Congratulations
SKMC Class of 2021!

From:
The Financial Aid Office Team
Before we start the presentation.....

• Changes to federal loans affected by the COVID 19
  • payments on federal loans automatically stopped from March 13, 2020, and continues through Sept. 30, 2021.
    • To provide relief to student loan borrowers during the COVID-19 national emergency, federal student loan borrowers are automatically being placed in an administrative forbearance, which allows you to temporarily stop making your monthly loan payment. This suspension of payments will last until Sept. 30, 2021, but you can still make payments if you choose.
  • From March 13, 2020, through Sept. 30, 2021, the interest rate is 0% on the following types of federal student loans owned by ED:
    • Defaulted and nondefaulted Direct Loans
    • Defaulted and nondefaulted FFEL Program loans
    • Federal Perkins Loans
      • Please note that some FFEL Program loans are owned by commercial lenders, and some Perkins Loans are owned by the institution you attended. These loans are not eligible for this benefit at this time.
  • [https://studentaid.gov/announcements-events/coronavirus](https://studentaid.gov/announcements-events/coronavirus)
To Do

IF NOT DONE ALREADY

complete **federally required** online EXIT counseling at [http://studentaid.gov](http://studentaid.gov)

LATER

Survey - we will email you a survey link prior to May 15

FOR THOSE WITH JEFFERSON LOANS

Sign online Repayment Schedule - Tuition Office will contact you to complete
Exit Interview Goals

• **BASICS**
  - Rights/responsibilities
  - servicer requirements
  - Verifying the accuracy of your debt

• **STRATEGIES**
  - Repayment Hierarchy & overall strategies
  - What to do/when to do it
  - Residency Repayment options
    - Forbearance or Income Driven Repayment or something else??
  - Consolidation
  - Don’t Default!!
Loans to cover

1) Institutional loans
   • TJU loan
   • Alumni loan
   • Perkins loan
   • PCL
   • Donor named

2) Federal Direct and FFELP Stafford

3) Federal Direct and FFELP Grad PLUS

4) Private alternative loans
University Loans
Jefferson is the lender for:

- **Institutional loans** (e.g., TJU Loans, Alumni Loans, Morgan Loan etc.)

- **Certain Federal Loans**
  - Federal Perkins
  - Federal Loans for Disadvantaged Students
  - Federal Primary Care Loans
## Loans Parameters - TJU Administered Loans

<table>
<thead>
<tr>
<th>Loans Administered By TJU</th>
<th>University Loans</th>
<th>Federal Perkins</th>
<th>Federal Loans for Disadv. Students</th>
<th>Federal Primary Care Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender</td>
<td>TJU</td>
<td>TJU</td>
<td>TJU</td>
<td>TJU</td>
</tr>
<tr>
<td>Servicer</td>
<td>Heartland ECSI</td>
<td>Heartland ECSI</td>
<td>Heartland ECSI</td>
<td>Heartland ECSI</td>
</tr>
<tr>
<td>grace period</td>
<td>12 Months</td>
<td>9 Months</td>
<td>12 months</td>
<td>12 months</td>
</tr>
<tr>
<td>interest rate in school</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>interest rate in grace period</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>interest rate in repayment</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>eligible for post graduation postponement?</td>
<td>NO *</td>
<td>Yes - forbearance only</td>
<td>Yes - 3 years residency deferment</td>
<td>Yes - 3 years residency deferment</td>
</tr>
<tr>
<td>Interest rate during postponement</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>repayment period</td>
<td>10 Years</td>
<td>10 Years</td>
<td>10 Years</td>
<td>10 Years</td>
</tr>
<tr>
<td>Can be consolidated with Stafford and Grad PLUS?</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>NO - has service commitment</td>
</tr>
<tr>
<td>Eligible for Income Driven Repayment?</td>
<td>NO</td>
<td>NO - unless consolidated</td>
<td>NO - unless consolidated</td>
<td>NO</td>
</tr>
<tr>
<td>Eligible for Public Service Loan Forgiveness (PSLF)?</td>
<td>NO</td>
<td>NO - unless consolidated</td>
<td>NO - unless consolidated</td>
<td>NO</td>
</tr>
<tr>
<td>Cancellation upon Death or Permanent Disability</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>

* exceptions: Wayland, Kellogg, Snyder, Bacharach, and Robt Wood Johnson have reduced interest rates

**exceptions: Wayland, Robt. Wood Johnson, Sledd Cunnison loan have post graduate training deferment options beyond Grace period
TJU Loan Repayment Schedule

- Tuition Office will send you link to an online Repayment Schedule.

- The Repayment Schedule Lists:
  1. payment start date
  2. monthly payment amount
  3. repayment period
  4. interest rate
  5. amount of interest that will accrue over life of loan
  6. total loan cost (interest and principal)
What Loans are considered to be Jefferson Administered Loans?

- Federal Perkins Loan
- Alumni Loan, Simpson Loan, Levi Loan, TJU Loan etc.
- Federal PCL and LDS

ECSI offers the ability to make payments via several methods.

Online
- Direct Payment (future or recurring ACH Payments),
- eCheck (single ACH payments drawn today), or
- Credit Card.

**ACH & Credit Card payments can also be made over the phone**

Mail (remember to include the name of your school)

Thomas Jefferson University  
c/o Educational Computer Systems, Inc.  
PO Box 718  
Wexford, PA 15090

Contact Heartland ECSI in the following ways:

Voice: 888-549-3274  
412-788-3900

Email:
- webcservice@ecsi.net - Customer Service (Borrower) issues
- webmaster@ecsi.net - Web/Internet related issues

On-Line: Live Customer Service chat

ALL INSTITUTIONAL LOANS GET REPAID TO THE UNIVERSITY VIA HEARTLAND ECSI
Login in Screen at ECSI-Heartland
School code is 012393
Federal Loan Programs
## Federal Direct Loans/Private “ALP” Loans Parameters

<table>
<thead>
<tr>
<th></th>
<th>Federal Direct Stafford Loan</th>
<th>Federal Direct Graduate PLUS Loan</th>
<th>Private Alternative Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lender - prior to 6/30/10</strong></td>
<td>Private lender for Government</td>
<td>Private lender for Government</td>
<td>Private Bank</td>
</tr>
<tr>
<td><strong>Servicer</strong></td>
<td>Differs by Student</td>
<td>Differs by Student</td>
<td>Differs depending on Bank</td>
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<tr>
<td><strong>Grace period</strong></td>
<td>6 months</td>
<td>0 *</td>
<td>6-9 months - check Promissory Note</td>
</tr>
<tr>
<td><strong>Eligible for post graduation postponement?</strong></td>
<td>Forbearance - residency</td>
<td>Forbearance - residency</td>
<td>usually 3 years - check with lender</td>
</tr>
<tr>
<td><strong>Repayment period</strong></td>
<td>10 yrs min/25 yrs max</td>
<td>10 yrs min/25 yrs max</td>
<td>usually max of 15 years</td>
</tr>
<tr>
<td><strong>Can be consolidated with Stafford and Grad PLUS?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Eligible for Income Driven Repayment?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Eligible for Public Service Loan Forgiveness (PSLF)?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>NO</td>
</tr>
<tr>
<td><strong>Cancellation upon Death or Permanent Disability</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>NO</td>
</tr>
</tbody>
</table>
## Interest Rates

### Federal Direct Loans/Private “ALP” Loans

<table>
<thead>
<tr>
<th>Federal/Private Loans</th>
<th>Federal Direct Stafford Loan</th>
<th>Federal Direct Graduate PLUS Loan</th>
<th>Private Alternative Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>interest rate in school</td>
<td>fixed at interest rate when borrowed</td>
<td>fixed at interest rate when borrowed</td>
<td>prevailing variable rate/no ceiling</td>
</tr>
<tr>
<td>interest rate in grace period</td>
<td>fixed at interest rate when borrowed</td>
<td>fixed at interest rate when borrowed</td>
<td>prevailing variable rate/no ceiling</td>
</tr>
<tr>
<td>interest rate in repayment</td>
<td>fixed at interest rate when borrowed</td>
<td>fixed at interest rate when borrowed</td>
<td>prevailing variable rate/no ceiling</td>
</tr>
<tr>
<td>Interest rate during postponement</td>
<td>fixed at interest rate when borrowed</td>
<td>fixed at interest rate when borrowed</td>
<td>prevailing variable rate/no ceiling</td>
</tr>
</tbody>
</table>

### Interest rates:

| Loans borrowed between 7/1/2019 & 6/30/2020 | 6.08% | 7.08% | variable/fixed rate |
| Loans borrowed between 7/1/2018 & 6/30/2019 | 6.60% | 7.60% | variable/fixed rate |
| Loans borrowed between 7/1/2017 & 6/30/2018 | 6% | 7% | variable/fixed rate |
| Loans borrowed between 7/1/2016 & 6/30/2017 | 5.31% | 6.31% | variable/fixed rate |
| Loans borrowed between 7/1/2015 & 6/30/2016 | 5.84% | 6.84% | variable/fixed rate |

Interest rates below reflect the "graduate" rate. Undergraduate students have a lower rate.
2020-21

Federal Direct Loan  4.3%
Federal Direct Graduate PLUS Loan  5.3%
Know who holds your loans!

**IMPORTANT**

- **Servicer**—Collecting and managing your payments and working with you on repayment plans, deferment, and forbearance.
Know What Servicers Have Your Loans - Find Your Federal Student Loans

http://studentaid.gov – log in with your FSA id
Finding Your Student Loans

Federal Student Loans
http://studentaid.gov

Private Student Loan
www.annualcreditreport.com
Private Educational Loans
Private Educational Loans (“Alternative Loans”) (includes Residency/Relocation loans)

- Usually 6 to 9 month grace (interim) period
- Most loans borrowed during medical school are deferred for at least 3 years during residency – read promissory note
  - Double check your private loans from undergrad. They most likely will NOT have a residency postponement period
- Interest rate will change as frequent as the index used (indexes include 30 day LIBOR; 91 day LIBOR; PRIME RATE)
- There is usually no ceiling on the interest rate.
- Repayment is usually on a standard 10 or 15 year basis; Income driven repayment (as with federal loans) plans are not offered
- Private loans are not eligible for Public Service Loan Forgiveness (PSLF) and cannot be included in federal consolidation
- **Usually Not cancelled** upon death or permanent disability
• Repayment Plans and Strategies
Forbearance

• **What is it?** Postponement of your federal loans for a set period of time - usually for 12 months at a time.

• Available for duration of residency for Direct Loans, Grad PLUS and Federal Consolidation Loans

• Application required at least annually – most servicers require Housestaff Office to sign a Residency Verification form

• *Mandatory* that servicer grant forbearance for residency… but borrower MUST ask for it/complete annual form

• Interest **accrues** and may **capitalize** on all loans, subsidized and unsubsidized – confirm with your servicer

• Use only after you have exhausted your grace period
Repayment Plans

Based on income

- Revised Pay As You Earn
- Pay As You Earn
- Income-Contingent
- Income-Based

Based on loan debt

- Graduated
- Extended
- Standard
# Federal Repayment Plans/Options

<table>
<thead>
<tr>
<th></th>
<th><strong>STANDARD REPAYMENT OPTIONS</strong></th>
<th><strong>INCOME &quot;DRIVEN&quot; REPAYMENT OPTIONS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Federal FFELP/Direct Loan Repayment Options</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Standard Repayment</td>
<td>Income Contingent Repayment</td>
</tr>
<tr>
<td></td>
<td>Extended Repayment</td>
<td>Income Based Repayment</td>
</tr>
<tr>
<td></td>
<td>Graduated Repayment</td>
<td>Pay As You Earn</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revised Pay As You Earn (REPAYE)</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>Equal/Level Monthly Payments</td>
<td>Payments tied to Income</td>
</tr>
<tr>
<td></td>
<td>Equal/Level Monthly Payments</td>
<td>Payments tied to Income</td>
</tr>
<tr>
<td></td>
<td>Start Low &amp; increase every 2 years</td>
<td>Payments tied to Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payments tied to Income</td>
</tr>
<tr>
<td>Monthly Payment Calculation</td>
<td>Principal + interest for repayment</td>
<td>The lesser of the following: 20% of your discretionary income or what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income</td>
</tr>
<tr>
<td></td>
<td>Debt divided number of months of repayment</td>
<td>Generally 15% of your discretionary income, but never more than the 10-year Standard Repayment Plan amount</td>
</tr>
<tr>
<td></td>
<td>Debt divided number of months of repayment</td>
<td>Generally 10% of your discretionary income, but never more than the 10-year Standard Repayment Plan amount</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Generally 10% of your discretionary income: no cap on annual repayment plan amount</td>
</tr>
<tr>
<td>Repayment Period</td>
<td>10 Years</td>
<td>25 Years</td>
</tr>
<tr>
<td></td>
<td>25 Years</td>
<td>25 Years</td>
</tr>
<tr>
<td></td>
<td>10 Years (up to 30 years for consolidated loans)</td>
<td>25 Years</td>
</tr>
<tr>
<td>What Federal Loans Qualify</td>
<td>FFELP and Direct</td>
<td>Direct Loans Only</td>
</tr>
<tr>
<td></td>
<td>FFELP and Direct</td>
<td>FFELP and Direct</td>
</tr>
<tr>
<td></td>
<td>FFELP and Direct</td>
<td>Direct Loans Only</td>
</tr>
<tr>
<td>Taxable Cancellation Available?</td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>NO</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>YES</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>
Income-Driven Repayment Plans - For Federal Loans only

**Basic parameters**
- Taxable Cancellation on any remaining debt **
- Married filing separately tax status can be used
- Partial Financial Hardship must exist (calculated payment must be less than the monthly standard 10 year payment amount)

1) **Income-Based Repayment (IBR)**
   - For borrowers with federal loans prior to 2007
   - Monthly Payment is **15%** of discretionary income/payments over **25** years

2) **Pay As You Earn (PAYE)**
   - For borrowers with **no** federal loans as of 10/1/2007 and Received a federal loan disbursement on or after 10/1/2011
   - Monthly Payment is **10%** of discretionary income/payments over **20** years
   - Direct loans only
Income-Driven Repayment Plans (continued)

*New Income Driven Repayment Option*

**REPAYE (Revised Pay As You Earn)**

- Direct loans only
- Monthly Payment is **10%** of discretionary income
- Repayment Period:
  - All Undergraduate Loans - **20** years
  - Mixture of Undergrad and Grad loans or all Grad Loans - **25** years
- Taxable Cancellation on any remaining debt **
- Partial Financial Hardship is **not** required
  - Payments **not** capped at the 10-year standard payment amount
- Provides a more generous interest benefit if your payment does not cover all the interest

*If married, spouse’s income must be used - joint income tax return must be filed; Cannot use “married filing separately” status*
IBR & PAYE

Partial Financial Hardship (PFH)

Must have PFH to enter into IBR or PAYE
- Can remain in IBR or PAYE in subsequent years, even without a PFH
- Must submit annual documentation
- Max payment in IBR or PAYE is the Standard amount (determined when entering the plan)

Based on graduate indebtedness of $200,000 with a PGY1 stipend of $58,000 and a family size of one.
## Income Driven Repayment Plans

<table>
<thead>
<tr>
<th>Example of a PGY-1 Resident</th>
<th>In IBR</th>
<th>In PAYE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Adjusted Gross Income(^1)</td>
<td>$4,830</td>
<td>$4,830</td>
</tr>
<tr>
<td>(minus) 150% of Poverty Line(^2)</td>
<td>− $1,590</td>
<td>− $1,590</td>
</tr>
<tr>
<td>Discretionary Income</td>
<td>= $3,240</td>
<td>= $3,240</td>
</tr>
<tr>
<td>(multiplied by)(^3)</td>
<td>× 15%</td>
<td>× 10%</td>
</tr>
<tr>
<td>Monthly Payment(^4)</td>
<td>$490</td>
<td>$320</td>
</tr>
</tbody>
</table>

1. Based on AAMC estimate for the 2020 first post-MD-year median stipend.
2. Based on AAMC estimate of 2020 federal poverty guideline for a family size of one in the 48 contiguous states.
3. Based on 2015 federal regulations.
4. Rounded to the nearest $10.
## Income-Based Repayment (IBR) Monthly Loan Payment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$10,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>$20,000</td>
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<td>$25,000</td>
<td>$109</td>
<td>$39</td>
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<td>$30,000</td>
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<td>$32</td>
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<td>$0</td>
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<td>$0</td>
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<td>$35,000</td>
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<td>$164</td>
<td>$94</td>
<td>$24</td>
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<td>$40,000</td>
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<td>$227</td>
<td>$157</td>
<td>$87</td>
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<td>$50,000</td>
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<td>$282</td>
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<td>$55,000</td>
<td>$484</td>
<td>$414</td>
<td>$344</td>
<td>$274</td>
<td>$204</td>
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<td>$64</td>
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<td>$60,000</td>
<td>$547</td>
<td>$477</td>
<td>$407</td>
<td>$337</td>
<td>$266</td>
<td>$196</td>
<td>$126</td>
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<tr>
<td>$65,000</td>
<td>$609</td>
<td>$539</td>
<td>$469</td>
<td>$399</td>
<td>$329</td>
<td>$259</td>
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<td>$532</td>
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<td>$75,000</td>
<td>$734</td>
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<td>$594</td>
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<td>$80,000</td>
<td>$797</td>
<td>$727</td>
<td>$657</td>
<td>$587</td>
<td>$516</td>
<td>$446</td>
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<td>$85,000</td>
<td>$859</td>
<td>$789</td>
<td>$719</td>
<td>$649</td>
<td>$579</td>
<td>$509</td>
<td>$439</td>
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<td>$922</td>
<td>$852</td>
<td>$782</td>
<td>$712</td>
<td>$641</td>
<td>$571</td>
<td>$501</td>
</tr>
<tr>
<td>$95,000</td>
<td>$984</td>
<td>$914</td>
<td>$844</td>
<td>$774</td>
<td>$704</td>
<td>$634</td>
<td>$564</td>
</tr>
<tr>
<td>$100,000</td>
<td>$1,047</td>
<td>$977</td>
<td>$907</td>
<td>$837</td>
<td>$766</td>
<td>$696</td>
<td>$626</td>
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</tbody>
</table>
Pay as you Earn (PAYE) Repayment
Revised Pay as you Earn (REPAYE)
Approximate Monthly Payment Amount

<table>
<thead>
<tr>
<th>Annual Income (AGI)</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tbody>
<tr>
<td>$10,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$20,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$25,000</td>
<td>$27</td>
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<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$30,000</td>
<td>$69</td>
<td>$19</td>
<td>$0</td>
<td>$0</td>
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Repayment Estimator
www.studentaid.gov/repay

IBR
www.ibrinfo.org

PAYE
StudentAid.gov/PayAsYouEarn
Two Options During Residency

- Pay
- Not Pay

- Medical Residency Forbearance
- PAYE
- IBR
- RE-PAYE
- Extended Repayment
Repayment Plans
*Traditional*

Monthly payments for the entire repayment term are calculated up-front and disclosed to you.
Monthly payments are based on your income and other factors - recalculated annually.

Repayment Plans
*Income Driven*

- **Income-Contingent Repayment (ICR)**: $760/mo
- **Income-Based Repayment (IBR)**: $490/mo
- **Pay As You Earn (PAYE)**: $320/mo
- **Revised Pay As You Earn (REPAYE)**: $320/mo

Based on an original balance of $200,000, entering repayment after four years of medical school and six months of grace. ICR, IBR, PAYE, and REPAYE are based on a stipend of $58,000. (Values are rounded to the nearest $10.)

*Borrowers who possessed student loans before 07/01/2014 are eligible for only the original IBR plan modeled in this chart. If you had no outstanding student loans when you received your first Direct Loan on or after 07/01/2014, then you are considered a “new borrower” and are eligible for the new IBR plan, which mirrors the PAYE payment amounts.*
Public Service Loan Forgiveness (PSLF)

• **Resources:**
  - One servicer for PSLF - [https://myfedloan.org/](https://myfedloan.org/)
  - More info
  - Q&A
    - [https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions)
10 Year Public Service Loan Forgiveness (PSLF)

- 120 qualifying payments
- On Direct Loans
- On qualifying repayment plans
- While working full-time at qualifying employer

- Must work for a non-profit organization under section 501(c)(3) of IRS code
  - includes most not-for-profit private schools, colleges, and universities.
- 120 payments made during a period of qualifying employment, and under qualifying plan
- Payments do not need to be consecutive
- Only Direct Loans qualify (consolidation may be necessary)
- After 120 qualifying payments, remaining balance can be forgiven tax free;
- MyFedLoan is only federal servicer managing PSLF
Pros and Cons of Public Service Loan Forgiveness Program

- Will federal funding be available in 10 years??
- Will you be required to make career decisions regarding where you work based on program??
- Will your plans change?
- Do you have the financial ability to make loan payments as a resident when payments and income are lowest for you??
- How much federal debt will remain for forgiveness after 10 years??
- Will you have more income potential over a lifetime in the private sector than what would be forgiven in this program working in a non-profit??
• Federal Loan Consolidation
# Loan Consolidation

Consolidation of federal loans allows you to combine one or more existing federal student loans into a single loan. A consolidation loan pays off the old loans and gives you a single new loan with new terms, conditions, and a new interest rate. The advantages and disadvantages of consolidating depend on what loans you include in the consolidation and when you consolidate. To consolidate your federal student loans into a federal consolidation loan, visit [studentloans.gov](http://studentloans.gov).

<table>
<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>A single payment to a single servicer</td>
<td>Possibly longer repayment period resulting in higher interest costs</td>
</tr>
<tr>
<td>Possible lower monthly payment</td>
<td>Possible loss of current borrower benefits</td>
</tr>
<tr>
<td>Extended repayment period</td>
<td>Possible disqualification of previously eligible PSLF payments</td>
</tr>
<tr>
<td>No prepayment penalty</td>
<td>Higher interest rate (interest rate is the weighted average of the loans rounded up to the nearest one-eighth of a percent)</td>
</tr>
<tr>
<td>Ability to change repayment plans</td>
<td>Possible negative effect on grace, deferment, or forgiveness options</td>
</tr>
<tr>
<td>Possible eligibility for PSLF</td>
<td>Possible negative effect on grace, deferment, or forgiveness options</td>
</tr>
<tr>
<td>Possible eligibility for an income-driven repayment plan</td>
<td>Possible negative effect on grace, deferment, or forgiveness options</td>
</tr>
</tbody>
</table>
| Possible acceleration of repayment start date by forfeiture of grace time | }
Reasons to Consolidate

Why to consider consolidation:

1. Multiple servicers to repay *(convenience)*

2. To obtain Public Service Loan Forgiveness (DL) *(if consolidated, Perkins, LDS, and FFELP loans will become Direct Loans)*

3. To make Perkins or LDS loans eligible for IBR or PAYE and PSLF

4. To intentionally enter into repayment early if you choose
When to Consolidate

• If you consolidate before your grace period is exhausted, you will lose the remaining grace period. (Don’t consolidate in June unless you intentionally want to enter repayment)

• Start consolidation 40-60 days prior to first payment

• Can be done online (debt from studentaid.gov is integrated)

• If consolidation is not complete before first payment is due, apply for forbearance on all loans included in the consolidation so no payment is necessary (don’t make any payments after you have started the application).

• A repayment plan will be chosen at this time but entering repayment is not required; forbearance can be utilized

• More than likely, a new forbearance on the consolidated loan would need to be filed.
Refinancing Considerations (non federal lender)

If I refinance, should I include my federal Loans?

Questions/items to consider

1. **What will be my interest rate be?**
   1. How does it compare to my federal loan?

2. **What will my repayment term be? 15? 25 years?**
   1. How does this compare to my federal loan?
   2. Is the refinanced loan cancelled for Death/Permanent disability?
   3. Is an Income Driven Repayment (IDR) Plan available?

3. **Considerations refinancing Private Loans only**
   1. Beneficial if you have more than 1 lender
   2. Beneficial if you can get a longer repayment period?
   3. Beneficial if you can access a lower interest rate.
**IMPORTANT DATES TO REMEMBER / QUICK REFERENCE CHART**

<table>
<thead>
<tr>
<th></th>
<th>JUNE 1</th>
<th>JUNE 15</th>
<th>NOVEMBER 15</th>
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<th>APRIL 1</th>
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<td><strong>2020 and 2021</strong></td>
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<td>If you do not intend to enter repayment</td>
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<td><em>Intentionally Blank</em></td>
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<tr>
<td>- File Federal Stafford Loan forbearance form only if the grace period on prior loans were used in their entirety before coming to SKMC or while at SKMC via consolidation. (Due to new federal regulation - Economic Hardship deferment is no longer available after July 1, 2009)</td>
<td></td>
<td></td>
<td></td>
<td>File applicable Federal Perkins Loan forbearance form if not entering repayment or if Perkins is not consolidated</td>
<td>Repayment is scheduled to begin on all unconsolidated Federal Perkins Loans</td>
</tr>
<tr>
<td>Grad PLUS borrowers- file forbearance form</td>
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<tr>
<td><strong>2021</strong></td>
<td>2021</td>
<td></td>
<td>2022</td>
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<tr>
<td>If you do not intend to enter repayment</td>
<td>File deferment forms with the TJU Student Loan Office for Primary Care Loan (PCL), Health Professions Student Loan (HPSL), Loans for Disadvantaged Students (LDS), Sled-Cunnison Loan, Robert Wood Johnson Loan, and/or Wayland Loan</td>
<td>File applicable Federal Perkins Loan forbearance form if not entering repayment or if Perkins is not consolidated</td>
<td>Repayment is scheduled to begin on all unconsolidated Federal Perkins Loans</td>
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<th>2023</th>
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<td></td>
</tr>
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* REMINDER: IF YOU CHOOSE TO ENTER INTO AN INCOME DRIVEN REPAYMENT PLAN, YOU MUST UPDATE YOUR INCOME INFORMATION ANNUALLY BY DEADLINE DATE GIVEN BY YOUR SERVICER*
**Dates To Remember- What to do and when to do it!**

**Create your own timeline**

- Grace periods relate to each individual loan borrowed.
- Repayment will begin immediately on consolidated loans and loans for which the grace period has been used. (check with servicer for exact date).
  - If you used the **full** 6 month Grace period on a loan or group of loans (e.g., between college and TJU, leave of absence) you do not get another grace period on these loans
  - If no consolidation or if loan was never in repayment, 6 month grace period still exists.
- Federal Grad PLUS loans have no grace period
  - check with servicer to confirm options such as immediate forbearance or **ALIGNMENT** of loan with your federal direct loan.
- **FILE FOR FORBEARANCE 2 - 4 WEEKS BEFORE REPAYMENT DUE DATE** – Standard form is usually necessary
Repayment Hierarchy

Do you have the ability to make voluntary or extra payments?

- You can **prepay** your federal student loans with no penalty
- Review **all** of your debt - include credit cards, car loans etc.
- Calculate which is the most expensive using interest rate, repayment terms etc.
- Start making voluntary/extra payments to the most expensive first
- Perkins/institutional loans - cheapest during 1\textsuperscript{st} year while interest is subsidized
Loan repayment programs

- Military
- NHSC
- Pennsylvania
- Delaware
- NIH
- Other - see AAMC resource at http://services.aamc.org/fed_loan_pub
IMPORTANT TO REMEMBER!!!!

Don’t default – don’t ignore your debt - After 270 days late, servicer assumes you will not pay

- Reported to credit bureaus
- No more eligibility for federal student aid
- Loan immediately due and payable in full
- Lose eligibility for repayment plans and deferment or forbearance options
- Collection agencies
- Administrative wage garnishment
- Garnish tax refunds

School can withhold records - Professional Licenses are pulled in a growing number of states
Keep all your servicers updated as to phone numbers, address, change in residency status
Call your servicer if you need help
Call Financial Aid Office – we are here to help for as long as you need it
To Do
Contact all of your loan Servicers

REQUIRED!

- 45 days before or after your last date of enrollment
- Confirm
  1. That you are no longer enrolled
  2. repayment amount/amount owed
  3. Grace period:
      - Start date
      - End date
      - when first payment is due!!!
  4. when Forbearance form should be submitted(for Stafford and Grad PLUS)
- When calling, keep log of date, time, phone #, and who you spoke to
- Update your address
Resource: AAMC  Handling Your Finances During Residency

- https://students-residents.aamc.org/training-residency-fellowship/managing-your-medical-career/handling-finances-during-residency/

**Handling Finances During Residency**

*These resources can help you manage your student loan debt and determine which loan repayment option is best for you during residency. Find additional FIRST resources, including videos, fact sheets, and articles on the Financial Aid page.*

**Next Steps**

Use this guideline to determine when to take the steps to organize your loans, deal with your grace period, determine when to consolidate, apply for a forbearance, or begin repayment on your student loans.

**Repayment Assistance Through Forgiveness, Scholarships, or Service**

Interested in a service career, or want to reduce your medical school debt by working in public service or the military? Good news—there are numerous possibilities available.

**Public Service Loan Forgiveness (PSLF)**

Learn about the Public Service Loan Forgiveness (PSLF) program with this ebook that explains eligibility requirements and the steps you will need to take to participate in the program.

**How to Select the Best Repayment Plan in 2 Steps**

Watch this video to learn about the various loan repayment options and a two-step plan to determine the best repayment plan for you.
Summary

- Reconcile your records ➔ Financial Aid Office records
- ➔ servicers records
- Contact your servicers to update address/phone number etc.
- Find out when:
  1. the grace period **starts** and **ends**
  2. when **first payment** is due
  3. ask **when to file** your forbearance request or request for repayment plan. **DON’T SUBMIT FORBEARANCE FORMS TOO EARLY!**
- Make schedule and submit all paperwork when necessary or be prepared to make a payment by due date if **not** forbearing.
- Have your finances in order before residency begins. **Know what you have!**
- Ask questions.
Contact information:

If you have questions, contact me!

Susan.mcfadden@Jefferson.edu

215-955-2867