

STUDENT LOAN REPAYMENT

WHAT DO YOU NEED TO KNOW ABOUT STUDENT LOAN REPAYMENT AND WHEN CAN YOU START THE PROCESS

WHEN DO YOU DO THIS PROCESS??

M4 Year

You will receive information from your servicer during your M1 year if you take out student loans.

You will get information from our office, website and bulletin board yearly.

You will have a AAMC presentation during the M4 Keystone to learn about Repayment

You will meet with our office after Keystone to go over loan repayment, consolidation, and PSLF

You will then have the opportunity to meet with our office after Graduation to complete processes.

STUDENT LOAN TERMS

- **Repayment**-The time period when you begin paying back your loans that were borrowed.
- **Deferment**-Allows you to temporarily stop making payments and interest will accrue.
- **Forbearance**-Allows you to temporarily stop making payments and interest will accrue on your balance.
- **Consolidation**-Allows you to combine multiple federal student loans into one loan with a single payment with a new interest rate (weighted average of your entire debt).
- **Grace Period** -After graduation you have a six month Grace Period and payments will not start until the period ends, interest does accrue during this time.
- **Capitalization-NEW**:The process of adding unpaid interest to the principle, only occurs on Direct Plus Loans, when exiting deferment on an Unsub loan or if enrolled in an ibr plan.
- **Repayment plans**-Plans you can sign up for that allow you to repay your loans affordably.
- **Public Service Loan Forgiveness**-Allows qualifying federal student loans to be forgiven after 120 qualifying payments (10 years).
- **Discretionary Income**-The figure based on the federal poverty guidelines, where you live, your household size, and your annual income.

TYPES OF STUDENT LOANS

There are several types of student loans that you may have borrowed while in college:

- **FFELP Loans** -federally backed loans that were originally funded by private companies.
- **PERKINS Loans** -made through the Federal Perkins Loan program and are low-interest loans made to undergrad and graduate students.
- **Parent Plus Loans** -federal loans taken out by parents to assist dependent undergrad students.
- **Private Student Loans** -loans that are financed by a private lender such as Discover and not directly linked to the Dept of Education.
- **Direct Unsub Loans** -is a non need based low interest loan with flexible repayment option.
- **Direct Grad Plus** -is a creditworthy loan made by the Dept of Ed and tends to have a higher interest rate.

GRACE PERIOD PROS

- The majority of student loans come with a one time six-month grace period. (if you used your grace period in undergrad and transfer in any loan debt then you have a 30 day grace period. If you did not transfer in any loan debt you will have a six-month grace period).

Pros	Cons
6 months before payments are due	Interest accrues
Time to move and start employment	Cannot consolidate or choose repayment plans
Financially settled	Income will be from residency (servicer takes payment and x it by 12 months) making payment higher
Allows time to research repayment plans	Loss of lower payments PGY1 and PGY2
Allows AGI from Medical School which could give you a lower payment	
Our office guidance during M4 year	

SHOULD YOU OPT OUT OF THE GRACE PERIOD

There are several reasons to opt out of the 6 months Grace Period, but how do you do it?

- You have to consolidate your loans in order to opt out of the 6 month grace period.
- You then get a lower interest rate and get to base your payment on your income from your last year of medical school and unless married is normally zero since you can't work while in school.
- By opting out you also get to complete your processes before you leave for residency so you don't have to worry about forgetting to set up repayment and have to make a required standard payment.
- The months you opt out of can be counted towards your PSLF requirements and you could have your loans forgiven faster.

LOAN CONSOLIDATION PROS/CONS

- If you currently have federal student loans with multiple loan servicers, consolidation can greatly simplify loan repayment.

Pros	Cons
One monthly loan payment	Multiple payments monthly
Payments can be extended up to 30 years	May pay more in interest if not PSLF
Variable rate loans to fixed interest rates	Higher interest rates on Grad Plus Loans
Eligibility for additional repayment plans	If already on PSLF-could lose time earned
Lowers overall interest rates	Accruing interest during Grace Period
Opt out of 6 months Grace Period	Longer to reach PSLF

REPAYMENT PLANS

Standard Repayment	Graduated Repayment	Extended Repayment
10 years (30 if you consolidate)	10 Years (30 if you consolidate)	25 years
Fixed Monthly Payments	Payments increase every 2 years	Lower payment for longer time
Automatically Enrolled	For income that increases yearly	Will pay more in interest
Qualifies for PSLF	Payment must cover interest	
*Payments on Grad Debt \$1,300	Does not qualify for PSLF	
* Medical School average debt at Graduation around \$200,000		

INCOME DRIVEN REPAYMENT PLANS

Income Driven Repayment	Income Contingent Repayment	Pay as you Earn (PAYE)
Direct only if after 2014 Direct and FFEL if before 2014	Direct Only Loan (Consolidate)	Direct Only Loan (Consolidate)
25 years (Any amount forgiven is taxable)	25 years (Any amount forgiven is taxable)	20 years (Any amount forgiven is taxable)
Documented Need	Payment tends to be higher	Must demonstrate need
15% Discretionary Income	20% Discretionary Income	10% Discretionary Income
As income increases may not qualify for plan	As income increases may not qualify for plan, may be more than Standard	Payments less than Standard
Qualifies for PSLF	Qualifies for PSLF	Qualifies for PSLF
Must recertify each year	Must recertify each year	Must recertify each year

SAVING ON A VALUABLE EDUCATION PLAN (SAVE)

New Repayment plan (Replaced REPAYE) July 2023

Monthly payments are based on 225% of poverty guidelines so payments will be lower than any other plan

Can file taxes married filing separately to exclude spousal income and cosign requirement

Eliminates 100% of interest not covered by payment so balance will never increase

Interest forgiven is not taxable

Zero payment if household of four is less than \$67,500

Can elect to set up automatic renewal each year and servicer will link taxes and send you a new payment amount once a year

Qualifies for PSLF

PUBLIC SERVICE LOAN FORGIVENESS

PSLF is a loan forgiveness through the Department of Education.

- Must be employed by a government or not-for-profit organization
- Must have eligible loans or consolidate non eligible loans into eligible loans
- Must be working full time (based on what your employer deems full time)
- Must be paid by a government or not-for-profit organization (no private companies)
- Must make 120 on time qualifying payments
- Be in an approved repayment plan
- Complete annually an Employment Certification form

WHAT DOES OUR OFFICE DO TO ASSIST YOU DURING REPAYMENT?

- During your M4 year our office begins setting up meetings after Keystone to go over your loan indebtedness and provide documentation about loan repayment and what your payment will be under each plan.
- We discuss consolidation and if it is right for you.
- We discuss PSLF and how to see if you are eligible.
- Spouses and Partners are welcome to join and if they have debt we assist with that if needed.
- Cannot do any processes until about a week after graduation (if you consolidate) but it is beneficial to know the process ahead of time.

ONE ON ONE MEETING AFTER GRADUATION

- About a week after graduation we will meet to complete the process if you choose to consolidate.
- Meeting is about 20 minutes and can be through zoom or in person.
- Loans will be consolidated, a repayment plan will be chosen and you will be enrolled in PSLF.
- 30 days after this meeting you will start getting emails from Aid-vantage concerning your consolidation. (The email will say you have to make a standard payment, you don't).
- 30 days after your consolidation is approved you will receive an email from your new servicer with your repayment plan approval, payment and payment date.

THINGS TO KNOW AFTER YOUR REPAYMENT PLAN APPROVAL

- Each year you will need to recertify your repayment plan unless you are enrolled in Automatic recertification under the SAVE plan.
- You will receive an email from your servicer and you must recertify within two weeks of that email.
- You click on the link, click recertify and link your taxes.
- 30 days later you will receive an email with the new payment for the next 12 months.
- You will then need to complete a new PSLF employment form and upload to your servicer.
- You also must complete the PSLF if you change jobs

QUESTIONS

