Student Loan Exit Counseling

Graduate/Professional

Northwestern
School of Education & Social Policy
McCormick School of Engineering
Kellogg School of Management
Bienen School of Music
School of Professional Studies
School of Communication
Medill School of Journalism
The Graduate School
The reality is …

- Financial planning starts now.
- You may be able to reduce the total amount you pay back on your student loans.
- Strategy is key to your SUCCESS!
To successfully manage loan repayment ...

- Understand the basic terms and conditions of your loans.
- Know how much you have to repay, when and to whom.
- Define your short/long-term financial goals.
- Develop a spending plan (budget) to achieve those goals.
- Select the loan repayment plan that best fits your plan.
- Take advantage of the loan forgiveness programs for which you may qualify.
- Keep good financial records.

ASK QUESTIONS!
View Northwestern Financial Aid History

**Federal Subsidized Stafford Loan**

<table>
<thead>
<tr>
<th>Aid Year Description</th>
<th>Academic Career</th>
<th>Lender</th>
<th>Accepted</th>
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</thead>
<tbody>
<tr>
<td>Financial Aid Year 2011-2012</td>
<td>The Graduate School</td>
<td>US Department of Education</td>
<td>7,500</td>
</tr>
<tr>
<td>Financial Aid Year 2010-2011</td>
<td>The Graduate School</td>
<td>US Department of Education</td>
<td>5,000</td>
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<td>Financial Aid Year 2009-2010</td>
<td>The Graduate School</td>
<td>Citibank</td>
<td>4,500</td>
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<td>Financial Aid Year 2008-2009</td>
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<td>Citibank</td>
<td>5,333</td>
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<td>Financial Aid Year 2007-2008</td>
<td>The Graduate School</td>
<td>Citibank</td>
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</table>

Total Student Loans 25,333
Total Parent Loans 0

**Federal Unsubsidized Stafford Loan**

<table>
<thead>
<tr>
<th>Aid Year Description</th>
<th>Academic Career</th>
<th>Lender</th>
<th>Accepted</th>
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<tbody>
<tr>
<td>Financial Aid Year 2015-2016</td>
<td>The Graduate School</td>
<td>US Department of Education</td>
<td>2,500</td>
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<tr>
<td>Financial Aid Year 2014-2015</td>
<td>The Graduate School</td>
<td>US Department of Education</td>
<td>10,500</td>
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<tr>
<td>Financial Aid Year 2012-2013</td>
<td>The Graduate School</td>
<td>US Department of Education</td>
<td>20,500</td>
</tr>
</tbody>
</table>

Total Student Loans 33,500
Total Parent Loans 0

**Grand Total Student Loans** 58,833
**Grand Total Parent Loans** 0

External Links

- [National Student Loan Data System](https://www.mappingyourfuture.org/paying/standardcalculator.cfm)
- [College Board](http://apps.collegeboard.com/fincalc/sfa.jsp)
- [FinAid.org](http://www.finaid.org/calculators/loanspayments.phtml)

Compare your loan totals in CAESAR with your loan totals on the National Student Loan Data System.
Monitor your Federal Student Loans

Complete the personal data sheet.

Personal references: friends or relatives living at separate addresses in the U.S.A.

Parent or nearest relative (other than your spouse)

If you do not have all the necessary information to complete the form, send it by email to: studentloans@northwestern.edu

Sign & date one copy of the Perkins repayment schedule. (Keep the other copy for your records.)

Please turn in the completed forms before you leave.
Complete the personal data sheet.

Personal references: friends or relatives living at separate addresses in the U.S.A.

Parent or nearest relative (other than your spouse)

If you do not have all the necessary information to complete the form, send it by email to:

studentloans@northwestern.edu

Sign & date one copy of the Perkins repayment schedule. (Keep the other copy for your records.)

Please turn in the completed forms before you leave.
NU Student Loan Office

For students with Federal Perkins Loans and private NU Loans:

Northwestern University
Student Loan Office
555 Clark Street, 3rd Floor
Evanston, IL 60208
847-491-3125
studentloans@northwestern.edu

Deferments
Forbearance
Cancellation
Payoffs
Servicer for Federal Perkins Loans and private NU Loans

Complete the personal data sheet.

Personal references: friends or relatives living at separate addresses in the U.S.A.

Parent or nearest relative (other than your spouse)

If you do not have all the necessary information to complete the form, send it by email to: studentloans@northwestern.edu

Sign & date one copy of the Perkins repayment schedule. (Keep the other copy for your records.)

Please turn in the completed forms before you leave.
Private NU Loans

6 month grace period ends Dec. 10, 2016.
(3 months for loans disbursed in 2010-2011 or before)

10 year repayment term.

Variable interest rate changes each Sept. 1st.

Need-based = 4.5%
Optional and GPAL = 5.0%
International A = 5.0%
International B = 5.5%

Interest has accrued from the date of disbursement.
Unpaid interest will be capitalized at end of the grace period when repayment begins.

No deferments.
Forbearance may increase monthly payments.
Cannot be included in a Federal Consolidation Loan.
International Payments
(Private NU Loans)

Flywire (by peerTransfer)
Eliminate hidden bank fees – ensure your institution receives the correct amount.

Save on exchange rates – in most cases you can make a payment in your home currency. Flywire will process the currency exchange – offering you wholesale exchange rates, unmatched by traditional banks.

Peace of mind – 24 hours multilingual customer support when you need it most. Know where your payment is in the bank transfer process.

Go to www.flywire.com/
Select “Northwestern University Student Loan Office”
Federal Perkins Loans

Fixed interest rate of 5%
Interest free until repayment begins
9 month grace period ends March 10, 2017
10 year standard repayment term

Lender/Loan holder: NU Student Loan Office
Loan Servicer: Campus Partners
Perkins Cancellations

Perkins loans may receive full or partial cancellation depending on service or employment:

- Teaching in certain school districts
- Special education, Speech & Language Pathology, Family Services, Head Start
- Full time teacher of math, science, foreign language and bilingual education
- Nurse or Medical Technician, Health Care Provider
- Vista, Peace Corps, Teach for America
- Fire fighter, law enforcement, corrections officer

Contact the Student Loan Office with any questions.
In your envelope…

Sign & date one copy of the Perkins repayment schedule. (Keep one copy for your records.)

Complete the personal data sheet.
- Personal references: friends or relatives living at separate addresses in the U.S.A.
- Parent or nearest relative (other than your spouse)

If you do not have all the necessary information to complete the form, you can send it later by email to: studentloans@northwestern.edu

Please turn in the completed forms as you leave.
Federal Direct Loans
(Stafford & GradPLUS)

Subsidized/Unsubsidized (Stafford) loans have a 6 month grace period ending December 10, 2016.

GradPLUS loans have a 6 month post-enrollment deferment.

Subsidized loans remain interest free throughout the 6 month grace period.

Unsubsidized & GradPLUS loans have been accruing interest since the date the funds disbursed.

Unpaid interest will be capitalized when repayment begins.

Offer multiple repayment plans (including income-driven) that can be changed by contacting your loan servicer.
Federal Direct Consolidation Loan

A Federal Direct Consolidation Loan allows you to:

- Combine all your **Federal** Stafford, Grad PLUS and Perkins loans into one new loan with a single payment
- Fix the interest rate; weighted average rounded to nearest 1/8 of a percent
- Lengthen the repayment term up to 30 years reducing your monthly payment
- Take advantage of certain repayment plans
- Qualify your loans for Public Service Loan Forgiveness
- Release your GradPLUS Loan cosigner

Cautions:

- Repayment begins immediately.
- Unpaid interest is capitalized.
- Perkins benefits are lost.

Apply at studentloans.gov
Cancellation/Forgiveness

Most student loans (federal and private) may be discharged in cases of:
- Death/Disability
- Closed school/False certification
- Identity Theft

Federal Perkins loans are eligible for full or partial cancellations depending on employment or service.

Federal Subsidized/Unsubsidized (Stafford) and Federal Consolidation Loans may be eligible for partial forgiveness for service in areas of national need.

If you think you are eligible for loan cancellation or forgiveness:
- Contact your loan servicer(s).
- Continue making payments until you receive written notification from each of your loan servicers that your loan has been cancelled.
- If only a portion of your loan was cancelled, update your records with your new balance after verifying the information with your loan servicers.

studentloans.gov > Managing Repayment > Loan Discharge
Public Service Loan Forgiveness  
(Direct Loans only)

• Must work full-time (30 hours per week) for 10 years in Public Service:
  – Federal, state or local government
  – Public schools and colleges
  – Non-profit, tax exempt, 501(c)(3) organizations
  – Military service

• Employment certification form
• Does not have to be continuous work
• After making 120 qualifying on-time loan payments after October 1, 2007, your remaining loan balance is forgiven (principal & interest) tax free.

studentloans.gov > Managing Repayment
When does repayment start?

Repayment begins at the end of the grace period or immediately if there is no grace period.

**Federal Perkins Loans:**
- 9 month grace period
- 6 month post-deferment grace period on prior Perkins

**Federal Subsidized/Unsubsidized (Stafford) Loans:**
- 6 month grace period
- No post-deferment grace period on prior Stafford loans

**Federal GradPLUS Loans:**
- 6 month post-enrollment deferment

**Federal Consolidation Loans:**
- no grace period

**Private Loans:**
- 6 month grace period for NU Loans
- Check with your lender/servicer
Defining your Goals (the BIG picture)

Short Term:
- What do I need to buy as soon as I graduate?
- Where will I be living?

Long Term:
- What are my hopes for my family?
- How long do I want to work?
- How much money will I need to invest to secure the retirement I want?
Developing a Spending Plan to Achieve your Goals

Calculate monthly earnings and other available financial resources
  Use online tools (mint.com)
Estimate monthly expenses
  Include monthly student loan payment
  Include investment/savings contributions
Do the math - is there a surplus or a deficit?
  If there is a surplus, more can be allocated to debt repayment, to investment/savings and/or to lifestyle.
  If a deficit occurs, then what?
Eliminating a Budget Deficit

Reduce spending on your lifestyle

Reduce your investment/savings contributions

May make it more difficult to achieve your financial goals

Reduce amount you pay each month on student loans by choosing a different repayment plan
### Comparing Payment Plans

**Direct Subsidized/Unsubsidized (Stafford) & GradPLUS Loans**

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>First Monthly Payment</th>
<th>Last Monthly Payment</th>
<th>Total Amount Paid</th>
<th>Projected Loan Forgiveness</th>
<th>Repayment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$1,140</td>
<td>$1,140</td>
<td>$136,808</td>
<td>$0</td>
<td>120 months</td>
</tr>
<tr>
<td>Graduated</td>
<td>$656</td>
<td>$1,968</td>
<td>$146,879</td>
<td>$0</td>
<td>120 months</td>
</tr>
<tr>
<td>Extended Fixed</td>
<td>$681</td>
<td>$681</td>
<td>$204,253</td>
<td>$0</td>
<td>300 months</td>
</tr>
<tr>
<td>Extended Graduated</td>
<td>$549</td>
<td>$985</td>
<td>$221,513</td>
<td>$0</td>
<td>300 months</td>
</tr>
<tr>
<td>Revised Pay As You Earn (REPAYE)</td>
<td>$268</td>
<td>$1,084</td>
<td>$179,229</td>
<td>$69,253</td>
<td>300 months</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>$268</td>
<td>$823</td>
<td>$120,770</td>
<td>$111,030</td>
<td>240 months</td>
</tr>
<tr>
<td>Income-Based Repayment (IBR)</td>
<td>$402</td>
<td>$1,140</td>
<td>$221,051</td>
<td>$0</td>
<td>277 months</td>
</tr>
<tr>
<td>IBR for New Borrowers</td>
<td>$268</td>
<td>$823</td>
<td>$120,770</td>
<td>$111,030</td>
<td>240 months</td>
</tr>
<tr>
<td>Income-Contingent Repayment (ICR)</td>
<td>$635</td>
<td>$1,079</td>
<td>$167,601</td>
<td>$0</td>
<td>187 months</td>
</tr>
</tbody>
</table>

**Assumptions:** Loan Debt = $100,000; $41,000 Unsubsidized and $59,000 GradPLUS; average interest rate = 6.6%

Single household; AGI = $50,000 (5% annual increases)
Pay As You Earn (PAYE)

- Available to eligible Direct Loan borrowers beginning December 21, 2012
- Must be a “new borrower” on or after 10/1/2007
  - Cannot have had an outstanding balance on an existing federal student loan when you borrowed your first federal student loan on/after 10/1/2007
- Must have had a disbursement of a federal student loan on or after 10/1/2011
- Spouse’s AGI and Direct Loan debt included only if borrowers file a joint tax return
- Remaining loan balance forgiven after 20 years
  - Forgiven amount may be taxable as income
Balancing Trade-offs

You may choose to pay off debt …

• as fast as possible
  – least amount of interest

• more slowly
  – to afford a more comfortable lifestyle
  – to maximize ability to save and/or invest for the future

***NO PENALTY FOR PREPAYMENTS***
Typical Debt Portfolio
Managing Cash Flow to Repay Debt

- Federal Perkins Loan debt @ 5%
- Federal Direct Subsidized/Unsubsidized (Stafford) Loan debt @ 3.4% to 6.8%
- Federal GradPLUS Loan debt @ 6.41% to 8.5%
- Credit card debt @ 15.9%
- Other debt @ 9%

Total Cash Flow @ 15.9%
Deferments

In-school – no time limit
     must be enrolled at least half-time
Economic Hardship – up to 36 months
Unemployment – up to 36 months
Military – no time limit

• Your loan servicer will require documentation of your eligibility (usually) semi-annually.
• Subsidized Direct (Stafford) and Perkins loans do not accrue interest during periods of deferment.
• Unsubsidized Direct (Stafford), GradPLUS loans do accrue interest during periods of deferment.
  – Unpaid interest is capitalized at the end of the deferment period.
• Deferments do not degrade your credit rating.
Forbearance

Forbearance is an agreement with your lender/servicer to reduce or postpone payments when you are having financial difficulty and do not qualify for a deferment.

- Documentation is required to verify your income and student loan debt.
- Granted (usually) for periods of 6 months.
- Interest accrues on ALL loans; Perkins, subsidized and unsubsidized Direct (Stafford) and GradPLUS loans.
- Unpaid interest is capitalized at the end of the period of forbearance.
- A forbearance will not lower your credit rating.
Consequences of loan default

- Your academic records will be placed on hold.
- You may be liable for all collection costs.
- You may be subject to administrative wage garnishment.
- You may be sued with court costs and legal fees added to your loan balance.
- Your income tax refund may be withheld.
- Your credit rating and ability to borrow will be seriously damaged.
- You may lose future eligibility for financial aid and student loans.
- Your professional license could be denied or revoked.
- You may be denied certain types of employment.
Your Credit

All of your federal loans are reported to at least one credit bureau.

Factors reported:
- Timeliness of your payments
- Missed payments
- Outstanding balance

Your credit score will affect your ability to obtain credit.

Free annual credit reports available at:
www.annualcreditreport.com
Rights/Responsibilities

Review your promissory notes for a complete list of all your rights and responsibilities.

Student loans must be repaid whether or not you:
• completed your program
• were satisfied with your educational experience
• obtained employment

Keep In Touch with your Lenders/Servicers.
• Notify them of name and address changes.
• Make payments even if a billing statement is not received.
• BE PROACTIVE! Contact them BEFORE you miss a payment.

Beware of student loan assistance agencies that charge fees. Do not give your Federal Student Aid (FSA) ID to any agency!
FSA Ombudsman

The FSA Ombudsman is an impartial, confidential resource after other avenues are exhausted to resolve borrower concerns.

Self-Resolution Checklist

To request mediation regarding federal student loan issues, follow the directions at:

studentaid.ed.gov/repay-loans/disputes
**The Taxpayer Relief Act of 1997**

<table>
<thead>
<tr>
<th></th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>NO Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td>$65,000 or less</td>
<td>$65,001 to $79,999</td>
<td>$80,000 or more</td>
</tr>
<tr>
<td><strong>Married</strong></td>
<td>$130,000 or less</td>
<td>$130,001 to $159,999</td>
<td>$160,000 or more</td>
</tr>
</tbody>
</table>

- IRS Form 1098E will be issued by your lender/servicer(s) for eligible interest payments of $600 or more in any calendar year.
- Voluntary payments may be eligible.
- Capitalized interest may be included.
- Deduction may not exceed $2,500 per year.

Looking Ahead

• Compare your loan amounts in CAESAR with the amounts on NSLDS, the National database.
• Check your credit reports for errors.
• Create a folder for all your loan documents (preferably online).
• Update your address on your loan servicer(s) website(s).
• Develop an affordable spending plan.
• When you receive notice from your loan servicer(s) that your loans will be going into repayment in the near future:
  – Contact your loan servicer(s) to select a repayment plan.
  – Pay off the accrued interest on your Direct Unsubsidized (Stafford) & GradPLUS loans before repayment begins to avoid capitalization.
  – If you are not ready to begin repayment, submit the required deferment or forbearance forms to your loan servicer(s).
• Pay your bills on time (preferably online). On time payments are a key factor in determining your credit score.
Federal Direct Loans

Unsubsidized (Stafford) has a 6 month grace period.
GradPLUS has a 6 month post-enrollment deferment.
Have been accruing interest since the date the funds disbursed.
Unpaid interest will be capitalized (at the end of the 6 months) when repayment begins.

Offer 6 repayment plan options (including income-driven) that can be changed by contacting your loan servicer.
We are here to help!

Student Financial Services
555 Clark St – 1st Floor
Evanston, IL 60208
847) 491-8950

student-financial-services@northwestern.edu