

Managing Your Educational Debt

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Topics for this afternoon

- Key points to remember
- Loan Consolidation
- Your Financial Aid Exit Interview
- Sample Repayment Scenarios
- Tax Considerations
- *New!* Presidential Scholars Public Service Initiative – for graduating students

Points to Remember

- Who are your lenders?
- What are your interest rates?
- When does repayment begin?
- Where are your copies of your loan records?

Loan Consolidation

- New federal regulations on loan consolidation go into effect July 1, 2006
- Consolidation Counseling Presentations:
 - April 13th @ 6pm – TMEC 209 (graduating students)
 - April 11th @ 6pm – TMEC 209 (continuing students)
 - Don't miss this opportunity to learn what to do **BEFORE THE END OF SPRING TERM!**

Your Financial Aid Exit Interview

- ❑ Loan repayment options
- ❑ Repayment Incentives
- ❑ Postponing payments (deferment/forbearance)
- ❑ Interest Capitalization
- ❑ AAMC resources for residents

Sample Repayment Profiles: Assumptions

- ❑ Interest Rate of 6.8% on all Stafford Loans after graduation*
- ❑ 4 yrs of internship/residency with interest capitalized
- ❑ Starting Salary of \$120,000
- ❑ Standard 10 year repayment

Sample Repayment Profile: Unit Loan Borrower

- Total Borrowed: \$87,500
 - \$34,000 Federal Stafford
 - \$24,000 Federal Perkins
 - \$29,500 HMS Revolving Loan
- Repayment Begins July 2010
 - Monthly Net Income: \$6,605
 - Monthly Loan Payments: \$1,065
 - \$1.46 repaid for each \$1 borrowed

Sample Repayment Profile: Unsub Stafford Borrower

- Total Borrowed: \$167,320
 - \$34,000 Federal Stafford
 - \$133,320 Federal Unsubsidized Stafford
- Repayment Begins July 2010
 - Monthly Net Income: \$6,605
 - Monthly Loan Payments: \$2,799
 - \$2.00 repaid for each \$1 borrowed

Student Loan Interest Deduction

- ❑ **DISCLAIMER:** Consult IRS Publication 970 or a tax professional for full details
- ❑ Can deduct as much as \$2,000 of interest payments paid in 2005

Presidential Scholars Program

- New Public Service Initiative
 - Designed to relieve a portion of the loan obligation of graduating students intending to pursue careers in public service
 - Ex: Primary care, family medicine, public health, health policy, commitment to underserved communities, international medicine
 - Applications available shortly!!

A Few Final Tips

- Keep lenders apprised of your current address and contact information
- Never ignore correspondence from your lenders
- Let your lenders know if you are having difficulty meeting your payment obligation -- see if they are willing to offer a special payment arrangement