

Student Loan Essentials For Residents

A Guide to Loan Types, Repayment Options, and Loan Forgiveness

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Overview

Analyze your circumstances

- Inventory Federal Loans
- Inventory Private Loans

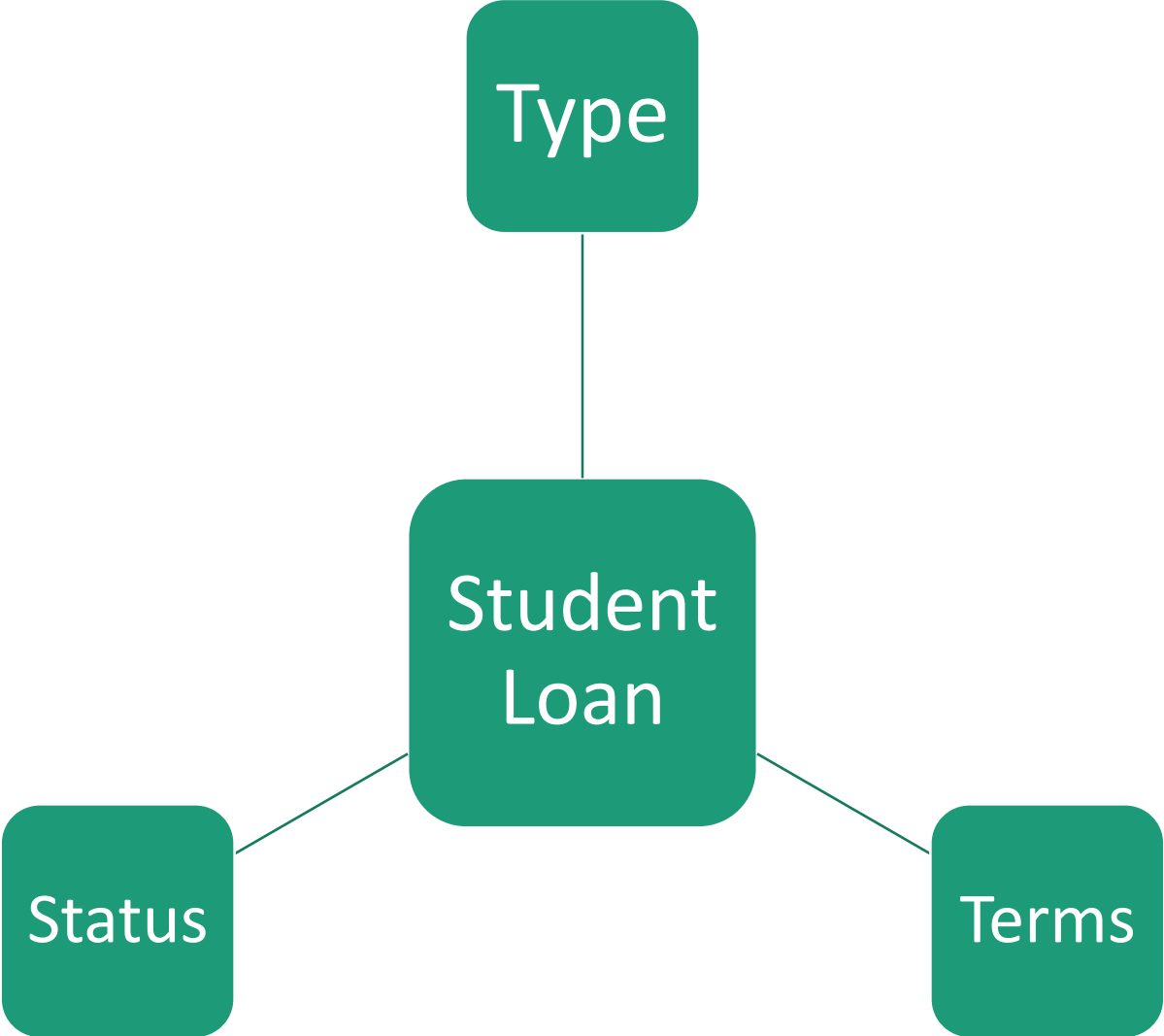
Identify your goals

- Where do your loans fit in your greater financial picture? Do you want...
 - An affordable monthly payment?
 - To minimize the cost of debt over time?
 - To improve your credit score and increase your financing options?

Determine your options

- Repayment
- Consolidation
- Forgiveness

Develop the right strategy and establish next steps



Type

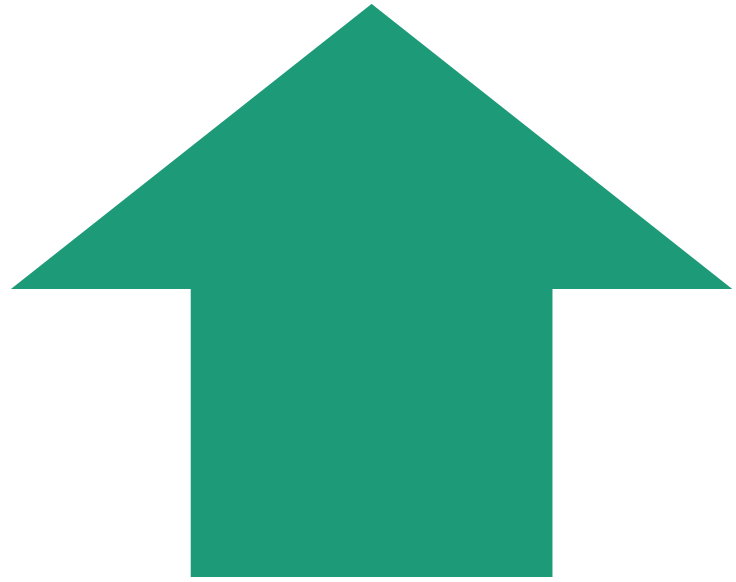
- Federal or Private
- FFEL or Direct
- Sub or Unsub
- Perkins
- Parent PLUS
- Grad PLUS
- Consolidation

Status

- Deferment
- Forbearance
- Grace
- Repayment
- Delinquent
- Default

Terms

- Statutes
- Regulations
- Administrative Guidance
- Promissory Note
- Collections Rules



Federal Student Loans

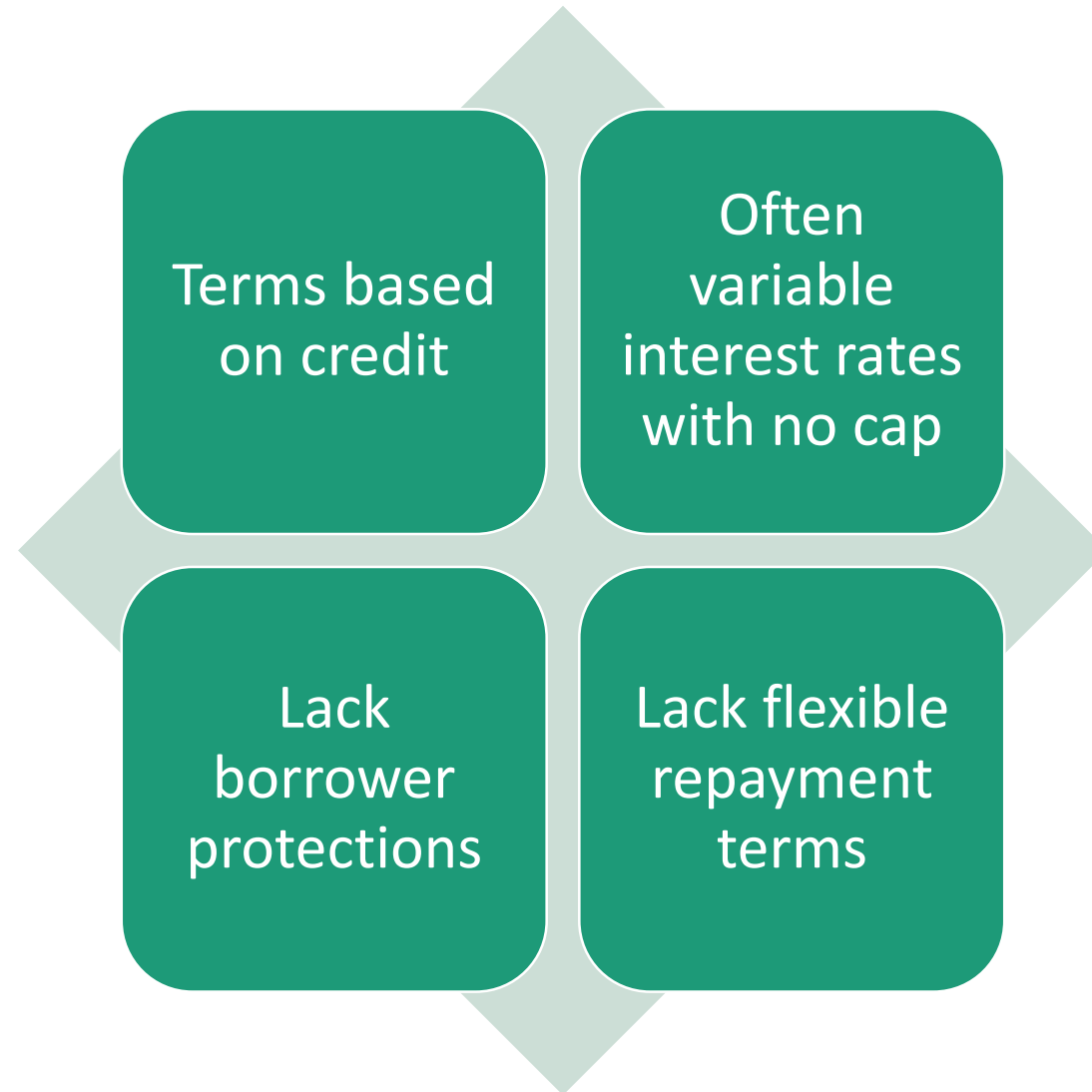
Flexible,
but complicated



Private Student Loans

Unaccomadating,
but easy

Private Student Loans



Where to find information on private student loans

1. Credit Report
2. Loan Statements
3. Promissory Note – Need to request from lender

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

- Home
- All about credit reports
- Request yours now!**
- What to look for
- Protect your identity
- Frequently asked questions
- Contact us

Don't be fooled by look-alikes.

Lots of sites promise credit reports for free. AnnualCreditReport.com is the only official site explicitly directed by Federal law to provide them.

[About AnnualCreditReport.com](#)



- PAUSE
- SPOT IDENTITY THEFT
- GOOD CREDIT
- DON'T BE FOOLED**
- MORE THAN A SCORE
- NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

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Federal Student Aid

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National Student Loan Data System (NSLDS) for Students



NSLDS STUDENT ACCESS

National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[Financial Aid Review](#)

[Exit Counseling](#)

NSLDS txt file

Total DIRECT CONSOLIDATED SUBSIDIZED Outstanding Principal:\$25,500

Total DIRECT CONSOLIDATED SUBSIDIZED Outstanding Interest:\$673

Total DIRECT CONSOLIDATED UNSUBSIDIZED Outstanding Principal:\$257,686

Total DIRECT CONSOLIDATED UNSUBSIDIZED Outstanding Interest:\$37,730

Total DIRECT STAFFORD UNSUBSIDIZED Outstanding Principal:\$0

Total DIRECT STAFFORD UNSUBSIDIZED Outstanding Interest:\$0

Total DIRECT PLUS GRADUATE Outstanding Principal:\$0

Loan Type:DIRECT CONSOLIDATED SUBSIDIZED

Loan Award ID:*****8772S13G77778101

Loan Attending School Name:SCHOOL CODE FOR CONSOLIDATION LOANS

Loan Attending School OPEID:88888800

Loan Date:10/30/2013

Loan Repayment Begin Date:10/30/2013

Loan Period Begin Date:

Loan Period End Date:

Loan Amount:\$25,683

Loan Disbursed Amount:\$25,500

Loan Canceled Amount:\$183

Loan Canceled Date:12/30/2014

Loan Outstanding Principal Balance:\$25,500

Loan Outstanding Principal Balance as of Date:11/30/2015

Loan Outstanding Interest Balance:\$673

Loan Outstanding Interest Balance as of Date:11/30/2015

Loan Interest Rate Type:FIXED

Loan Interest Rate:6.88%

Loan Repayment Plan Type:PAY AS YOU EARN REPAYMENT

Loan Repayment Plan Begin Date:12/30/2014

Loan PSLF Cumulative Matched Months:0

Loan Status:RP

Loan Status Description:IN REPAYMENT

Loan Status Effective Date:02/01/2015

Loan Status:FB

Loan Status Description:FORBEARANCE

Loan Status Effective Date:12/30/2014

Loan Status:RP

Loan Status Description:IN REPAYMENT

Loan Status Effective Date:02/01/2014

Loan Status:FB

Loan Status Description:FORBEARANCE

Loan Status Effective Date:12/19/2013

Loan Status:RP

Loan Status Description:IN REPAYMENT

Loan Status Effective Date:10/30/2013

Loan Disbursement Date:10/30/2013

Loan Disbursement Amount:\$25,500

Loan Contact Type:Current ED Servicer

Loan Contact Name:DEPT OF ED/FEDLOAN SERVICING(PHEAA)



U.S. Department of Education
Information about your federal student loan

[Redacted]

MONTHLY BILL

[Redacted]

Payment Summary	
Last Payment Received	10/19/2015
Amount Past Due	\$0.00
Late Fees Assessed	\$0.00
Current Payment Due	\$32.80
Total Due by 11/19/2015	\$32.80

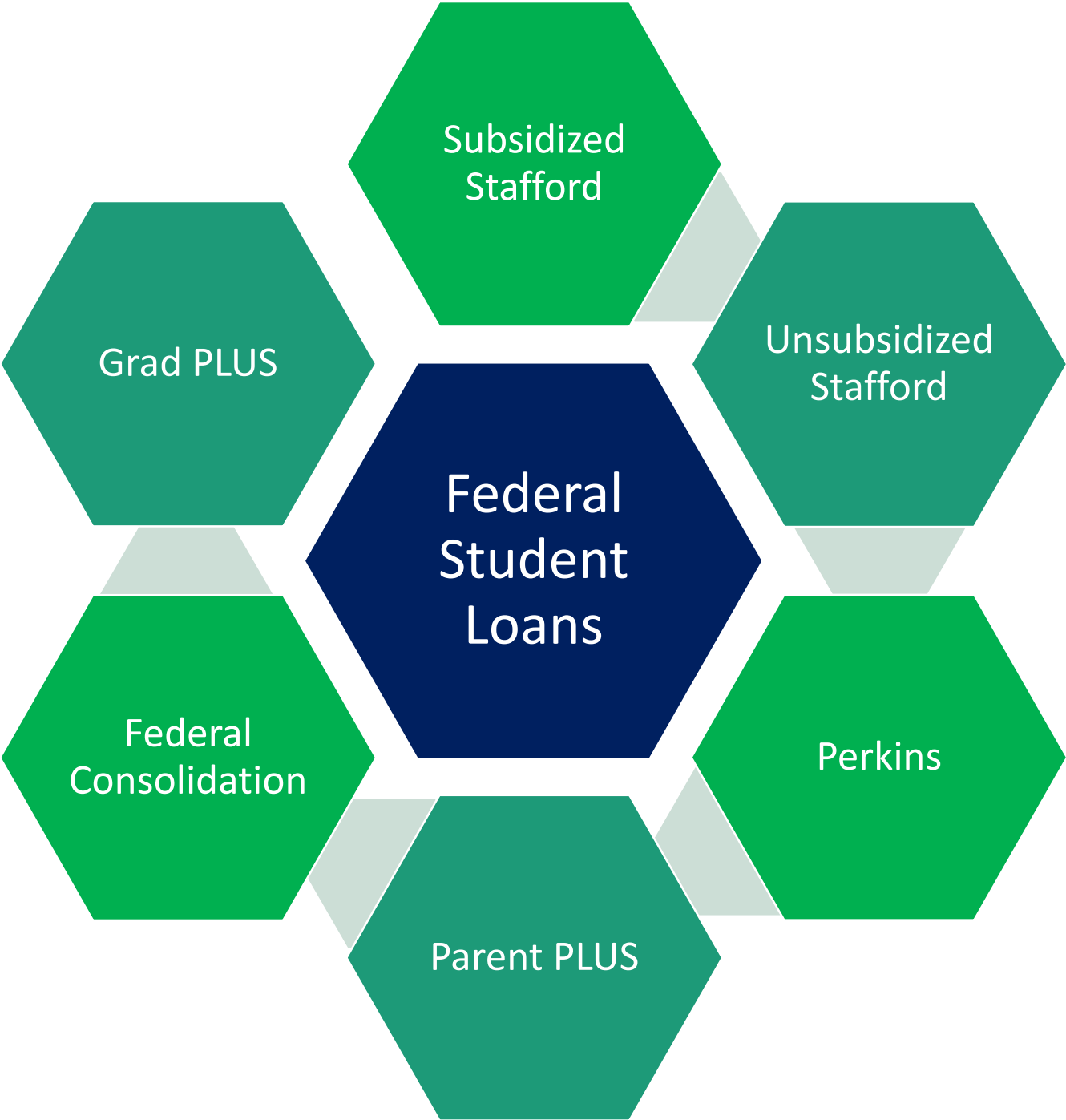
YOUR LOAN DETAILS

Date Disbursed	Loan Program	Original Balance	Current Balance	Interest Rate	Monthly Payment	Past Due	Current Due
10/30/2013	DLSCNS	\$25,500.00	\$25,500.00	6.875%	\$4.29	\$0.00	\$2.94
07/10/2013	DLUCNS	\$255,937.65	\$257,685.75	6.875%	\$43.99	\$0.00	\$29.86

Total paid since your last statement	\$50.00
Interest Satisfied	\$50.00
Principal Satisfied	\$0.00
Late Fees Paid	\$0.00

As of today, you've paid on your loans	\$450.00
Total Interest Satisfied	\$450.00
Total Principal Satisfied	\$0.00
Total Late Fees Paid	\$0.00

	Federal	Private
Type	If it's on NSLDS, it's federal If and only if it says "Direct" then it's Direct	If on Credit Report but <u>not</u> on NSLDS, it's Private ➤ Get Promissory Note
Status	NSLDS Codes	Credit Report, Statement
Current Balance	NSLDS and Statement	Credit Report, Statement
Balance Upon Entering Repayment	NSLDS	Promissory Note
Disbursement Date	NSLDS	Promissory Note
Current Interest Rate	NSLDS	Statement, Promissory Note
Current Monthly Payment	Statement	Statement
Servicer	NSLDS or Statement	Credit Report, Statement
Lender	Might or might not be the same	Credit Report



Before July 2010

FFEL



Federal Direct



Federal Student Loans

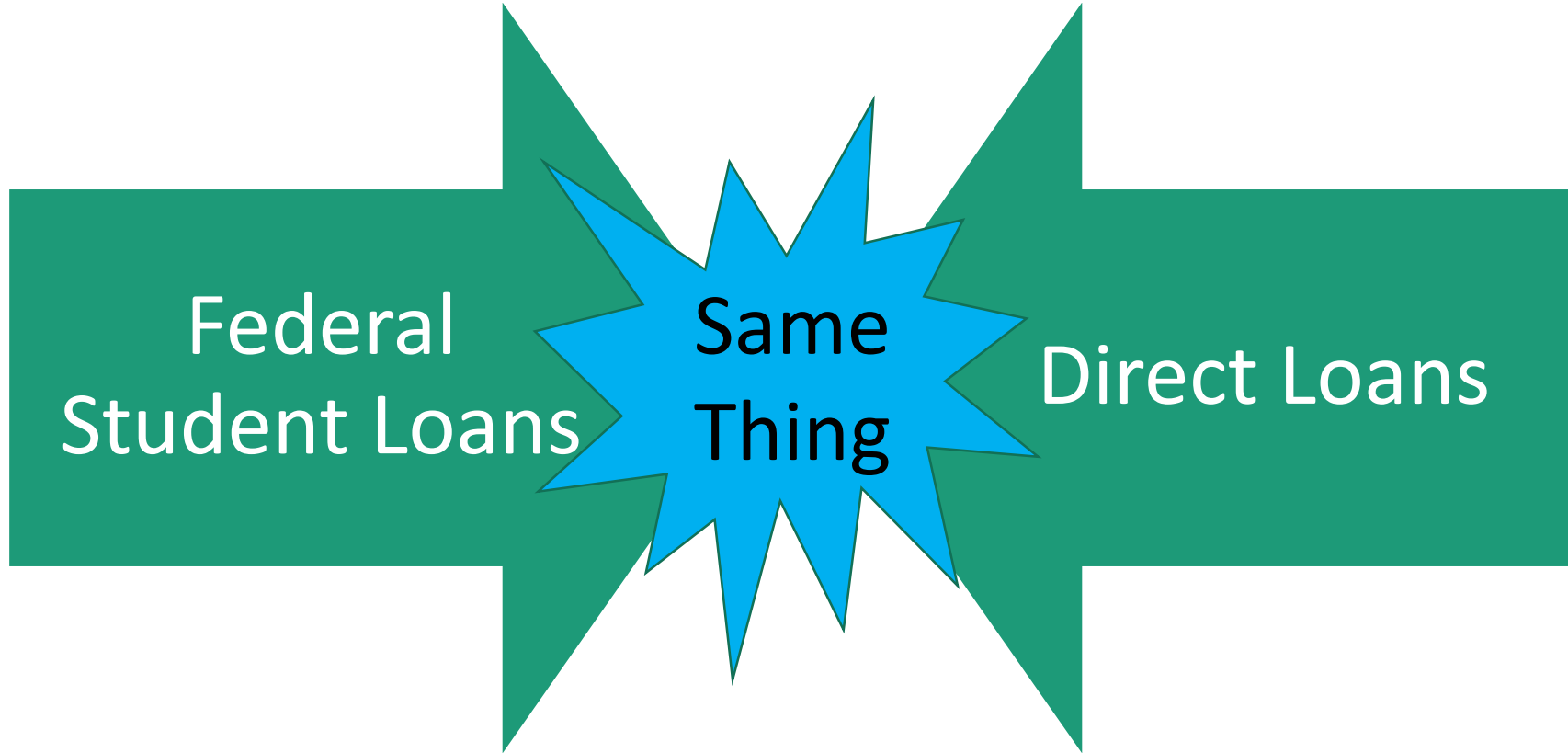
*Only if the loan says it's a "Direct" loan, is it a "Direct" loan

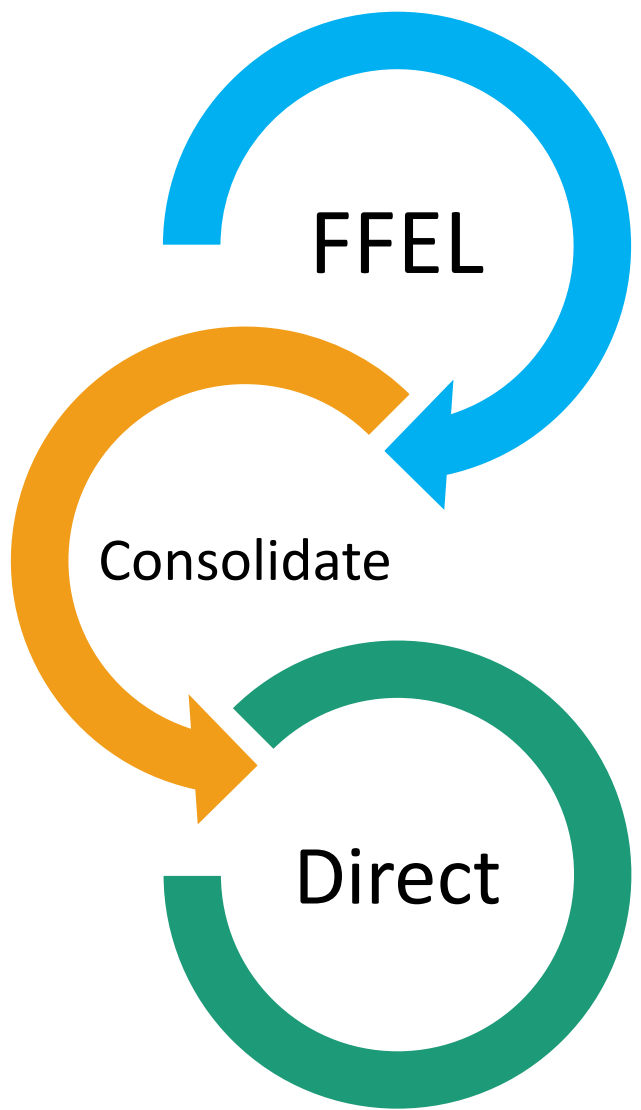
Since July 2010

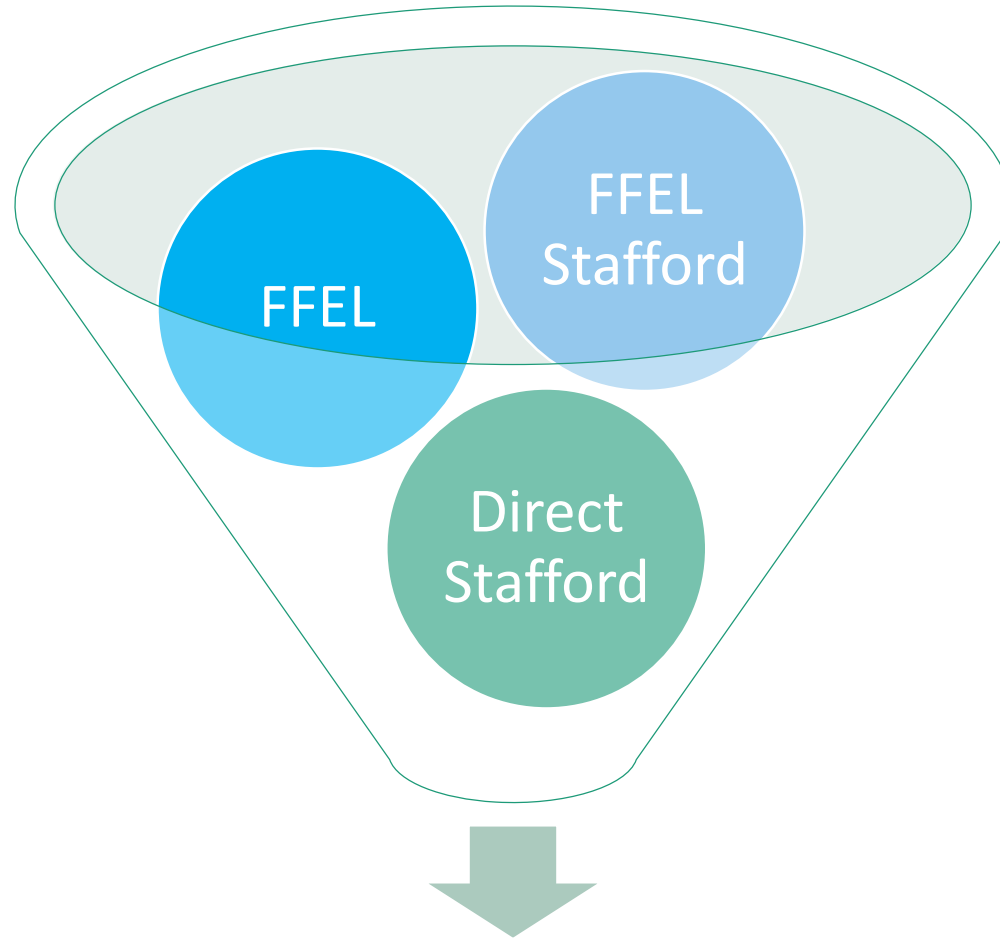
Federal
Student Loans

Same
Thing

Direct Loans





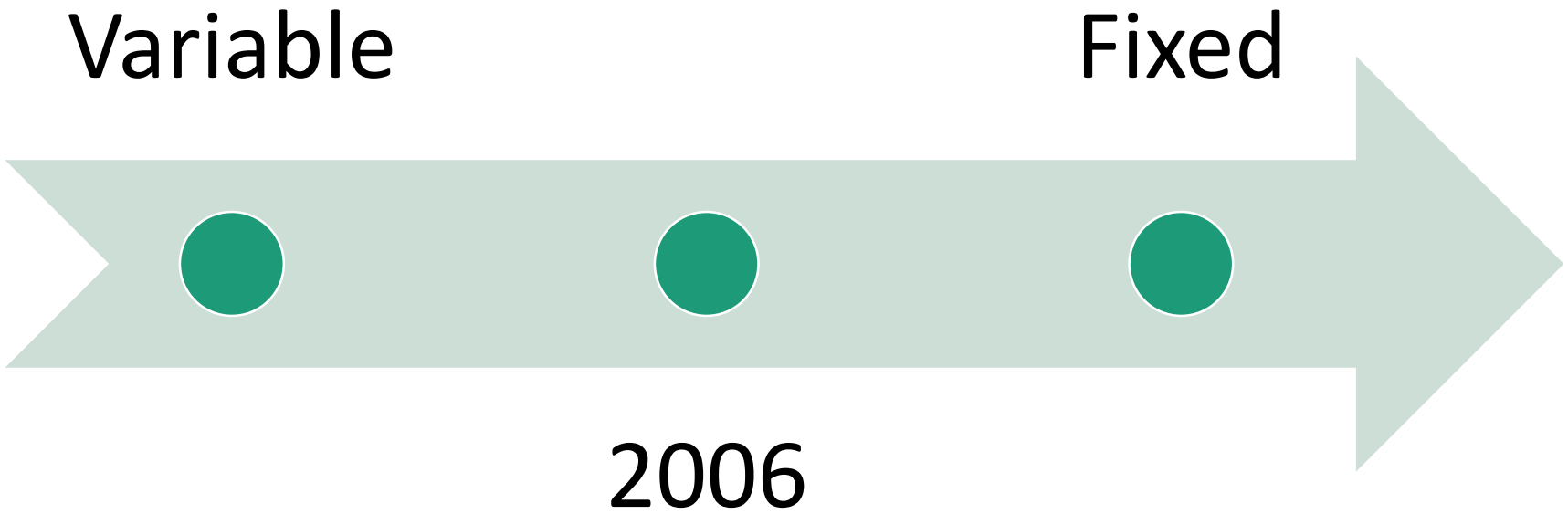


Direct Consolidation Loan

Why Consolidate?

First, let's talk about interest rates

Federal Loans



*Fixed rates used to be set by Congress, but since July 1, 2013, rates are tied to the market (depending on type)

Loan Type	Basis	Additional	Cap	Current Rate
Direct Undergrad Subsidized	10 Year Treasury	2.05	8.25	4.29
Direct Undergrad Unsubsidized	10 Year Treasury	2.05	8.25	4.29
Direct Graduate Unsubsidized	10 Year Treasury	3.60	9.50	5.84
Direct Grad PLUS	10 Year Treasury	4.60	10.50	6.84
Direct Parent PLUS	10 Year Treasury	4.60	10.50	6.84

Private Loans

Based on Borrower's Creditworthiness

Federal Direct Consolidation Loan Interest Rates

- Fixed Interest rates based on the weighted-average of the underlying loans
- Capped at 8.25% for consolidation loans borrowed before July 1, 2013
- For loans borrowed on or after July 1, 2013, there is no cap

Consolidation not about
lowering interest rates!

Why people used to consolidate...

- To get lower payments through longer repayment periods

Consolidation isn't the best way to
lower payments anymore!

Why you should consolidate today...

- To access repayment or forgiveness provisions (if you qualify)

If you have pre-2010 FFEL Loans

Private consolidation loans are available for people who have good credit

But **BEWARE** of giving up important borrower protections and flexible repayment provisions that only accompany federal student loans



Compare Student Loan Refinancing offers from top lenders

- Student Loans
- Student Loan Refinancing**
- Personal Loans

Competitive rates Federal and private debt Average savings \$11,668

[Get My Free Rates](#)

Won't affect your credit score!



People we have helped: **92 949**
[Let's Chat!](#)

Repayment Plans

For Federal Student Loans

Several Options

Standard

Graduated

Extended

Income-Sensitive

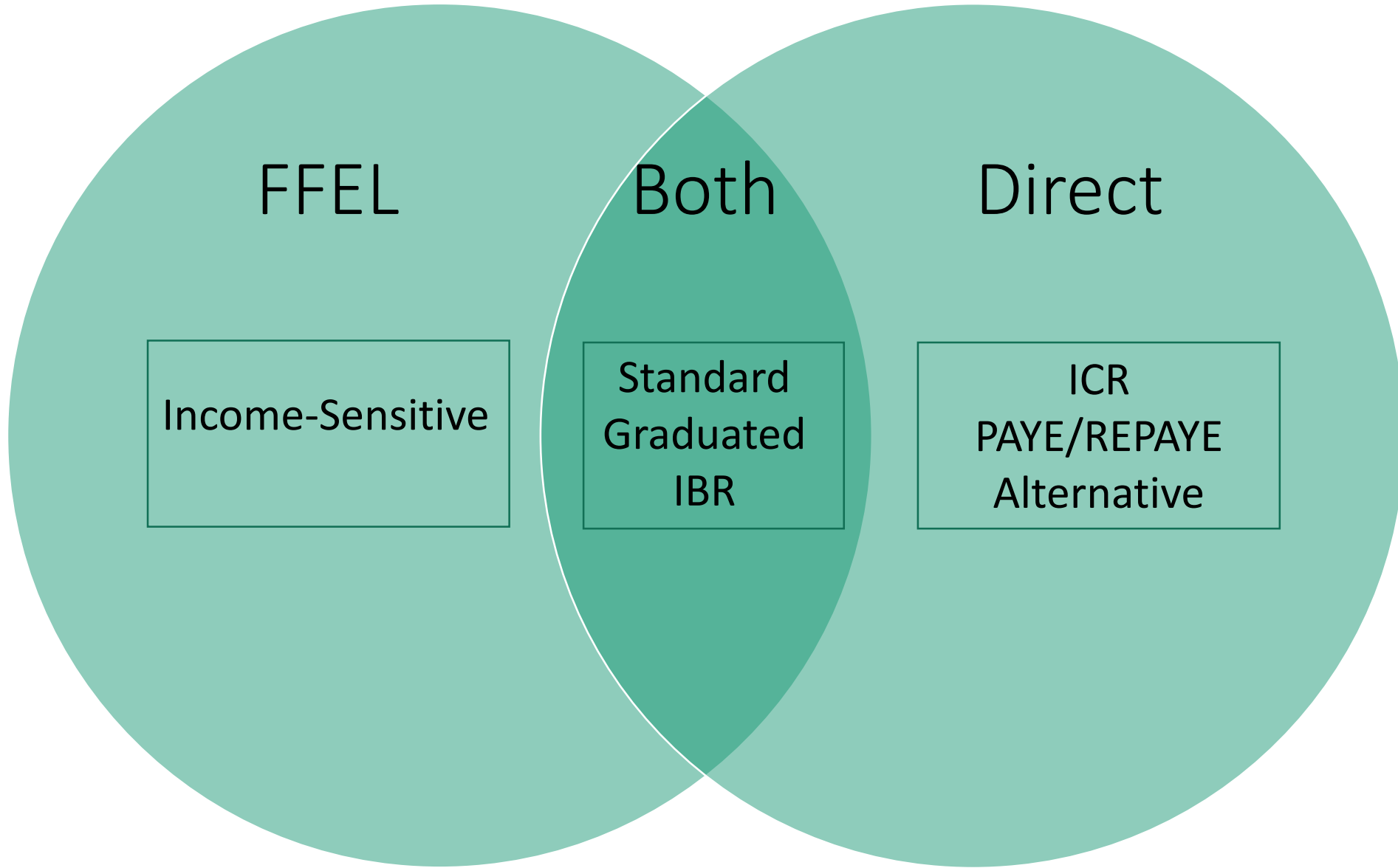
“Alternative”

Income-Based
(IBR)

Pay As You Earn
(PAYE)

Income-
Contingent

Repayment Options:



Standard Repayment Plan

Equal fixed monthly payments

\$50 monthly minimum

5 – 10 year repayment term

10-30 year repayment term for consolidation loans

Graduated Repayment Plan

Payments start lower and increase every two years

Minimum payment is accrued interest

5 – 10 year repayment term

Or 10-30 year repayment term for consolidation loans

Loan Terms for Standard/Graduated Repayment Plans

Loan Balance	Maximum Loan Term
Less than \$7,500	10 years
\$7,500 to \$9,999	12 years
\$10,000 to \$19,999	15 years
\$20,000 to \$39,999	20 years
\$40,000 to \$59,000	25 years
\$60,000 or more	30 years

Extended Repayment Plan

No outstanding balance on a FFEL or Direct Loan on or before October 7, 1998

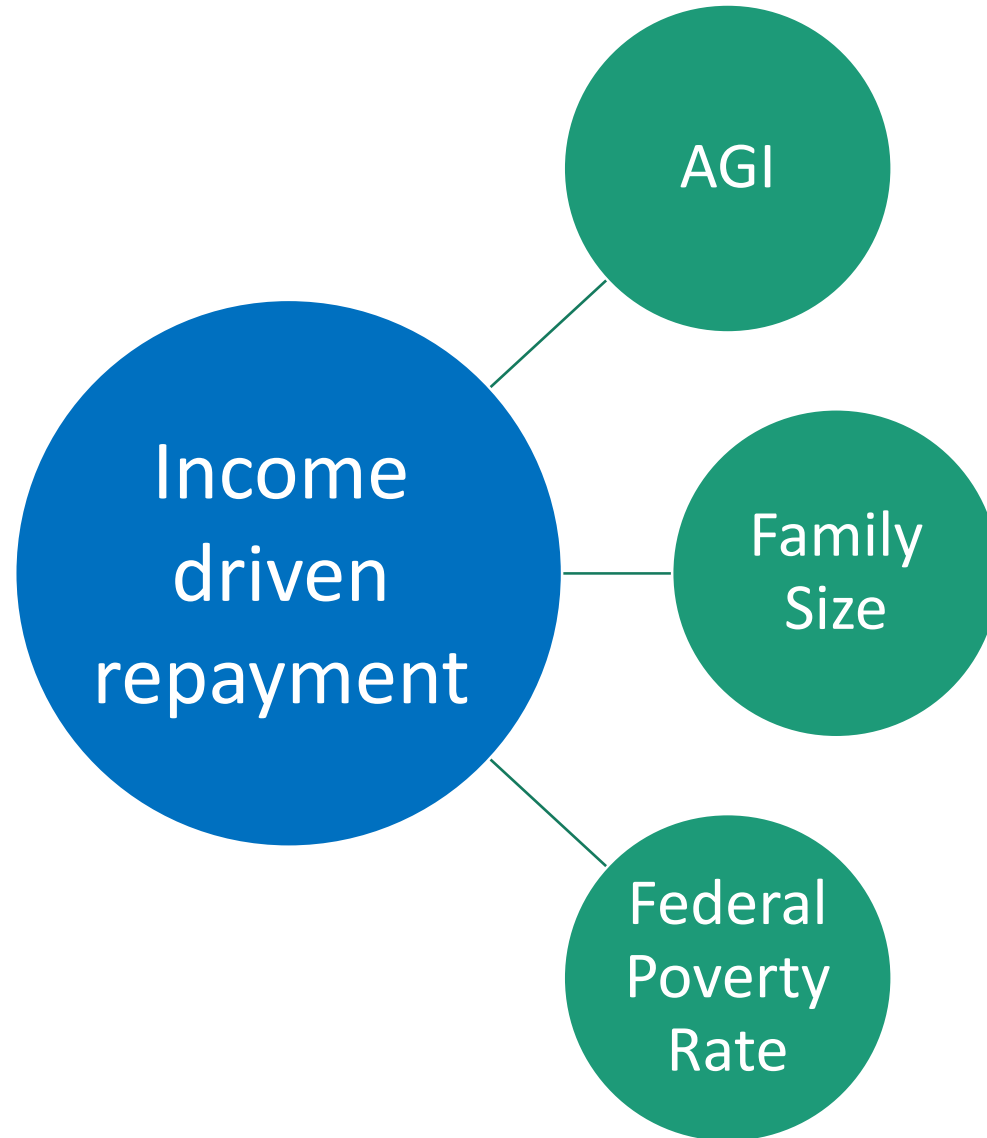
Must have more than \$30,000 in outstanding FFEL or Direct Loans

Choice of fixed or graduated monthly payments

Minimum payment of \$50 for fixed extended

Maximum repayment period is 25 years

How can you qualify for an
income-driven repayment plan?





Direct Loans

- ents
- Process
- plying
- School
- aving School
- ayment
- Features
- calculators and Interest Rates
- ayment Plans
- ferment and bearance
- ancellation and nsolidation
- ed Sites
- ntLoans.gov
- ervicers
- nsolidation
- nt Aid on the Web
- bookmark this page

Poverty guidelines for 2015–2016

The following chart contains information from the [Department of Health and Human Services \(HHS\)](#). To determine your family size, count your children if they receive more than half their support from you, and count other persons if they live with you as well as receive more than half their support from you currently and for the foreseeable future. Support includes money, gifts, loans, housing, food, clothes, car, medical and dental care, payment of college costs, and so on.

Next, find the column that represents your place of residence. Read down to your family size. This is the poverty guideline for you.

Family size	48 Contiguous states and D.C.	Alaska	Hawaii
1	\$11,770	\$14,720	\$13,550
2	15,930	19,920	18,330
3	20,090	25,120	23,110
4	24,250	30,320	27,890
5	28,410	35,520	32,670
6	32,570	40,720	37,450
7	36,730	45,920	42,230
8	40,890	51,120	47,010
For each additional person, add	4,160	5,200	4,780

Last updated July 6, 2015

Income-Driven Repayment Plan	Payment Amount
Income-Contingent Repayment	The lesser of: <ul style="list-style-type: none"> • 20 percent of discretionary income, or • what borrower would pay on a fixed payment over 12 years, adjusted to income
Income-Based Repayment - IBR (for those who are not new borrowers on or after July 1, 2014)	15 percent of discretionary income, but never more than 10-year Standard Repayment Plan Amount
Pay As You Earn - PAYE (for those who are new borrowers on October 1, 2007 and borrowed on or after October 1, 2011)	10 percent of discretionary income, but never more than the 10-year Standard Repayment Plan Amount
Income-Based Repayment - IBR (for those who are new borrowers on or after July 1, 2014)	10 percent of discretionary income, but never more than the 10-year Standard Repayment Plan Amount
Revised Pay As You Earn – REPAYE (regardless of when you borrowed)	10 percent of discretionary income, with no cap

Advantages of Income-Driven Plans

- Affordable monthly payments
- Two potential routes to forgiveness:
 - Public Service Loan Forgiveness (PSLF)
 - Occurs after making 120 QUALIFYING payments if balance still remains at that point
 - Making payments for 20-25 years (depends on income-based repayment plan)

Who should consider income-driven repayment?

Government and nonprofit employees

High-debt graduate and professional borrowers

Borrowers with low income compared to debt

Loan Type	IBR	PAYE/REPAYE	ICR
Direct Subsidized Loans	Eligible	Eligible	Eligible
Direct Unsubsidized Loans	Eligible	Eligible	Eligible
Direct Grad PLUS Loans	Eligible	Eligible	Eligible
Direct Parent PLUS Loans	Not eligible	Not eligible	Eligible if consolidated
Direct Consolidation that did not repay Parent PLUS Loans	Eligible	Eligible	Eligible
Direct Consolidation that repaid Parent PLUS Loans	Not eligible	Not eligible	Eligible if consolidated
Subsidized FFEL Loans	Eligible	Eligible if consolidated	Eligible if consolidated
Unsubsidized FFEL Loans	Eligible	Eligible if consolidated	Eligible if consolidated
FFEL Graduate PLUS Loans	Eligible	Eligible if consolidated	Eligible if consolidated
FFEL Parent PLUS Loans	Not eligible	Not eligible	Eligible if consolidated
FFEL Consolidation that did not repay Parent PLUS Loans	Eligible	Eligible if consolidated	Eligible if consolidated
FFEL Consolidation that repaid Parent PLUS Loans	Not eligible	Not eligible	Eligible if consolidated

Interest and capitalization benefits accompany the income-driven plans

Original IBR

- 3 year subsidy
- No capitalization unless no PFH or leaves IBR
- No limit on amount of capitalization

PAYE/IBR 2014

- 3 year subsidy
- No capitalization unless no PFH or leaves PAYE
- 10% cap on interest capitalization

REPAYE

- 3 year subsidy, plus ½ subsidy after that
- No capitalization unless leaves REPAYE

Disadvantages of income-driven plans

- Negative amortization means lots of interest adds up
- Payments are based on AGI reported on tax returns so married people must sometimes trade off tax benefits for student loan benefits (with REPAYE, it doesn't matter)
- Possibility of substantial tax liability upon forgiveness
- Paperwork like you've never seen

Partial Financial Hardship

Required debt-to-income ratio in order to qualify to choose IBR or PAYE

Married student loan borrowers must choose:

- File taxes jointly and have monthly payment based on joint AGI and combined student debt, or
- File taxes separately and have monthly payment based on individual AGI and individual student debt
- For REPAYE, it actually doesn't matter because both incomes are considered either way

Disadvantages of “married filing separately” tax status

- Tax rate is generally higher
- Limitations in child and dependent care credits/exclusions
- Cannot take Earned Income Tax Credit
- Limitations in adoption credit
- Cannot take education credit or student loan interest deduction
- Limitations on IRA deduction

Community property

“Alternative documentation of income” for married couples

Although AGI is driven by federal tax return, family size is not

- This means you can count a spouse in your family size even if you choose to file separate returns
- According to federal regulations, family size is determined by counting:
 - The borrower
 - The spouse
 - Children if they receive more than half of their support from the borrower
 - Other individuals if they (1) live with the borrower and (2) receive more than half their support from the borrower and will continue to receive this support for the year the borrower certifies family size

Public Service Loan Forgiveness (PSLF)
is earned by making

120

“qualifying”
payments

Public Service Loan Forgiveness in Five Steps

1. Make the right kind of payments,
2. On the right kind of loans,
3. While working in the right kind of job.
4. Repeat 120 times.
5. Prove it.

Who should consider income-driven repayment?

Government

Americorps

Peace Corps

501 (c) (3)
Nonprofit

Public Service
Organization

Any amount forgive under PSLF is not taxable
as income!!!!

Loan Repayment Programs in California

- California State Loan Repayment Program
- The Health Professions Loan Repayment Program
- There may be county/city specific programs
- NHSC Loan Repayment (Primary care, dental, mental/behavioral health)
- Military-based or research specific federal programs
- Check with your future employer

Don't make career choice based on
student loan forgiveness!!!

Example

- Reza Ronaghi, 1st year resident
- Stats
 - \$250k in federal direct loans
 - Average 6.8% interest rate
 - \$50k in private student loans
 - 7% variable interest rate
 - \$10k in credit card debt
 - 21% interest rate

Example

- Reza Ronaghi, 1st year resident
- Goals
 - Pay off debt as soon as possible
 - Plans to attend fellowship for 3 years after residency
 - Might work for teaching hospital for career

What to do???

Example

- Reza Ronaghi, 1st year resident
- Strategy
 - Apply for Pay As You Earn income-driven repayment
 - Seek better interest rate on private loans; get fixed rate
 - Start attacking credit card debt
 - Once credit card debt is eliminated, focus on paying down private loans
 - If career is in qualifying employer for PSLF, continue making minimum PAYE payment
 - If career is elsewhere, set target date for payoff and create payment plan

I Need Help!!!

www.aamc.org

Association of American Medical Colleges

Email me for the link to their guide!



Student Loan Services

Basic

- 1 Hr meeting to determine payment goals
- Student loan inventory and evaluation
- Recommended strategy
- \$299 one time payment

Premiere

- 1 Hr meeting to determine payment goals
- Student loan inventory and evaluation
- Tax analysis included
- Recommended strategy
- Ongoing tax strategy review
- Employment certification filing assistance
- Income certification filing assistance
- Record storage
- \$399 up front plus \$49 per month

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