

Getting a Grip on Your Student Loans

HEATHER JARVIS
Student Loan Expert

... AT THE RATE
I'M GOING,
MY STUDENT
LOANS SHOULD
BE PAID OFF IN
3 YEARS...

WATT
HANDELSMAN
NEW YORK

THAT'S GREAT,
DAD...



Today's Plan

- Loan Forgiveness overview
- Which loans are which and why it matters
- Income-driven repayment plans
 - Income-Based Repayment (IBR)
 - Pay As You Earn (PAYE)
- Public Service Loan Forgiveness in 5 Steps
- Ask Heather



Two different paths to loan forgiveness

Income-driven or
Public Service

Income-driven forgiveness

If you make payments based on your income for 20-25 years and yet still have a balance remaining on your loans

**Public Service Loan Forgiveness
is earned by making payments
while you work in public service**

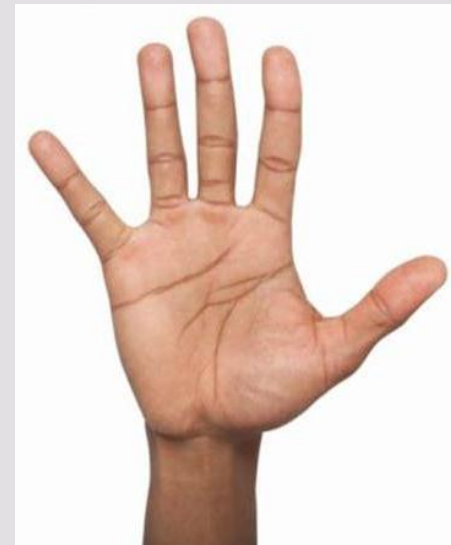
**120
qualifying
payments**

Five Steps to Forgiveness



Remember these 5 steps for PSLF:

1. **Make the right kind of payments,**
2. **on the right kind of loans,**
3. **while you are in the right kind of job.**
4. **Repeat 120 times.**
5. **Prove it.**



The right kind of job

**full-time
paid work**



Government

501(c)(3)
Non-profit

AmeriCorps
Position

Peace Corps

Public
Service
Organization

Government

Local

State

Federal

Tribal

Government
organizations

Government
entities

Government
agencies

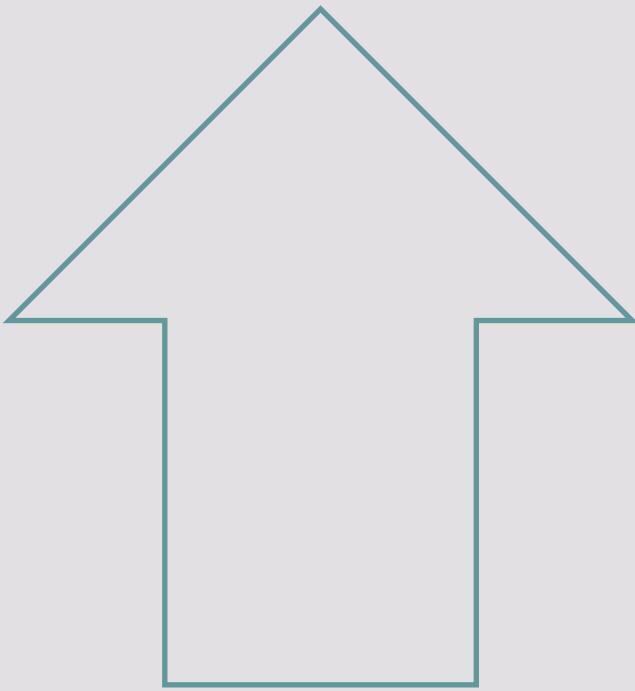
~~Government
contractors~~

Full-time

30 hours

Which loans are which

and why it matters



Federal
student
loans



Private
student
loans

Commercial, private, alternative loans

ick



annualcreditreport.com

FREE Annual Credit Reports

AnnualCreditReport.com is the **ONLY** authorized source to get your free annual credit report under federal law.





FFEL



**Federal
Direct**

**Federal
Student
Loans**

Eligible Loans for Public Service Loan Forgiveness

**ONLY
FEDERAL
DIRECT**


www.nslds.ed.gov

National Student Loan Data System for Students - Mozilla Firefox

File Edit View History Bookmarks Yahoo! Tools Help

http://www.nslds.ed.gov/nslds_SA/


Student Aid on the Web Direct Consolidation Loans - Welcome!! IBRInfo - Updates National Student Loan Data Syst...

 **START HERE
GO FURTHER**
FEDERAL STUDENT AID™

National Student Loan Data System (NSLDS) for Students

Financial Aid Review Glossary of Terms Browser Information/Setup FAQs Contact Us

[Hurricane Assistance](#)



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](#)

FOIA | Privacy | Security | Notices

WhiteHouse.gov | USA.gov | ED.gov

Start Search Desktop 2 Microsoft ... Presentations Windows S... Timesheets Getting your s... Career Scena... New York Ct... West Virginia... money song l... Document1 - ... National S... Career Scena...

2:12 PM

**For Public Service Loan Forgiveness,
FFEL loans MUST be consolidated
into federal direct**

<http://loanconsolidation.ed.gov/>

http://loanconsolidation.ed.gov/

The screenshot shows the 'Direct Consolidation Loan - Borrower Services' website. The browser window title is 'Direct Consolidation Loan - Borrower Services - Mozilla Firefox'. The address bar shows 'https://loanconsolidation.ed.gov/AppEntry/apply-online/appendix.jsp'. The website has a purple and white color scheme. At the top, there's a navigation bar with links: CONSOLIDATION HOME, APPLICATION HOME, FORMS & PUBLICATIONS, FAQ, and CONTACT US. Below this, a secondary navigation bar includes 'Borrower Services', 'School Services', and 'Loan Holder Services'. The main heading is 'Federal Direct Consolidation Loans Information Center'. A 'Welcome Applicants!' section follows, explaining the benefits of consolidation and providing links for more information. A 'New Income-Based Repayment (IBR) Plan Available!' section is also present. The core of the page is a three-step process: 1. Before Beginning (Get organized!), 2. Apply Online (Complete the application!), and 3. Follow-up (Post-Application Activities!). Each step contains detailed instructions and links. A left sidebar lists various borrower services and additional resources. The bottom of the page features a Windows taskbar with several open applications.

Borrower Services

Federal Direct Consolidation Loans Information Center

Welcome Applicants!

You may be able to combine your existing Federal education loans into one new consolidated loan that offers several advantages. Click on "Borrower Info" topics to the left for more information about advantages of consolidation.

Here you will find what borrowers need to know about Direct Consolidation Loans. If you don't find it here, [Ask Us](#).

New Income-Based Repayment (IBR) Plan Available!

If you would like eligibility information or to take advantage of this repayment option, [Click Here](#) for more information.

Before Beginning 1

Get organized!

To help you decide if you want to consolidate and/or to simplify the application process, gather and read required documents and other information ahead of time.

- [Application and Promissory Note, Introductory Letter, and Instructions](#)
- What [Web Tips](#) are Essential For Completing The Online Application
- [What Do You Need to Fill Out This Application?](#)
- Check The [Current Interest Rates](#)
- [What's New and Security](#)
- Want to Sign Your Promissory Note Online (E-sign)? [Apply For a PIN!](#)

Apply Online 2

Complete the application!

The process asks about you, your financial information, your spouse, references and more.

- [Apply Online and E-sign Your Promissory Note](#)
- [Apply Online and Print, Sign, and Mail Your Promissory Note](#)
- [Retrieve an In Progress Saved Application](#) (Not Submitted)
- The online application process is the most efficient way to apply, but you could alternatively select 'Forms & Publications' from the top menu to download blank forms to print, complete, sign, and mail.

Follow-up 3

Post-Application Activities!

You can check the status of your application, retrieve your submitted E-signed Promissory Note, application data, and other information.

- [What Happens After I Apply?](#)
- [View Your Application Status](#)
- [Retrieve Your Submitted E-signed Promissory Note and Other Consolidation Application Documents](#)
- [Add Loans to Your Consolidation](#)
- [Apply For a PIN](#) if you don't have one yet

BORROWER INFO

- [Should I Consolidate?](#)
- [How Do I Benefit?](#)
- [Am I Eligible?](#)
- [What Loans Can I Consolidate?](#)
- [How Do I Apply?](#)
- [How Do I Update or Correct My Application?](#)
- [What is the Status of My Application?](#)
- [What are My Rights and Responsibilities?](#)

ADDITIONAL RESOURCES

- [Direct Loan Servicing](#)
- [NSLDS](#)
- [ED.GOV](#)
- [Online Calculator](#)
- [PIN Request & Information](#)
- [Students.Gov](#)

English Español

Income-driven forgiveness

is NOT tied to employment

Income-Based Repayment or Pay As You Earn

Monthly
payments are
calculated
based on:

For married
people, AGI
depends on
federal tax
filing status

Family size is
NOT measured
by looking to
your tax return

Partial Financial Hardship

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

Partial Financial Hardship

IBR example

Eligible Loans	AGI		
	Family size = 1	Family size = 2	Family size = 3
\$10,000	\$25,541	\$31,271	\$37,001
\$15,000	\$30,145	\$35,875	\$41,605
\$20,000	\$34,748	\$40,478	\$46,208
\$25,000	\$39,351	\$45,081	\$50,811
\$30,000	\$43,954	\$49,684	\$55,414
\$50,000	\$62,637	\$68,097	\$73,827
\$75,000	\$85,383	\$91,113	\$96,843
\$100,000	\$108,399	\$114,129	\$119,859
\$150,000	\$154,431	\$160,161	\$165,891
\$200,000	\$200,464	\$206,194	\$211,924

Source: Jeff Hanson, Hanson Education Services

PAYE is only available to “new borrowers”

- No balance on a federal loan on October 1, 2007
- Borrowed a federal loan on or after October 1, 2011

Income Based Repayment Monthly Payment Amount

AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$41	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$103	\$29	\$0	\$0	\$0	\$0	\$0
\$30,000	\$166	\$91	\$17	\$0	\$0	\$0	\$0
\$35,000	\$228	\$154	\$80	\$5	\$0	\$0	\$0
\$40,000	\$291	\$216	\$142	\$68	\$0	\$0	\$0
\$45,000	\$353	\$279	\$205	\$130	\$56	\$0	\$0
\$50,000	\$416	\$341	\$267	\$193	\$119	\$44	\$0
\$55,000	\$478	\$404	\$330	\$255	\$181	\$107	\$33
\$60,000	\$541	\$466	\$392	\$318	\$244	\$169	\$95
\$65,000	\$603	\$529	\$455	\$380	\$306	\$232	\$158

Pay As You Earn Monthly Payment Amount							
AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$27	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$69	\$19	\$0	\$0	\$0	\$0	\$0
\$30,000	\$110	\$61	\$11	\$0	\$0	\$0	\$0
\$35,000	\$152	\$103	\$53	\$0	\$0	\$0	\$0
\$40,000	\$194	\$144	\$95	\$45	\$0	\$0	\$0
\$45,000	\$235	\$186	\$136	\$87	\$37	\$0	\$0
\$50,000	\$277	\$228	\$178	\$129	\$79	\$30	\$0
\$55,000	\$319	\$269	\$220	\$170	\$121	\$71	\$33
\$60,000	\$360	\$311	\$261	\$212	\$162	\$113	\$95
\$65,000	\$402	\$353	\$303	\$254	\$204	\$155	\$105

IBR and PAYE forgiveness

Year	1	5	10	20	25	Total payments	Cancelled
Adjusted Gross Income	54,000	60,777	70,458	94,689	109,771		
IBR Monthly Payment	466	528	619	848	992	\$209,362	\$64,644
PAYE Monthly Payment	310	352	413	565	N/A	\$102,257	\$142,743

**But PSLF is NOT
taxable as income -
wow**

**20 or 25 year
canceled
amount is
taxable as
income!**

Federal Student Aid

An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

 Search studentaid.gov


Prepare for College



Types of Aid



Who Gets Aid



FAFSA: Apply for Aid



Repay Your Loans



Understanding Repayment

Loan Servicers
Repayment Plans

Loan Consolidation

Special Consolidation Loans

Deferment and Forbearance

Forgiveness, Cancellation, and Discharge

Forgiveness, Cancellation, and Discharge Charts

Repayment Calculators



Get information on the loan repayment plans and use our calculators to estimate your monthly payments.

LEARN MORE >

Understanding Default

Avoiding Default
Collections
Getting out of Default

Resolving Disputes

Getting Prepared Before
Seeking Help

IF YOUR INCOME IS LOW, YOU MAY QUALIFY FOR THE [INCOME-BASED REPAYMENT PLAN](#).

Learn about exploring careers, choosing and applying to schools, and taking required tests. Use checklists to help get ready.

Read about the types of financial aid available from the government and other sources: grants, scholarships, loans, and work-study.

Most people are eligible for financial aid. Find out who gets aid, how to stay eligible, and how to get eligibility back if you've lost it.

Learn how to submit your *Free Application for Federal Student Aid* (FAFSASM), how aid is calculated, and how you'll get your aid.

Choose a repayment plan, pay on time, avoid default, and get help with problems.

**Public Service Loan Forgiveness
is earned by making payments**

120

**“qualifying”
payments**

The right kind of payments



Income driven repayment

The right kind of payments

- NOT long term repayment plans
 - be cautious about “standard” repayment terms

on the right kind of loan



**ONLY
FEDERAL
DIRECT**

Federal Direct

- The one and only **RIGHT** kind of loan for PSLF

FFEL, Perkins

- Could become right, but **only if you take action**

Private,
alternative,
commercial,
bar study loan

- **WRONG** and can't ever be right

The right kind of job

**full-time
paid work**



Repeat 120 times

**on time payments
once a month for 10-years**



Prove it
apply for forgiveness



Prove it

verify income & family size annually



certify employment annually



apply for forgiveness

HEATHER JARVIS
Student Loan Expert

askheatherjarvis.com