

# **MCGEORGE SCHOOL OF LAW**

**Exit  
Counseling**

# MANDATORY EXIT REQUIREMENT

- Complete on line exit counseling [www.studentloans.gov](http://www.studentloans.gov)
- Need FAFSA PIN number, references, addresses and phone numbers
- Request PIN at [www.pin.ed.gov](http://www.pin.ed.gov)

# 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 July 1, 2015 - 5.84%
- Starting July 1, 2014 - 6.21%.
- Starting July 1, 2013 - 5.41%.
- From July 1, 2006 until June 30, 2013 - 6.8%.

# INTEREST RATES

## Federal Direct Graduate PLUS

- Starting July 1, 2015 - 6.84%
- Starting July 1, 2014 - 7.21%.
- Starting July 1, 2013 - 6.41%.
- From July 1, 2006 until June 30, 2013 fixed 7.9%.

# 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
- 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

| Debt      | Repayment Terms | 5.84% Interest Rate |            | 6.84% Interest Rate |            |
|-----------|-----------------|---------------------|------------|---------------------|------------|
|           |                 | Monthly Payment     | Total Paid | Monthly Payment     | Total Paid |
| \$100,000 | 10 Years        | \$1,114             | 133,690    | \$1,205             | \$144,547  |
|           | 25 Years        | \$641               | \$192,421  | \$728               | \$218,355  |
|           | 30 Years        | \$596               | \$214,442  | \$684               | \$246,218  |
| \$150,000 | 10 Years        | \$1,671             | \$200,535  | \$1,807             | \$216,820  |
|           | 25 Years        | \$962               | \$288,633  | \$1,092             | \$327,528  |
|           | 30 Years        | \$894               | \$321,657  | \$1026              | \$369,332  |
| \$200,000 | 10 Years        | \$2,228             | \$267,381  | \$2,409             | \$289,093  |
|           | 25 Years        | \$1,283             | \$384,845  | \$1,456             | \$436,706  |
|           | 30 Years        | \$1,191             | \$428,878  | \$1,368             | \$492,445  |

| Debt      | Repayment Terms | 6.21% Interest Rate |            | 7.21% Interest Rate |            |
|-----------|-----------------|---------------------|------------|---------------------|------------|
|           |                 | Monthly Payment     | Total Paid | Monthly Payment     | Total Paid |
| \$100,000 | 10 Years        | \$1,133             | \$135,951  | \$1,224             | \$146,933  |
|           | 25 Years        | \$644               | \$199,296  | \$753               | \$225,749  |
|           | 30 Years        | \$620               | \$223,116  | \$710               | \$255,563  |
| \$150,000 | 10 Years        | \$1,699             | \$203,926  | \$1,837             | \$220,399  |
|           | 25 Years        | \$996               | \$298,945  | \$1,129             | \$338,624  |
|           | 30 Years        | \$930               | \$334,673  | \$1,065             | \$383,348  |
| \$200,000 | 10 Years        | \$2,266             | \$271,902  | \$2,449             | \$293,866  |
|           | 25 Years        | \$1,329             | \$398,593  | \$1,505             | \$451,498  |
|           | 30 Years        | \$1,240             | \$446,231  | \$1,420             | \$511,134  |

# LOAN REPAYMENT OPTION EXAMPLES

| Debt      | Repayment | 5.41% Interest Rate |            | 6.41% Interest Rate |            |
|-----------|-----------|---------------------|------------|---------------------|------------|
|           | Terms     | Monthly             | Total Paid | Monthly             | Total Paid |
| \$100,000 | 10 Years  | \$1,092             | \$131,073  | \$1,181             | \$141,664  |
|           | 25 Years  | \$615               | \$184,556  | \$699               | \$209,693  |
|           | 30 Years  | \$568               | \$204,524  | \$654               | \$235,310  |
| \$150,000 | 10 Years  | \$1,638             | \$196,610  | \$1,771             | \$212,497  |
|           | 25 Years  | \$923               | \$276,831  | \$1,048             | \$314,540  |
|           | 30 Years  | \$852               | \$306,785  | \$980               | \$352,965  |
| \$200,000 | 10 Years  | \$2,185             | \$262,146  | \$2,361             | \$283,329  |
|           | 25 Years  | \$1,230             | \$369,109  | \$1,398             | \$419,387  |
|           | 30 Years  | \$1,136             | \$409,047  | \$1,307             | \$470,620  |

# Ford Direct Stafford and Graduate PLUS Examples

| <i>Debt</i>      | <b>6.8% Interest Rate</b> |                   | <b>7.9 % Interest Rate</b> |                   |
|------------------|---------------------------|-------------------|----------------------------|-------------------|
|                  | <i>Monthly Payment</i>    | <i>Total Paid</i> | <i>Monthly Payment</i>     | <i>Total Paid</i> |
| <b>\$10,000</b>  | <b>\$115</b>              | <b>\$13,810</b>   | <b>\$124</b>               | <b>\$14,868</b>   |
| <b>\$60,000</b>  | <b>\$690</b>              | <b>\$82,858</b>   | <b>\$744</b>               | <b>\$89,206</b>   |
| <b>\$75,000</b>  | <b>\$863</b>              | <b>\$103,572</b>  | <b>\$929</b>               | <b>\$111,508</b>  |
| <b>\$100,000</b> | <b>\$1,151</b>            | <b>\$138,096</b>  | <b>\$1,239</b>             | <b>\$148,677</b>  |
| <b>\$125,000</b> | <b>\$1,439</b>            | <b>\$172,620</b>  | <b>\$1,549</b>             | <b>\$185,846</b>  |
| <b>\$150,000</b> | <b>\$1,726</b>            | <b>\$207,145</b>  | <b>\$1,858</b>             | <b>\$223,015</b>  |
| <b>\$175,000</b> | <b>\$2,014</b>            | <b>\$241,669</b>  | <b>\$2,168</b>             | <b>\$260,184</b>  |
| <b>\$200,000</b> | <b>\$2,302</b>            | <b>\$276,193</b>  | <b>\$2,478</b>             | <b>\$297,353</b>  |

**Assumptions:** - 10 - year repayment period (120 Months)  
 - No payment incentives



# Consolidation & Extended Repayment Example

| <i>Debt</i> | 8.25% Interest Rate<br>30-year repayment period<br>Maximum term for Federal Consolidation |                   | 8.25% Interest Rate<br>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 based repayment (effective July 1, 2009)
- Income Contingent Repayment (ICR)
- Pay as you Earn

# 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.nslds.ed.gov](http://www.nslds.ed.gov)
  - Request PIN at [www.pin.ed.gov](http://www.pin.ed.gov)

# 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](mailto:fsaombudsmanoffice@ed.gov)

# BAR LOANS

- Private Loans (no consolidation or extended repayment)
- Credit check
- Variable interest rate
- Aggregate Amount depends on lender
- Take rest of eligible for School year before Bar Loan

LRAP GRANT

Public Interest

**L**oan

**R**epayment

**A**ssistance

**P**rogram

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# QUESTIONS???

- **CONGRATULATIONS AND GOOD LUCK WITH THE BAR EXAM!!!!**