



FIRST-YEAR LOAN COUNSELING

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Learning About Loans

- TODAY
 - Group session with general information about loan terms and conditions
- INDIVIDUAL FOLLOW-UP APPOINTMENTS
 - REQUIRED!!
 - Review of your individual financial aid award and loan debt

Today's Agenda

- Loan Terms and Conditions
- What happens now?
 - Electronic Loan Signing
 - Refund Requests
 - Deferring Pre-HMS Loans
- What happens after Graduation?
 - Internship & Residency Options
 - Sample Loan Repayment Scenarios
- Financial Aid Web Resources



Types of Loans

- Subsidized vs. Unsubsidized
- Fixed Rate vs. Variable
- Federal, Institutional, Private

Subsidized Loans

- *Definition:* Interest does not accrue during in-school, grace, and periods of qualified deferment
- Types of subsidized loans at HMS
 - Federal Direct Stafford Loan
 - Federal Perkins Loan
 - HMS Revolving Loan
 - HMS Wolfson Loan

Unsubsidized Loans

- *Definition:* Interest begins to accrue at the time of disbursement
- Types of unsubsidized loans at HMS
 - Federal Direct Unsubsidized Stafford Loan
 - Harvard-Citibank HELP Loan
 - Other Private/Alternative Loans

Capitalization of Interest

- *Definition:* Unpaid accrued interest on unsubsidized loans is added to the original amount borrowed (i.e. principal balance), thereby increasing your total indebtedness.
- Unsubsidized Stafford Loan:
 - first capitalization typically occurs six months after borrower leaves school
 - borrowers receive quarterly interest statements
 - borrowers have the option to pay interest prior to capitalization

Federal Direct Stafford Loan

- Interest Rate: variable, set annually on July 1, with a maximum rate of 8.25%
 - Current in-school rate: 4.70%
 - Current repayment rate: 5.30%
- Grace Period: 6 months
- Borrowing Limits:
 - \$38,500/year annual borrowing limit (Yrs 1&2)
 - Up to \$8,500 will be subsidized for eligible students, the remainder is unsubsidized

Federal Perkins Loan

- Interest Rate: fixed, 5%
- Grace Period: 9 months
- Borrowing Limits:
 - \$6,000/year annual borrowing limit
 - Subsidized

Harvard Loans

- HMS Revolving Loan
 - Interest Rate: fixed, 5%
 - Grace Period: 6 months
 - Subsidized
- HMS Wolfson Loan
 - Interest Rate: prime +1%, fixed at repayment, max rate of 7%
 - Grace Period: up to 60 months
 - Subsidized



Other Loans

- LDS
- Harvard-Citibank HELP
- Other Private Loans

- Terms and conditions to be discussed during individual appointments

Customer Service

Federal Stafford Loans:

- Direct Loan Servicing Center

PO Box 4609
Utica, NY 13504
1-800-848-0979

Your account number is your social security number.

- Federal Perkins and Harvard Loans:

- Harvard Student Loan Office

580 Holyoke Ctr
Cambridge, MA 02138
1-800-315-7192

Your account number is your Harvard University ID number.



To Do List

- Loan Signing – Master Promissory Note(s)
- Individual Loan Counseling w/ HMS Financial Aid Officer
- Refund Requests
- Deferral of pre-HMS student loans

Loan Signing

- Sign your award letter and return to the Financial Aid Office (if you haven't already)
- Federal Direct Stafford Loans Master Promissory Note
<http://dlenote.ed.gov>
- Federal Perkins, HMS Revolving, HMS Wolfson, LDS Promissory Notes
<http://ecsi.net/promk4>

See Financial Aid Newsletter for detailed instructions. You will need to have your FAFSA PIN number handy in order to complete this process.

Individual Loan Counseling

- REQUIRED!
- Review of your individual financial aid award and loan debt
- Appointments begin week of September 12th
- Call or email Lillian Johnson to schedule an appointment: 432-0449 or lillian_johnson@hms.harvard.edu

Living Expense Refunds

- If your disbursed financial aid exceeds your total term bill charges, you are entitled to a refund of the credit balance
- Go to the HMS Financial Aid web-site and complete a Refund Request Form, available at: <http://www.hms.harvard.edu/finaid>
Click on the 'Forms & Calendar' link
- No refunds processed until individual loan counseling appointment has occurred and Master Promissory Note(s) is/are signed!
- Refunds will become available by end of September

Pre-HMS Loans

- Contact your lender(s) to see if your loans feature an in-school deferment provision.
- Depending on the lender, you may need to file a written deferment request as often as every six months.
- If your prior loans have never entered active repayment, they typically will retain their full grace periods once you leave HMS. Check with your lenders for details.
- Prior Federal Direct Loans are automatically deferred once a new Direct Stafford Loan is processed.

We suggest that you call the Direct Loan Servicing Center to confirm.

After Graduation...

- Internship/Residency
 - Deferment
 - Forbearance
- Repayment Plans
- Sample Repayment Scenarios

Forbearance & Deferment

- Forbearance: An arrangement to postpone or reduce a borrower's monthly payment amount for a limited and specified period, or to extend the repayment period. The borrower is charged interest during forbearance.
- Most educational loans are eligible for forbearance during part or all of internship & residency.
- Deferment: the temporary postponement of loan payments. During deferment interest does not accrue on subsidized loans.
- Stafford, Perkins, Wolfson, and LDS loans offer deferment under certain conditions. If eligible, you may receive limited deferment during internship & residency training.

Repayment Options

FEDERAL STAFFORD LOAN

- Standard: fixed amount for 10 years
- Extended: fixed amount extended over 12 to 30 years
- Graduated: also 12 to 30 years to repay, however, the payment amount increases gradually over the life of the loan
- Income Sensitive: monthly payment is based on the borrower's adjusted gross income. Maximum repayment period is 25 years.

Repayment Options

FEDERAL PERKINS
HMS REVOLVING
HMS WOLFSON

- Standard: fixed amount for 10 years

All educational loans can be prepaid without penalty.

Sample Repayment Profiles: Assumptions

- Interest Rate of 6.80% on all Stafford Loans after graduation
- 4 yrs of internship/residency with interest capitalized
- Starting Salary of \$120,000
- Standard 10 year repayment

Sample Unit Loan Borrower

- Total Borrowed: \$100,000
 - \$34,000 Federal Stafford
 - \$24,000 Federal Perkins
 - \$42,000 HMS Revolving Loan
- Repayment Begins July 2013
 - Monthly Net Income: \$7,000
 - Monthly Loan Payments: \$1,189
 - \$1.43 repaid for each \$1 borrowed

Sample Stafford-Only Borrower

- Total Borrowed: \$167,320
 - \$34,000 Federal Stafford
 - \$133,320 Federal Unsubsidized Stafford
- Repayment Begins July 2013
 - Monthly Net Income: \$7,000
 - Monthly Loan Payments: \$2,715
 - \$1.95 repaid for each \$1 borrowed

Financial Aid Resources on the Web

Financial Aid Information
Page

www.finaid.org

College Board

www.collegeboard.com

US Department of Education

www.ed.gov

Association of American
Medical Colleges

www.aamc.org

Direct Loan Servicing On-
Line

www.dlservicer.ed.gov

William D. Ford Federal
Direct Loan

www.ed.gov/directloan

Department of Education
Student Guide

www.ed.gov/studentguide



QUESTIONS?



HMS First Year Budget

Tuition and Fees: \$38,776

Books and Supplies: \$1,314 or \$2,064

Room and Board: \$10,180

Miscellaneous Expenses: \$3,050

Transportation: \$ 1,285

Loan Fees: \$255

Total Budget: \$54,860 or \$55,610