. And I'll wrap up by talking about your options right now and what you need to do next.

Loan Status Timeline



- In-School Deferment – ends graduation day
- Grace Period or Graduate PLUS Forbearance – ends 6 months after graduation
- Apply for an income-driven repayment plan or Residency Forbearance
- Choose Public Service Loan Forgiveness (PSLF) or Aggressive repayment

Currently, all of your loans are in an In-School Deferment status. This status will end once you graduate. Any Unsub loans you have will automatically go into a Grace Period for six months, and any Grad PLUS loans will automatically go into a Grad PLUS Forbearance.

Around November, when your Grace Period ends, you will want to choose an income-driven repayment plan or Residency Forbearance.

And then as you finish residency and enter practice, you will need to choose whether to pursue Public Service Loan Forgiveness or repay your loans yourself through Aggressive Repayment.

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

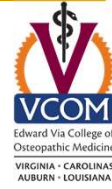
All of your Unsub loans have an automatic 6-month Grace Period that kicks in right after you leave school. Typically, that means graduation, but if you had federal student loans from undergrad – Subsidized or Unsubsidized – and you took some time off between undergrad and med school, you may have already used up your Grace Period for those undergraduate loans.

All of your Grad PLUS loans have an automatic 6-month forbearance right after graduation, similar to the Grace Period for the Unsub loan. Both of these statuses are automatic – you don't have to request them.

Our Registrar's Office will report your graduation date to the National Student Loan Data System, so be aware, your federal student loan servicers will be informed that you've left school. If your address has recently changed, if you've changed phone numbers or email addresses, it is YOUR responsibility to let your loan servicer know.

Definitions & Important Terms

• Deferments



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

Once your Grace Period and automatic Grad PLUS forbearance expire, your loan servicers will start sending monthly bills. Deferments and forbearances allow you to postpone billing. Most of the time, you only want to use a deferment or a forbearance if you absolutely can not make your monthly payment.

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

Listed here 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.

If you are heading into military service, there's an Active-Duty Military Deferment to help you.

Definitions & Important Terms



• Forbearances

■ Graduate PLUS Forbearance

- up to 6 months immediately after graduation

■ Residency Forbearance

- accepted into a residency program
- limited only by the length of residency

■ General Administrative Forbearance

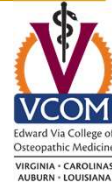
- various reasons, depending on your lender
- typically, 6 months to a year

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

The Graduate PLUS Forbearance is automatic right after graduation. The Residency Forbearance is available after that and is basically guaranteed to you for the entire length of your residency. The General Administrative Forbearance is a 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 qualifications.

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
 - Available, but with processing delays

Once the time comes to start making payments, you will have a variety of repayment plan options to choose from. This year is unusual though, with a lot of uncertainty about what those options will be. Current legal challenges and Republican efforts to reform government have created processing delays for everyone applying to repayment plans. I'll talk at the end of this session about our advice for moving forward. For now though, I want to review the general repayment plan concepts, so you'll better understand your options later on.

Standard and Extended repayment plans both have equal monthly payments for the entire length of repayment, like most other loans you're familiar with. Extended plans will have a lower required monthly payment because they have a longer repayment term.

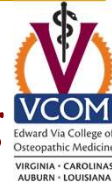
Graduated plans start your required monthly payment at a low amount and then systematically increase it every few years. The idea is that your monthly payments will increase as time goes on, but your payment and your income are not directly connected on a graduated plan.

Income-driven plans connect your required monthly payment to your actual income. Your monthly payment on an income-driven plan will go up or down, depending on how your income changes.

Generally speaking, you will want to choose an income-driven repayment plan. However, the processing delays on income-driven plan applications may make this a challenge right now. Keep that in mind, and we'll come back to this at the end of this session.

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

Sort of related to repayment, you may have already started to receive emails and maybe calls about consolidating or refinancing your loans. I want to address this because consolidation or refinancing can have a profound and sometimes negative effect on your loan repayment options.

First and foremost, despite what some companies will say, there is only one kind of real consolidation, and that is with the federal government. Consolidation is a federal process that takes your federal student loans and combines them. Anything else that is done by a private company, even if it takes over your federal student loans, is refinancing.

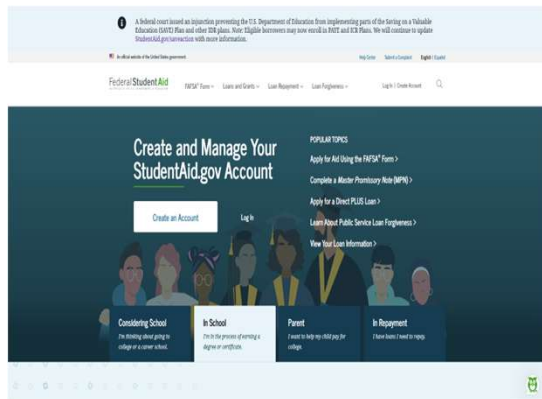
Consolidation works on federal student loans only, and it uses a weighted average interest rate of your existing loans and does NOT save any money. It is not designed to. Consolidation is designed to make things simpler, and it will cost MORE than leaving your loans separate.

The most important thing about consolidation is that it works with Public Service Loan Forgiveness.

Refinancing is the opposite. Refinancing combines all of your loans, but takes them out of the federal system and gives you an interest rate based on the current market rate and your credit score. It is possible to get a refinance rate that is lower than the rate on your federal student loans. That is good for aggressive repayment. But the downside is that refinancing does not work with income-driven repayment plans or Public Service Loan Forgiveness.

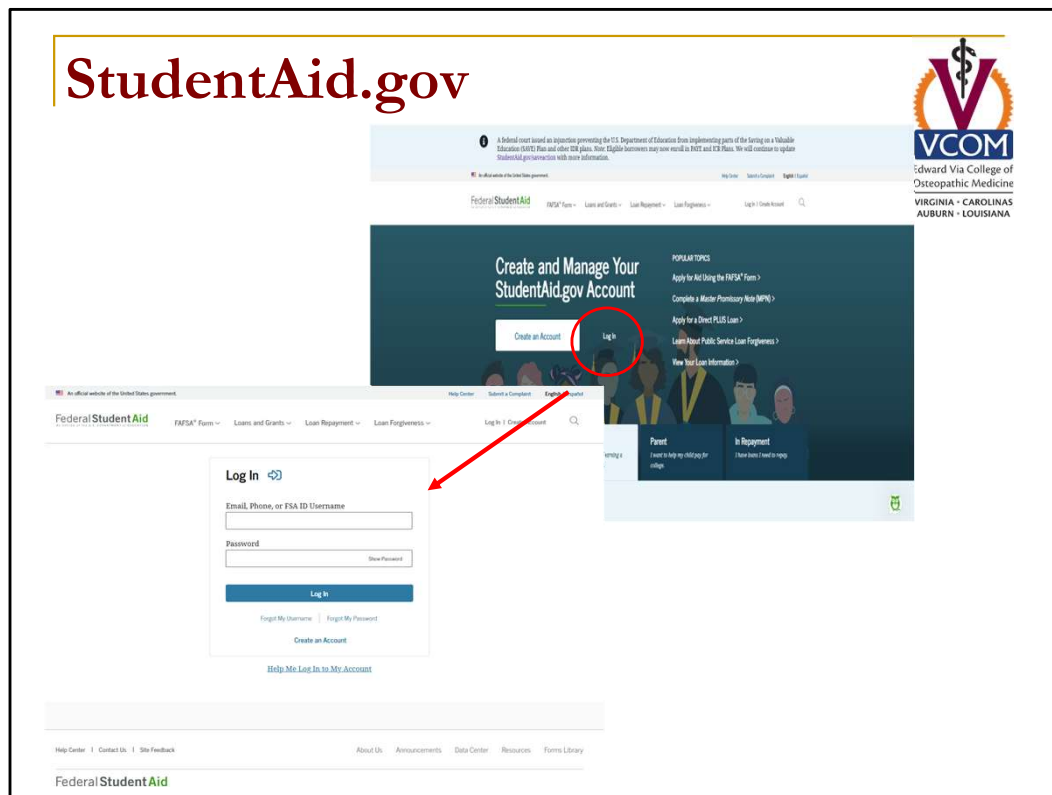
Both consolidation and refinancing cannot be undone. Both are permanent. You can change your mind about a lot of things during repayment, but not this. It is very important to understand the differences between consolidation and refinancing and to be sure about your overall repayment strategy before you make this choice.

■ StudentAid.gov

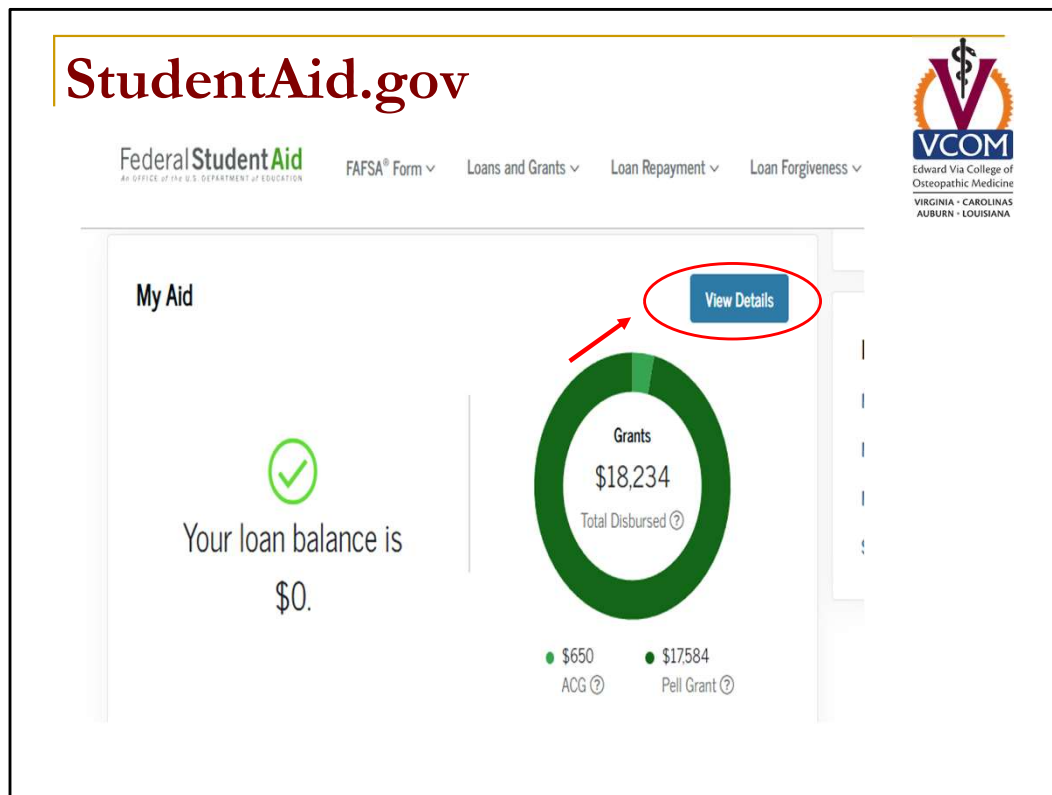


- Available 24/7 at:
<https://studentaid.gov>
- Tracks your loans until they are paid in full
- Key to tracking multiple payments to multiple parties

Now 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 loan. The best place to start is StudentAid.gov. StudentAid.gov tracks all of your federal student loans from any school and shows you all of the important information about each one.




To log into StudentAid.gov, you will need to use your FSA ID and password. It's the same ID and password that you have used each year to complete your FAFSA.




Once you're logged in, you can click on "VIEW DETAILS" to see more information about all of your federal student loans. And on the next screen, there's a choice to "VIEW BREAKDOWN" of your loans.

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](#)

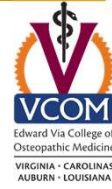
The Loans page shows you information about all of your loans, grouped together in a couple of different ways.

It will show you your current overall balance, the type of individual loans you have, and the loan servicers that are assigned to these loans. If you click on “VIEW BREAKDOWN”, you can see the original loan amount, the loan date, the outstanding principal and interest, and other information about each loan.

This information is typically updated every two weeks, but each loan servicer has their own schedule. While StudentAid.gov 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 will need to check with your servicer. You can do this by creating an online account directly with your servicer.

Over the last few years, the Department of Education has tried to get all loans for each student to a single servicer. However, that is not true for everyone. By checking StudentAid.gov, you can see the loan servicer for each one of your loans.

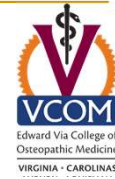
Private Loans



- 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 that I have mentioned is in reference to federal student loans. Private student loans are different. They aren't part of the federal system, so they do not have the same options when it comes to repayment. For any Private student loans you have, you will need to contact your lender directly and ask them these questions, so you understand what's required for them separately.

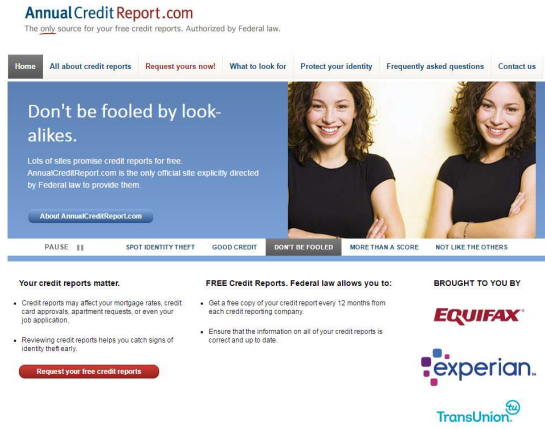
Private Loans



- 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>



Also, StudentAid.gov will not list any Private student loans that you might have. The easiest way to see all of your Private student loans is by looking at your credit history. There are three major credit bureaus, and you're entitled to a free copy of your credit history from each bureau once a year. Just go to [annualcreditreport.com](http://www.annualcreditreport.com) and complete the request process. This is NOT FreeCreditReport.com. FreeCreditReport.com is not free despite the name. So please use the [annualcreditreport.com](http://www.annualcreditreport.com) site.

Sample Credit Report



GLELSI/NELNET		
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: 08/2008	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
GLELSI/WELLS 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

Your free credit history will not show a credit score; however, it will show you every account that you have opened and its payment history. Your Private student loans should show up on all three credit histories and will look something like this.

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

One last thing before I talk about what you need to do next – Let's look at Public Service Loan Forgiveness.

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 10 years will be forgiven, tax-free. For most students, this is far better than any other repayment strategy in terms of actual dollars repaid. Even though other loan repayment programs may have forgiveness provisions within them, the forgiven amounts are taxed, while Public Service Loan Forgiveness is not.

Despite all the current challenges in repayment right now, Public Service Loan Forgiveness comes from a separate law and is mostly unaffected so far. We don't know whether or not Congress will try to change this later, but right now, this program is still active and available.

To qualify for Public Service Loan Forgiveness, you have to be actively making payments for 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 entire 10 years, but any employer along the way has to be a qualifying one. What makes this 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 receiving bills and making payments during residency. So if you use an income-driven repayment plan during residency and have a low monthly payment because of your lower residency salary, then you can have a large amount forgiven at the end of 10 years.

What to do now



- PSLF needs an income-driven repayment plan to maximize forgiveness
- Aggressive repayment works best with income-driven repayment plans to maximize flexibility
- <https://studentaid.gov/idr/>
- Apply for an income-driven repayment plan as soon as you can
- Use a Residency Forbearance if needed

To make the most of PSLF, you need an income-driven repayment plan. On the other hand though, even if you aren't interested in PSLF, the best repayment plan for aggressive repayment on your own would still be an income-driven plan. So either way, your next step should be to apply for an income-driven repayment plan.

But wait, I just said a few minutes ago that income-driven repayment plan applications are significantly delayed right now.

Even so, our recommendation is to apply for one of these plans now. Both aggressive repayment and PSLF repayment strategies use these plans, so you'll want to get on one of them as soon as you can. You can apply through the StudentAid.gov website.

The legal challenges may NOT be over yet, and more court appeals or actions in Congress could continue to cause delays. If your application processing looks like it will take longer than your six-month Grace Period, you can ask your loan servicer for a Residency Forbearance. Residency Forbearance is guaranteed to you and will stop those bills from coming. If your income-driven repayment plan application is not approved by the end of your Grace Period and you don't use a Residency Forbearance, then your loans will go into the Standard repayment plan, which will have a very high required monthly payment.

What to do now



- Update your contact information with our Alumni Association



<https://www.vcom.edu/alumni/stay-connected-alumni-update-form>

- View our follow-up presentation on repayment plans and choosing a repayment strategy

We want to help you stay on track, and we're going to publish an additional presentation later when more details are available about the income-driven repayment plans processing. We have no idea when that will be though. So for now, please update your contact information with our Registrar's Office or Alumni Association so we can get new information to you. If you've already given your updated personal contact information to our Registrar, then they'll forward it to our Alumni Association.

What to do now



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

Name

Address

Telephone

Email Address

Also, 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 and 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.

What to do now



- Go to <https://studentaid.gov> – find out who and how much you owe



- Request Residency Forbearance
- Watch for updates from us

So please, no matter which repayment strategy you're going to use, go to StudentAid.gov, make a list of your loans and keep track of them as you go along. Submit an income-driven repayment plan application. Contact your loan servicer before your Grace Period ends to ask for a Residency Forbearance. Update your contact information with our Alumni Association and then be on the look out for more updates from us.

Questions?



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(318) 342 -7144

We know that there's still a lot of uncertainty in what happens next with federal loan repayment. But we're confident that your loan obligations will not be forgotten, and the government will continue repayment activities. You will need to keep track of your loans and be your own advocate through this process. If you have any questions though, you can always contact me or request time to meet one on one. And if I'm unavailable, please feel free to reach out to another campus Director.

Thank you for listening, and congratulations again on your graduation and next steps in your career!