

# **MCGEORGE SCHOOL OF LAW**

**Exit  
Counseling**

# MANDATORY EXIT REQUIREMENT

- Complete on line exit counseling [www.studentaid.gov](http://www.studentaid.gov)
- Need FSA ID, references, addresses and phone numbers
- Must have a verified FSA ID (Username & Password)

# KEY INDUSTRY PLAYERS

- Financial Aid Office
- Federal Government
- Servicer
- Credit bureaus

# FEDERAL DIRECT UNSUBSIDIZED STAFFORD

- Not need-based
- You pay interest while in school
  - Interest begins accruing at disbursement
  - Pay interest as you go
  - Pay capitalized interest
    - Unpaid interest is added to the principal
    - Increases total debt & monthly payment

# FEDERAL DIRECT GRADUATE PLUS LOANS

- Not need based
- Interest accruing while in school

# INTEREST RATES

## Federal Direct Unsubsidized

- Starting July1, 2022 - 6.54%
- Starting July1, 2021 - 5.28%
- Starting July1, 2020 - 4.3%
- Starting July 1, 2019 - 6.08%

# INTEREST RATES

## Federal Direct Graduate PLUS

- Starting July 1, 2022 - 7.54%
- Starting July 1, 2021 - 6.28%
- Starting July 1, 2020 - 5.3%
- Starting July 1, 2019 - 7.08%

# THE GRACE PERIOD

- **One-time grace period**
  - Six months for the Federal Direct Stafford Loans
  - Nine months for the Perkins Loans
  - Six months for Federal Direct Graduate Plus
  - Begins after you graduate, leave school or drop below half time
  - Monthly payments begin when your grace periods ends



# DEFERMENTS

- Postponement of payments
- Primary reasons
  - In-school
  - Unemployment
  - Economic hardship
  - Military service

# FORBEARANCE

- Temporary reduction or postponement of payments
- Not automatic – must apply & be approved
- Interest will continue to accrue
- Primary reasons
  - Poor health
  - Payment exceeds 20% of month income
  - Residency program
  - Temporary financial set-backs

# YOUR RESPONSIBILITIES

- Repay your loans
- Make on-time, monthly payments
- Read correspondence from servicer
- Ask your servicer for help, if needed
- Notify servicer of changes within 10 days
  - Name, address and telephone number

# KEYS TO SUCCESSFUL REPAYMENT

- Keep servicer informed about changes
- Keep copies of all documents in one place
- Open all mail/email
- The longer it takes to repay your loans, the more interest you will pay
- Build good credit with timely payments
- Always ask for help

# Loan Repayment Option Examples

		6.54% Interest Rate		7.54% Interest Rate	
Debt	Repayment Terms	Monthly Payment	Total Paid	Monthly Payment	Total Paid
		\$100,000	10 Years	\$1,149	\$137,881
	25 Years	\$685	\$205,368	\$772	\$231,751
	30 Years	\$641	\$230,802	\$731	\$263,237
\$150,000	10 Years	\$1,724	\$206,821	\$1,858	\$222,957
	25 Years	\$1,027	\$308,050	\$1,159	\$347,624
	30 Years	\$962	\$346,199	\$1,097	\$394,846
\$200,000	10 Years	\$2,298	\$275,762	\$2,477	\$297,276
	25 Years	\$1,369	\$410,732	\$1,545	\$463,497
	30 Years	\$1,282	\$461,604	\$1,462	\$526,464

# Loan Repayment Option Examples

Debt	Repayment Terms	5.28% Interest Rate		6.28% Interest Rate	
		Monthly Payment	Total Paid	Monthly Payment	Total Paid
		\$100,000	10 Years	\$1,086	\$130,309
	25 Years	\$607	\$182,237	\$691	\$207,224
	30 Years	\$560	\$201,599	\$645	\$232,183
\$150,000	10 Years	\$1,629	\$195,463	\$1,761	\$211,316
	25 Years	\$911	\$273,355	\$1,036	\$310,833
	30 Years	\$840	\$302,399	\$967	\$348,271
\$200,000	10 Years	\$2,172	\$260,617	\$2,348	\$281,755
	25 Years	\$1,215	\$364,473	\$1,381	\$414,445
	30 Years	\$1,120	\$403,199	\$1,290	\$464,366

# Loan Repayment Option Examples

Debt	Repayment Terms	4.3% Interest Rate		5.3% Interest Rate	
		Monthly Payment	Total Paid	Monthly Payment	Total Paid
		\$100,000	10 Years	\$1,027	\$123,212
	25 Years	\$545	\$163,363	\$602	\$180,661
	30 Years	\$495	\$178,154	\$555	\$199,912
\$150,000	10 Years	\$1,540	\$184,819	\$1,613	\$193,568
	25 Years	\$817	\$245,044	\$903	\$270,991
	30 Years	\$742	\$267,232	\$833	\$299,866
\$200,000	10 Years	\$2,054	\$246,425	\$2,151	\$258,091
	25 Years	\$1,089	\$326,726	\$1,204	\$361,322
	30 Years	\$990	\$356,309	\$1,111	\$399,820

# Loan Repayment Option Examples

		6.08% Interest Rate		7.08% Interest Rate	
Debt	Repayment Terms	Monthly Payment	Total Paid	Monthly Payment	Total Paid
		\$100,000	10 Years	\$1,126	\$135,123
	25 Years	\$656	\$196,821	\$743	\$223,044
	30 Years	\$611	\$219,998	\$700	\$252,157
\$150,000	10 Years	\$1,689	\$202,685	\$1,825	\$219,043
	25 Years	\$984	\$295,236	\$1,115	\$334,563
	30 Years	\$917	\$330,000	\$1,051	\$378,235
\$200,000	10 Years	\$2,252	\$270,247	\$2,434	\$292,434
	25 Years	\$1,312	\$393,647	\$1,487	\$446,083
	30 Years	\$1,222	\$439,995	\$1,401	\$504,314



# Consolidation & Extended Repayment Example

<i>Debt</i>	8.25% Interest Rate 30-year repayment period Maximum term for Federal Consolidation		8.25% Interest Rate 25-year repayment period	
	<i>Monthly Payment</i>	<i>Total Paid</i>	<i>Monthly Payment</i>	<i>Total Paid</i>
	\$10,000	\$225	\$81,137	\$237
\$60,000	\$451	\$162,274	\$473	\$141,921
\$75,000	\$563	\$202,842	\$591	\$177,401
\$100,000	\$751	\$270,456	\$788	\$236,535
\$125,000	\$939	\$338,070	\$986	\$295,669
\$150,000	\$1,127	\$405,684	\$1,183	\$354,803
\$175,000	\$1,315	\$473,298	\$1,380	\$413,936
\$200,000	\$1,503	\$540,912	\$1,577	\$473,070

**Assumptions:** - No payment incentives

# REPAYMENT OPTIONS

- **Standard Repayment Plan**
- **Graduated Repayment Plan**
- **Extended Repayment Plan**

# INCOME DRIVEN REPAYMENT

- **Income based repayment  
(effective July 1, 2009)**
- **Income Contingent Repayment (ICR)**
- **Pay as you Earn**
- **Revised Pay As You Earn (REPAYE)**

# LOAN CONSOLIDATION

- Combine Stafford, Graduate Plus and Perkins loans into one single new loan
- Lose Perkins cancellation provisions
- Payments begin at consolidation
- Automatic payment discount – ask lender for details
- Consecutive monthly payments

# LOAN CONSOLIDATION

- Contact Direct Loans
- No pre-payment penalty
- One monthly payment
  - Lower payment
  - Longer repayment terms
  - Assists with home purchase
  - Consolidation calculators on [finaid.org](http://finaid.org)

# LOAN CANCELLATION

- In extreme circumstances a loan may be canceled due to:
  - Total & permanent disability
  - Death

# CONSEQUENCES OF DEFAULT

- Full amount of loan is due – plus collection costs
- Credit will be tarnished
- Lose deferment & forbearance options

# CONSEQUENCES OF DEFAULT

- Lose eligibility for future financial aid
- May lose eligibility for certain federal or state jobs
- May lose professional license
- Subject to federal & state offsets
  - Wage & tax refund may be garnished
  - State lottery winnings will be taken



# PROTECT YOUR CREDIT

- One free copy of your credit report each year at:

[www.annualcreditreport.com](http://www.annualcreditreport.com)

Equifax

Experian

TransUnion

# NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

- Central database for student aid records
  - Track loans from disbursement to payoff
  - Total student loan indebtedness
  - Loan status & interest rate
  - [www.studentaid.gov](http://www.studentaid.gov)
  - Must have your verified FSA ID (Username & Password)

# UNRESOLVED LOAN PROBLEMS:

- Contact:

U.S. Department of Education  
FSA Ombudsman

830 First Street, N.E.

Washington, DC 20202-5144

877-557-2575

[www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)

fsaombudsmanoffice@ed.gov

# QUESTIONS

[finaid@pacific.edu](mailto:finaid@pacific.edu)

916-739-7158