Building on Your Medical School Education Investment ...

Managing Your Educational Loan Repayment While Building Your Personal Financial Plan

Washington University in St. Louis
School of Medicine
Graduate Medical Education Office

April 25, 2013
YOUR FINANCIAL PLAN

YOU

RETIREMENT

ESTATE PLAN

INCOME PROTECTION

FINANCIAL PLANNING/INVESTING

HOME BUYING

(POSSIBLE) IDENTITY THEFT

CREDIT/DEBT SERVICE/STUDENT LOANS

BUDGET, BUDGET, BUDGET

don’t let it get out of whack!!
AGENDA

- Review aspects of student loan repayment

- Review process to consolidate loans
  - Review process to qualify for Public Service Loan Forgiveness

- Look at impact of student loans on credit and how to view investing
OBJECTIVES

- Review student loan repayment plans/options so you can choose the best plan for your long-range professional goals.

- Understand how to postpone payments, if absolutely necessary.

- Review credit reports & scores and the impact of student loan debt to maximize your credit “credibility” and view repaying loans while beginning an investment plan.
STUDENT LOANS
STUDENT LOANS ON YOUR CREDIT REPORT

Your CREDIT REPORT & SCORE

YourCREDITREPORT&SCORE

Consolidation Loan SERVICERS

NSLDS: repository of all Title IV loan Information – (No private, HRSA, or institutional loans, yet)

YOU

Commercial (FFELP) Loan SERVICERS

Commercial lenders becoming obsolete in ED loans!

Institutional Loan SERVICERS – Including Title VII Loans-HRSA

Private Loan SERVICERS

US Dept. of Education – Direct Loan SERVICERS
# CONSEQUENCES

## DELINQUENCY AND/OR DEFAULT:
- Collection agency
- Garnish wages
- Withhold tax refunds
- Appear on credit report
- Withhold Medicare/Medicaid reimbursements

## POOR OR MEDIocre CREDIT:
- Low credit score
  - cost of borrowing
  - cost of insurance premiums
  - less “disposable income” to invest
- It can affect employment opportunities!!
- It can affect licensure!!
FINDING YOUR (FEDERAL) LOANS

Be sure to review the information on www.nslds.ed.gov

You will need:
1. Your SS #
2. Your DOB
3. First 2 letters of your last name
4. Your FAFSA Pin #

If you have forgotten your pin #, go to www.pin.ed.gov

Remember, if you’ve changed your name while borrowing, look for all loans including those under your other name.

HRSA loans = LDS
you must have the information.

Perkins loans = you
must have the information.
# (DIRECT LOAN) SERVICERS - BORROWER SERVICES – (2013/Current)

<table>
<thead>
<tr>
<th>Federal TIVA Servicers</th>
<th>Federal Servicers</th>
<th>Other State Servicers – still holding FFEL loans</th>
</tr>
</thead>
</table>
| **FedLoan Servicing (PHEAA)**  
www.myfedloan.org  
1-800-699-2908  
**DIRECT LOAN CONSOLIDATOR & DIRECT LOAN SERVICER FOR PSLF** | **MOHELA**  
www.mohela.com  
1-888-866-4352 | **Brazos** |
| **Sallie Mae**  
www.sallie Mae.com  
1-800-722-1300  
**DIRECT LOAN CONSOLIDATOR** | **ESA/Edfinancial**  
www.edfinancial.com/DL  
1-855-337-6884 | **New Mexico Student Loan Authority** |
| **Nelnet**  
www.nelnet.com  
1-888-486-4722 | **CornerStone**  
www.MyCornerStoneLoan.org  
1-800-663-1662 | |
| **Great Lakes Educational Loan Services, Inc.**  
www.mygreatlakes.org  
1-800-236-4300 | **Aspire Resources Inc**  
www.AspireResourcesInc.com  
1-855-475-3335 | |
| **Direct Loan Servicing Center (ACS)**  
www.myedaccount.com  
1-800-848-0979  
**(BEING PHASED OUT AS DL CONSOLIDATOR)** | **Granite State - GSMR**  
www.gsmr.org  
1-888-556-0022 | |
# DIRECT LOAN SERVICERS
- **BORROWER SERVICES** – *(2013 Current)*

<table>
<thead>
<tr>
<th>Federal TIVA Servicers</th>
<th>Federal Servicers</th>
<th>Other State Servicers – still holding FFEL loans</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>OSLA Servicing</strong></td>
<td><a href="http://osla.org">osla.org</a> 1-866-264-9762</td>
</tr>
<tr>
<td></td>
<td><strong>EdManage</strong></td>
<td><a href="http://edmanage.myedloan.com">edmanage.myedloan.com</a> 1-855-479-0490</td>
</tr>
<tr>
<td></td>
<td><strong>VSAC Federal Loans</strong></td>
<td><a href="http://vsacfederalloans.org">vsacfederalloans.org</a></td>
</tr>
<tr>
<td></td>
<td><strong>KSA Servicing</strong></td>
<td><a href="http://ksa.myedloan.com">ksa.myedloan.com</a> 1-877-292-4825</td>
</tr>
<tr>
<td></td>
<td><strong>EDGEucation Loans</strong></td>
<td><a href="http://EDGEucationloans.myedloan.com">EDGEucationloans.myedloan.com</a> 1-877-292-7470</td>
</tr>
<tr>
<td></td>
<td><strong>COSTEP</strong></td>
<td><a href="http://costep.myedloan.com">costep.myedloan.com</a> 1-877-292-8639</td>
</tr>
</tbody>
</table>
# LOAN TYPES & INTEREST RATES

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>In-school, Grace &amp; Deferment</th>
<th>Forbearance &amp; Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stafford Loans (on or after 7/1/06) (FFELP)</td>
<td>6.8% Fixed 6 month grace</td>
<td>6.8% Fixed</td>
</tr>
<tr>
<td>Stafford Loans (between 7/1/98 &amp; 6/30/06)*</td>
<td>1.79% Variable 6 month grace</td>
<td>2.39% Variable</td>
</tr>
<tr>
<td>Grad PLUS Loans (FFELP)</td>
<td>8.5% Fixed 6 month defer</td>
<td>8.5% Fixed</td>
</tr>
<tr>
<td>Direct Subsidized &amp; Unsubsidized Direct PLUS Loans (ED)</td>
<td>6.8% Fixed 7.9% Fixed 6 month defer</td>
<td>7.9% Fixed</td>
</tr>
<tr>
<td>Perkins – medical – (ED)</td>
<td>0% - 9 month grace</td>
<td>5% Fixed</td>
</tr>
<tr>
<td>LDS – medical, only – (HRSA)</td>
<td>0% - 12 month grace</td>
<td>5% Fixed</td>
</tr>
<tr>
<td>PCL – medical, only – (HRSA) may NOT be consolidated!!!</td>
<td>0% - 12 month grace</td>
<td>5% Fixed</td>
</tr>
<tr>
<td>Private Loans**</td>
<td>Variable</td>
<td>Check the promissory note.</td>
</tr>
<tr>
<td>Institutional Loans</td>
<td>Varies by school</td>
<td>Check the promissory note.</td>
</tr>
<tr>
<td>Consolidations Loans</td>
<td>Fixed rate – based on weighted average interest of all loans.</td>
<td>Fixed rate – based on weighted average interest of all loans.</td>
</tr>
</tbody>
</table>

*Variable rates change every July 1 based on the 91-day treasury bill.

**Private & alternative loans typically carry a variable rate that may be higher than federal student loans & float with the market.
PRIVATE & INSTITUTIONAL LOANS

PRIVATE LOANS:
→ usually, unsubsidized through repayment

→ will not show up on NSLDS

→ grace period/forbearance may be available

→ NOT ELIGIBLE FOR Federal Direct Loan Consolidation hence, not eligible for IBR or PSLF

INSTITUTIONAL LOANS:
→ usually, subsidized through repayment or a specific period of time

→ will not show up on NSLDS

→ grace period/forbearance usually available

→ NOT ELIGIBLE FOR Federal Direct Loan Consolidation hence, not eligible for IBR or PSLF

*PRIVATE consolidation can be VERY costly depending on who you consolidate with
DISCHARGE OF (all Federal & most Institutional) STUDENT LOANS

- Death or total & permanent disability
- Identity theft
- Bankruptcy (RARELY)

Talk to family and/or loved ones!
COMPOUNDING INTEREST

→ be mindful of PRINCIPLE OF COMPOUNDING/CAPITALIZING INTEREST ........ on your student loans and ........... avoid it, if possible!!!
REPAYMENT PLANS

Determines the payment amount & interest cost

Based on $170,000/$195,100 (4 years in school and 6 month grace before entering repayment).

- Standard: $2,250/mo
- Extended: $1,350/mo
- Graduated: $1,100/mo
- Income-Contingent Repayment (ICR): $640/mo
- Income-Based Repayment (IBR): $410/mo
- Pay As You Earn: $270/mo
FUTURE VALUE CALCULATION

- Current age: 25
- Years for projection (retire at 65): 40
- (Average) rate of return: 8%
- Beginning value: $1,000
- Contribute $360/month: $4,320/yr
- Total invested: $173,800
- Future value: $1,140,849

REMEMBER, IT’S ABOUT TIME IN THE MARKET NOT TIMING THE MARKET!!

source: Edward Jones
REPAYMENT STRATEGIES ....

- DEPENDS on YOUR personal financial goals
  - (always) pay down the most expensive loans (and/or credit cards), first!!!
    - (*UNLESS, you're applying for Public Service Loan Forgiveness - PSLF)

- TRY to pay the interest on loans BEFORE they “compound” or “capitalize” (especially, private loans)
  - (*UNLESS, you're applying for Public Service Loan Forgiveness - PSLF)

- MAKE extra principal loan payments, if you can
  - (*UNLESS, you’re applying for Public Service Loan Forgiveness – PSLF)

- PICK the appropriate loan repayment option
  - and remember, you can change your mind & switch plans or even pre-pay
## COMPARING Income-Driven PLANS

<table>
<thead>
<tr>
<th></th>
<th>PAYE</th>
<th>IBR</th>
<th>ICR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligible Loans</td>
<td>Direct Loans</td>
<td>Direct Loans &amp; FFEL Loans</td>
<td>Direct Loans</td>
</tr>
<tr>
<td>Must be a &quot;New Borrower&quot;</td>
<td>Yes *</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Payment Formula</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protected Income</td>
<td>150% of poverty guideline</td>
<td>150% of poverty guideline</td>
<td>100% of poverty guideline</td>
</tr>
<tr>
<td>Affordable Payment</td>
<td>10% of discretionary income</td>
<td>15% of discretionary income</td>
<td>20% of discretionary income</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partial Interest Subsidy</td>
<td>Yes (first 3 years)</td>
<td>Yes (first 3 years)</td>
<td>Yes (first 3 years)</td>
</tr>
<tr>
<td>Loan Forgiveness</td>
<td>Balance after 20 years (240 qualifying payments) -10 years if PSLF</td>
<td>Balance after 25 years (300 qualifying payments) -10 years if PSLF</td>
<td>Balance after 25 years (300 qualifying payments) -10 years if PSLF</td>
</tr>
</tbody>
</table>

*New borrower:
1) No Direct or FFEL loans/balance as of 10/1/07 AND
2) Received Sub, Unsub, GradPlus disbursement on/after 10/1/2011 or Direct Consolidation based on application received on/after 10/1/11
Minds can achieve anything. We make sure they get to college.

at Federal Student Aid, we make it easier to get money for higher education.
INCOME-DRIVEN REPAYMENT

TO OBTAIN IBR or PAYE:

contact each servicer, individually to request IBR or PAYE (if you’re not planning on consolidating all loans with one servicer)

OR

if you plan to apply for Public Service Loan Forgiveness, you MUST consolidate through the Federal Direct Loan Consolidation program …. www.loanconsolidation.ed.gov

EXCEPTION: if all of your loans are already with FedLoan Servicing/PHEAA or Sallie Mae

you will need to inform lenders/DOE, annually, of family size vs income

give lenders/DOE permission to access tax returns
demonstrate a Partial Financial Hardship (PFH)

Payment supposed to be based on 2 most recent tax year returns (2011 & 2012!!)
Excellent resource for IBR and PSLF information & calculations!
PUBLIC SERVICE LOAN FORGIVENESS – (PSLF)

- Created to encourage individuals to enter & continue to work full-time in public service jobs and provides for forgiveness of remaining balance after 120 payments have been made (amount forgiven is NOT taxed – under current law!!):

120 required payments **must be made** under one or more of the following Direct Loan Program repayment plans:

- Income Based Repayment (IBR) Plan
- Income Contingent Repayment (ICR) Plan
- Pay As You Earn (PAYE) Plan
- Standard Repayment Plan with a 10-year repayment period
- Any Direct Loan Program repayment plan payment (after 7/1/10)

NO DEFAULTED LOANS!!
PUBLIC SERVICE LOAN FORGIVENESS – (PSLF) – ELIGIBLE JOBS

IF YOU:
- are employed by any nonprofit, tax-exempt 501(c)(3) organization;
- are employed by the federal government, a state government, local government, or tribal government (this includes the military and public schools and colleges); or
- serve in a full-time AmeriCorps or Peace Corps position.

If you don't meet these criteria, the Department of Education's regulations create a two-part test of other circumstances under which you may still be eligible:
- (1) your employer is not "a business organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities, unless the qualifying activities are unrelated to religious instruction, worship services, or any form of proselytizing;"
  AND
- (2) your employer provides any of the following public services: emergency management; military service; public safety; law enforcement; public interest law services; early childhood education; public service for individuals with disabilities and the elderly; public health; public education; public library services; and school library or other school-based services.
### FEDERAL LOAN CONSOLIDATION

#### WHY WOULD YOU CONSOLIDATE?

- Variable rates might be low and you want to “average out” to (possibly) a lower interest rate.
- You have multiple lenders to repay = make your life easier!!!
- To obtain Public Service Loan Forgiveness (MUST consolidate with Direct Lending - DL)
- To make Perkins or LDS loans eligible for PSLF and Income-drive plans

#### IMPACT OF CONSOLIDATING

- Longer repayment term will increase the interest costs*
- Maintain ability to prepay or change repayment plan
- New loan with new benefits**
- May negatively affect grace, deferment, or forgiveness options of individual loans
- Is an entirely new loan replacing the loans you took out!!

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*Interest rate is weighted average of all loans & rounded up to nearest 1/8
**likely to forfeit borrower benefits depending on when you consolidate

MANDATORY MEDICAL RESIDENCY FORBEARANCE

- Used to postpone payments *(but, only use if absolutely necessary)*

  Interest accumulates on sub and unsubsidized loans

  *Must request annually* from lender & they MUST provide it for up to 3 years

  Continuous periods may avoid capitalization*

  *Check your servicer’s capitalization policy!!!
**FEDERAL DIRECT LOAN CONSOLIDATION**

You **MUST** consolidate with FDLC if you plan to apply for Public Service Loan Forgiveness (PSLF) - 2013

1) Review your NSLDS Report and compare it with your loan records, for accuracy. 
   "You should also check with each of your servicers, via their website, where you can create your user account and access detailed information regarding your account #s, interest rates, etc., for accuracy."

2) Apply for Federal Direct Consolidation at http://www.loanconsolidation.ed.gov/ 
   (This is actually FedLoan Servicing/PHEAA or Sallie Mae, the official booking agent(s) for ALL Federal Direct Loan Consolidation Loans). 

2a) Your loans SHOULD all pre-populate the fields, including the interest rate(s), type, name & address of the Servicer. 
   Compare that to your NSLDS report and/or report given to you by your school. 
   If various loans are with a single servicer, the account number should be the same for all of those loans. 
   **BE CERTAIN THAT FEDERAL DIRECT GRAD/PLUS LOANS ARE ON YOUR FINAL APPLICATION PRIOR TO SUBMITTING!**

2b) If you consolidate with DL, your loans will always be serviced by either FedLoan Servicing/PHEAA or Sallie Mae (unless you decide on Public Service Loan Forgiveness—see diagram on PSLF).

2c) You will also need to print off, complete, and return the Direct Loans Repayment Plan Selection Form to the address on the form. If you do not complete this form, it will be assumed that you wish to enter Standard Repayment.

2d) If applying for Income-based Repayment (IBR), you MAY be required to print off and complete the *Alternative Documentation of Income Form (ADOI)* & list your prior year’s (tax-AGI) income and provide a copy of that tax return to the address listed on the ADOI form. If you have ZERO income, check the box, listed below "amount of income."

2e) Copy all documents and send all documents with proof of receipt!!

2f) Don’t forget, if you choose auto-debit for your loan payments, you will receive an additional .25% interest rate reduction.
1) AFTER you have been notified that your Federal Direct Consolidation Loan is complete (by either FedLoan Servicing/PHEAA or Sallie Mae) & that they are your Federal Direct Loan Consolidation Servicer...

1a) Check your credit report (just choose one of the credit reporting agencies) at
www.annualcreditreport.com

make sure all of your prior loans are listed but zero’ed out & indicate “pays as agreed” - you will then see your new Consolidation loan with FedLoan Servicing/PHEAA or Sallie Mae as the Servicer.

2) THEN, submit the
Public Service Loan Forgiveness (PSLF) Certification of Employment Form to
FedLoan Servicing/PHEAA at
PO Box 69184
Harrisburg, PA 17106-9184
(see 2a and 2b, below)

* (after it is completed by the GME Office)

2a) You can obtain the Public Service Loan Forgiveness (PSLF) forms at:
http://hsc-blogs.health.unm.edu/financialaid/
or

2b) While you are in residency, the form will need to be certified by the “Graduate Medical Education Office (GME).
After the form is completed, be sure to make a copy and file it away with your consolidation paperwork. I would send the form requiring some proof of “received” receipt.

3) If FedLoan Servicing/PHEAA is NOT already your (new) servicers, they will request that Sallie Mae transfer servicing of your loans to them, making FedLoan Servicing/PHEAA your new loan servicer. You should receive notification of this from FedLoan Servicing/PHEAA.

3a) ELIGIBLE REPAYMENT PLANS:
- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)
- Income-Contingent Repayment (ICR)
- Standard Repayment

3b) ELIGIBLE EMPLOYMENT OPPORTUNITIES:
- Any nonprofit, tax-exempt 501(c)(3) organization
- Federal government
- State or local government
- Tribal government
- Military, public schools, and colleges
- Full-time AmeriCorps or Peace Corps

3c) Complete the Public Service Loan Certification of Employment Form YEARLY while employed by an eligible agency and paying under one of the eligible repayment plan options... copy, copy, copy!
This is where you complete your Federal Direct Loan consolidation: www.loanconsolidation.ed.gov
Get organized – NSLDS report & any other qualifying loans with account #’s, servicers, etc., and your references ..........

Begin application process!!
This should cause your loan information to pre-populate.
Reference Information

Enter the requested information for two relatives or acquaintances who do **not** live with you and who have known you for at least three years. References may **not** live outside the United States.

### Reference 1:

- **Name (First, MI, Last):**
- **Permanent Street Address:**
- **City:**
- **State, ZIP Code:** CLICK HERE
- **Telephone #:**
- **E-Mail Address:**
- **Relationship to Borrower:**

### Reference 2:

- **Name (First, MI, Last):**
- **Permanent Street Address:**
- **City:**
- **State, ZIP Code:** CLICK HERE
- **Telephone #:**
- **E-Mail Address:**
- **Relationship to Borrower:**
Go slow and be careful when selecting the loan type. It is NOT alphabetical & you have to differentiate between Direct loans & FFEL loans, etc., which are all identified on your NSLDS report. SEE NEXT SLIDE FOR SELECTION OPTIONS.

Should pre-populate.
Loan selection options – these are NOT alphabetical so be careful as you make your selection.
To receive .25% interest rate reduction.

Enter 2012 tax return AGI.
Weighted average Interest rate based on YOUR debt.

Check income amount that you entered, carefully.

### Repayment Plan Selection

This page provides estimated monthly payments for the different repayment plans to help you select the appropriate plan for your new Direct Consolidation Loan. To qualify for the Extended Plan (Fixed and Graduated Monthly Payment Options), the sum of your estimated new Direct Consolidation Loan and other Direct Loans must be greater than $30,000.

#### If you want to consolidate defaulted loan(s) and you have not made a satisfactory repayment arrangement with your current loan holder(s), you must select the Income Contingent Repayment (ICR) Plan.

<table>
<thead>
<tr>
<th>Estimated Interest Rate - Consolidation Loan</th>
<th>5.625%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated Total Loan Balances</strong></td>
<td></td>
</tr>
<tr>
<td>Total Consolidation Loan Amount</td>
<td>$58,516.00</td>
</tr>
<tr>
<td>Total Education Indebtedness</td>
<td>$58,516.00</td>
</tr>
</tbody>
</table>

**For ICR and IBR Plans**
- Adjusted Gross Income (AGI) (Applicant): $17,186.00
- Adjusted Gross Income (AGI) (Spouse if married): $0.00
- Marital Status: Single
- Family Size (including yourself): 1
- If married, you and your spouse file Federal income tax jointly (for IBR only): [ ]
- State of Residence: Continental US

**IBR Plan Estimated Total Loan Balances (see Note 5 below)**
- Total Consolidation Loan Amount: $58,516.00
- Total Education Indebtedness: $58,516.00

#### Repayment Plans

<table>
<thead>
<tr>
<th>Repayment Plans</th>
<th>Months in Repayment</th>
<th>Estimated Initial Monthly Payments</th>
<th>Estimated Total Payment (Interest+Principal)</th>
<th>See Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>300</td>
<td>$363.72</td>
<td>$109,116.20</td>
<td>See Detail</td>
</tr>
<tr>
<td>Graduated (see Note 1 below)</td>
<td>300</td>
<td>$274.29</td>
<td>$119,085.75</td>
<td>See Detail</td>
</tr>
<tr>
<td>Extended</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed Monthly Payment Option</td>
<td>300</td>
<td>$363.72</td>
<td>$109,116.20</td>
<td>See Detail</td>
</tr>
<tr>
<td>Graduated Monthly Payment Option</td>
<td>300</td>
<td>$274.29</td>
<td>$119,085.75</td>
<td>See Detail</td>
</tr>
<tr>
<td>Income Contingent (see Note 2 below)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income-Based (see Note 2 below)</td>
<td>300</td>
<td>$10.00</td>
<td>$31,461.96</td>
<td>See Detail</td>
</tr>
</tbody>
</table>

Select Your Repayment Plan: CLICK HERE
IBR Plan - Additional Information Needed

The Repayment Plan you have selected is the IBR Plan. The following information is needed to process your request.

Family Size (including yourself)
If married, you and your spouse file federal income tax jointly

If you are married and you and your spouse file federal income taxes jointly, please complete.

Spouse’s Name
Spouse’s Social Security Number (SSN)
Spouse’s Date of Birth (MM/DD/CCYY):

IBR Joint Consolidation Loan Repayment. If you and your spouse have an eligible joint consolidation loan that you want to repay under the IBR Plan, place an “X” in the box below. Both you and your spouse must have a partial financial hardship to repay an eligible joint consolidation loan under IBR.

☐ I wish to repay my loan(s) jointly with my spouse under the IBR Plan.

Dependents count to lower IBR.

You CANNOT (nor should you) consolidate with your spouse.
Enter 2012's AGI tax return figure.

<table>
<thead>
<tr>
<th>Borrower Income</th>
<th>Pay Frequency</th>
<th>Employer or Source of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Income</td>
<td>CLICK HERE</td>
<td></td>
</tr>
</tbody>
</table>

- Check this box if you do not have any taxable income and receive only untaxed income such as Supplemental Security Income, child support, or federal or state public assistance.

<table>
<thead>
<tr>
<th>Spouse Income</th>
<th>Pay Frequency</th>
<th>Employer or Source of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Income</td>
<td>CLICK HERE</td>
<td></td>
</tr>
</tbody>
</table>

- Check this box if your spouse does not have any taxable income and receives only untaxed income such as Supplemental Security Income, child support, or federal or state public assistance.

<table>
<thead>
<tr>
<th>Borrower Income</th>
<th>Pay Frequency</th>
<th>Employer or Source of Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of Income</td>
<td>Yearly</td>
<td>University of New Mexico HSC</td>
</tr>
<tr>
<td>$17,000.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
This SHOULD be pre-populated BUT, if any loan is not included OR if it’s LDS, HPB, NSL, etc., you will have to enter EACH loan, the lender, the account # & the interest rate.

You may NOT include private or institutional loans OR Parent-PLUS loans for consolidation.
Make sure this reflects the repayment plan you chose.

Repayment Plan Selection Information

Repayment Plan Selected: Income Based

IBR Plan Information

Are you married, head of household, or single? Single
Family Size (including yourself) 1
If married, you and your spouse file federal income tax jointly
Spouse’s Name N/A
Spouse’s Social Security Number (SSN) N/A
Spouse’s Date of Birth N/A

I wish to repay my joint consolidation loan(s) with my spouse under the IBR Plan.

BACK CONTINUE
This relates to an electronic signature.
Write down your confirmation code.

Please review the complete contents of the Adobe PDF version of your signed consolidation application and promissory note.

1. Read these directions, then open the Adobe PDF version of your signed application and promissory note by clicking "Continue" below.
2. Review all the information that you have entered once again.
3. Review all sections of the application and promissory note once again.
4. Find the 3-character Confirmation Code located at the end of your signed application and promissory note. It will look like this: "Your application and promissory note Confirmation Code is ***."
5. **Write down your Confirmation Code.** You will need to enter the code after you finish reviewing your signed application and promissory note.
6. Close the Adobe PDF version of your signed application and promissory note.

After you close the Adobe PDF version of your signed application and promissory note, you will confirm that you have reviewed your application and promissory note and will enter your Confirmation Code. To cancel your electronic consolidation application and promissory note and exit this process, click "EXIT".
Please read the statement below and enter the Confirmation Code from your signed online combined consolidation application and promissory note. When done, click the "Continue" button to proceed to Step 7. To cancel your online combined consolidation application and promissory note and exit this process, click "EXIT."

**Review Signed Application and Promissory Note**

I have reviewed the information about me on this online combined consolidation application and promissory note and acknowledge that it is true and correct. I have read, understand, and agree to the Borrower Understandings, Certifications, and Authorizations, the Promise to Pay, and the Disclosure of Loan Terms. My online combined consolidation application and promissory note Confirmation Code is:

(Your response will be recorded and be made part of your completed online combined consolidation application and promissory note.)

This is where you enter your borrower confirmation code.
NOT TRUE!! You MUST print the form & sign it, & return it with your tax returns.

This is only true if you do not have proof of tax/income information for the past 2 years or if your income decreases.

<table>
<thead>
<tr>
<th>Consolidation Application Item Required</th>
<th>Action Needed</th>
<th>Print Now</th>
</tr>
</thead>
<tbody>
<tr>
<td>Items Required to Sign and Mail</td>
<td>N/A</td>
<td>Next Steps</td>
</tr>
<tr>
<td>Promissory Note</td>
<td>None - Already Submitted Online (DO NOT MAIL)</td>
<td>Signed Promissory Note (Final Version)</td>
</tr>
<tr>
<td>Application Data - remember that the loans, amounts and interest rates on your application are estimates only and subject to validation</td>
<td>None - Already Submitted Online (DO NOT MAIL)</td>
<td>Application Data</td>
</tr>
<tr>
<td>Repayment Plan Selection form*</td>
<td>None - Already Submitted Online (DO NOT MAIL)</td>
<td>Signed Repayment Plan Selection Form</td>
</tr>
<tr>
<td>ICR Plan &amp; IBR Plan Alternative Documentation of Income form</td>
<td>You must sign and mail to us</td>
<td>ICR Plan &amp; IBR Plan Alternative Documentation of Income Form</td>
</tr>
</tbody>
</table>

*NOTE: For your information only, a Repayment Plan Choices insert is also provided to help you decide which plan to select. This insert does not need to be returned to us.

Once you have signed documents that still need to be submitted (see Action Needed column above), mail them to:

U.S. Department of Education
Consolidation Department
Direct Loans

Federal Direct Consolidation Loan Application and Promissory Note

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any part of the application is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C.

Section A: Borrower Information

1. Last Name
2. First Name
3. Middle Initial
4. Social Security Number
5. Date of Birth (mm-dd-yyyy)
6. E-Mail Address (Optional)

Location
Los Lunas, NM 87031

City
ALBUQUERQUE, NM 87131

Section B: Borrower's Employment Information

1. Employer's Name
2. Employer's Address
3. City, State, Zip Code
4. Area Code/Telephone Number

Section C: Education Loan Information: List What You Want to Consolidate

1. Loan Code
2. Loan Name/Address, and Area Code/Telephone Number
3. Loan Account Number
4. Estimated Payoff Amount

Submit pages 1, 2, and 3

Printed version of what you have entered. Verify all loans!

2 references!!

Should reflect all of your loans & Account #’s!
You MUST print off this form and send it in to address listed in spite of last page of directions which indicates that you do NOT have to send it in!!

Notice ... the repayment option you choose will be listed, here.
FedLoan Servicing/PHEAA is THE Public Service Loan Forgiveness servicer. Site address: http://www.myfedloan.org/
FedLoan Servicin/PHEAA’s Income-driven Repayment form.

FedLoan Servicing/PHEAA Repayment Plan Form (5 pages).

Complete, yearly!!!
PUBLIC SERVICE LOAN FORGIVENESS – (PSLF) – ELIGIBLE JOBS

IF YOU:
- are employed by any nonprofit, tax-exempt 501(c)(3) organization;
- are employed by the federal government, a state government, local government, or tribal government (this includes the military and public schools and colleges); or
- serve in a full-time AmeriCorps or Peace Corps position.

If you don't meet these criteria, the Department of Education's regulations create a two-part test of other circumstances under which you may still be eligible:
- (1) your employer is not "a business organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities, unless the qualifying activities are unrelated to religious instruction, worship services, or any form of proselytizing;"
  - AND
- (2) your employer provides any of the following public services: emergency management; military service; public safety; law enforcement; public interest law services; early childhood education; public service for individuals with disabilities and the elderly; public health; public education; public library services; and school library or other school-based services.
Public Service Loan Forgiveness - PSLF
Employment Certification form.

Page 1 – YOU complete.
Page 2 – GME Office (or employer) completes!

Be sure to add your name & SS#, here!!

Complete it, yearly, and maintain a copy of it & date you sent it in to FedLoan Servicing/PHEAA.
(OTHER) LOAN REPAYMENT/FORGIVENESS PROGRAMS

REQUIRE SERVICE FOR LOAN REPAYMENT:

www.nhsc.hrsa.gov
→ up to $60,000 (2 year service commitment) non taxable
→ up to $170,000 (5 year service commitment)
→ up to total debt (6 or more years)
→ Primary Care focus

www.lrp.nih.gov
→ up to $35,000/year (2 year service commitment) taxable

www.ihs.gov
→ up to $20,000/year (2 year service commitment) taxable
→ Primary Care focus

www.hrsa.gov
→ faculty loan repayment taxable
→ up to $40,000 (2 years of service)
→ institution must match

www.hed.state.nm.us
→ up to $25,000/year taxable
→ up to $35,000/year
→ NOT only Primary Care focus (but, for service in HPSA in New Mexico)
LOAN REPAYMENT/FORGIVENESS PROGRAMS

- **Department of Education (ED)**
- **Public Service Loan Forgiveness – PSLF**
  - Service in not-for-profit entity, etc.
    - BROADER SCOPE
    - NON-COMPETITIVE
  - **Write off** of student loan debt after 10 years (120) on-time payments
  - Non taxable

- **Department of Health and Human Services (HRSA)**
  - Service commitment in designated shortage area
    - NARROW SCOPE
    - COMPETITIVE
  - Loan Repayment Programs =
    - Actual payment of money, to you
      - Some taxable, some non taxable
    - NHSC, IHS, NIH, Faculty

- **State Loan Repayment Programs**
  - Actual payment of money, to you
    - Taxable
### TAXPAYER RELIEF ACT OF 1997

<table>
<thead>
<tr>
<th></th>
<th>Full Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td>$60,000 - $75,000</td>
</tr>
<tr>
<td><strong>Married filing Jointly</strong></td>
<td>$120,000 - $150,000</td>
</tr>
</tbody>
</table>

Modified adjusted gross income (MAGI). For most taxpayers, MAGI is adjusted gross income (AGI) as figured on their federal income tax return before subtracting any deduction for student loan interest.

- Maximum student loan interest deduction of $2,500 per year
- Voluntary payments may be eligible
- Capitalized interest may be included

#4 Student Loan Interest Deduction
REMEMBER

- If you are applying for Federal Loan Consolidation (for PSLF) and all of your loans are already held by FedLoan Servicing/PHEAA or Sallie Mae, you MUST still complete the on-line consolidation to include Perkins, LDS, or HPSL loans.

- You can consolidate regardless of whether or not you are applying for Public Service Loan Forgiveness – PSLF

- If NOT applying for PSLF, you can consolidate with the servicer who holds most of your loans, i.e., Fedloan Servicing/PHEAA, Sallie Mae, Nelnet, or Great Lakes

- AND, you can utilize Income-based Repayment (IBR) or Pay As You Earn (PAYE) regardless of whether or not you are applying for PSLF

- IBR and PAYE are great if you are applying for PSLF and/or as you transition to the next phase of your career and get started with your payments

- AND, you can always pre-pay if you have extra funds after you have figured out your budget

- BUT, don’t be in a hurry to pre-pay if you’re pursuing PSLF
<table>
<thead>
<tr>
<th>HELPFUL WEBSITES</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="http://hsc-blogs.health.unm.edu/financialaid/">http://hsc-blogs.health.unm.edu/financialaid/</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.bankrate.com">www.bankrate.com</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.myfico.com">www.myfico.com</a></td>
</tr>
<tr>
<td><a href="http://www.annualcreditreport.com">www.annualcreditreport.com</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.optoutprescreen.com">www.optoutprescreen.com</a></td>
</tr>
<tr>
<td><a href="http://www.ibrinfo.org">www.ibrinfo.org</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.edwardjones.com">www.edwardjones.com</a></td>
</tr>
<tr>
<td><a href="http://www.loanconsolidation.ed.gov">www.loanconsolidation.ed.gov</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.nslds.ed.gov">www.nslds.ed.gov</a> ✓</td>
</tr>
<tr>
<td><a href="http://www.studentloans.gov">www.studentloans.gov</a></td>
</tr>
<tr>
<td><a href="http://www.studentaid.ed.gov">www.studentaid.ed.gov</a></td>
</tr>
</tbody>
</table>
HELPFUL DOCUMENTS

- **UNM-HSC Financial Aid Services Blog** (simple to subscribe to)

- **Personal Information Inventory Form - PIIF**

- **Interactive Budget Worksheet**

- **Investing Questionnaire**
BIBLIOGRAPHY

THANK YOU
&
BEST OF LUCK
Mary B. W. Fenton, MA
mbfenton@salud.unm.edu
505-272-2954 (office)

- Assistant Dean for Student Financial Planning (& Academic Records) at Saint Louis University School of Medicine
- American Student Assistance (national student loan guarantor)
- Currently, Director of Student Financial Aid Services for the Health Sciences Center at the University of New Mexico