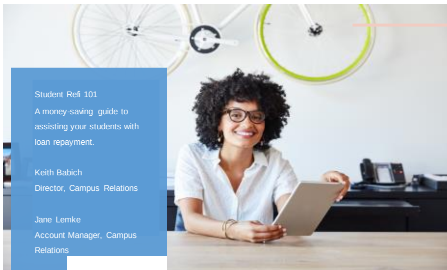


Student Refi 101

A money-saving guide to assisting your students with loan repayment.

Keith Babich
Director, Campus Relations

Jane Lemke
Account Manager, Campus Relations

commonbond

FASTER. HIGHER. STRONGER.
TOGETHER.
WASFAA FALL 2018

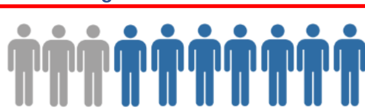
Agenda

Paying off student loans

- Loan repayment options
- What is student loan refinancing?
- What repayment method is right for students?

TOGETHER.

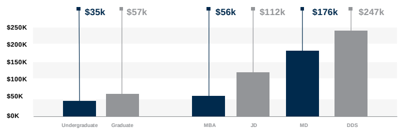
The majority of new grads are starting out with significant debt



7 of 10 recent graduates left college with $37,000 in student debt[1]

TOGETHER.

Average student debt by degree



TOGETHER.

Paying off Student Loans

TOGETHER.

Choice of employer has a large impact on the appropriate method of loan repayment

TOGETHER.

Working for a non-profit employer

Options for Federal Loans:
- Income-driven repayment plans
- Public service loan forgiveness

For Private Loans:
- Student loan refinancing

TOGETHER.

Working for a for-profit employer

Options for Federal loans:
- Income-driven repayment plans
- Standard repayment plans
- Student loan refinancing

For Private Loans:
- Student loan refinancing

TOGETHER.

Repayment Options for Federal Loans

Income-driven repayment plans

- Your monthly payment is capped at a certain percentage of your income
- May be a good plan for those with a lower income who wouldn't be able to afford standard monthly payments
- Pro: Keeps monthly payment low
- Con: Increases total cost of the loan
- Use these plans if pursuing PSLF

TOGETHER.

Repayment Options for Federal Loans – Income Driven Plans

	Revised Pay As You Earn Repayment Plan (REPAYE)	Pay As You Earn Repayment Plan (PAYE)	Income Based Repayment (IBR)	Income Contingent Repayment (ICR)
Eligibility	Direct Loan borrowers	Direct Loan borrowers	Direct Loan and FFEL borrowers	Direct Loan borrowers (only plan for Parent PLUS loans)
Monthly payment	10% of discretionary income	10% of discretionary income	10% of discretionary income if you borrowed on or after 7/1/14, or 15% if older	20% of discretionary income or what you would pay on a 12 year fixed plan adjusted for income
Repayment period (remaining balance is forgiven after this time)	20 years for undergrad loans, 25 years for grad or professional loans TAXABLE	20 years TAXABLE	20 years if you borrowed on or after 7/1/14, or 25 years if older TAXABLE	25 years TAXABLE
Income requirement to enter plan	None	Your income must be low compared to your eligible federal student loan debt	Your income must be low compared to your eligible federal student loan debt	None

TOGETHER.

Repayment Options for Federal Loans

Standard repayment plans

- Repay your loan in full in 10-25 years based on type of loan
- Pro: Lower overall cost than income-driven plans
- Con: Higher monthly payment than income-driven plans

TOGETHER.

Repayment Options for Federal Loans - Standard repayment plans

	Standard Repayment	Graduated Repayment	Extended Repayment
Repayment period	Pay off your loan in 10 years	Pay off your loan in 10 years	Pay off your loan in 25 years
Monthly payment	Same payment each month	Payments start low and go up every 2 years	Can be fixed or graduated
Benefits	Save money on interest vs. longer plans	Save now while your income is low and pay more when your income can handle it	Generally lower monthly payments then any other plan
Drawbacks	Highest monthly payments	You're betting on making more money later	Highest total cost No forgiveness

TOGETHER.

Repayment Options for Federal Loans

Forbearance

- You can put your federal loans in forbearance, which pauses repayment completely
- Interest will continue to accrue and will be capitalized at the end of the forbearance period
- You can do this for up to 12 months at a time
- Increases total cost of the loan

TOGETHER.

Repayment Options for Federal Loans

The Public Service Loan Forgiveness Program (PSLF)	Forgives the remaining balance on your Direct Loans after you've made **120 qualifying monthly payments** under a **qualifying repayment plan,** while working full-time for a **qualifying employer**

TOGETHER.

Public Service Loan Forgiveness

Who **qualifies?**

Those who are employed at:

- Government organizations at any level (federal, state, local, or tribal)
- Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code
- Other types of not-for-profit organizations that provide certain types of qualifying public services

TOGETHER.

What about refinancing those student loans?

What is student loan refinancing?

- Refinancing means taking out a new loan to replace an existing loan
- Lenders pay off existing loans, and create a new loan at a lower interest rate
- Borrowers can refinance federal, private, Parent Plus and previously consolidated student loans

What are the benefits of refinancing?

Refinancing helps your students **save by giving them a** tailored interest rate **that is often** lower than the rate **on their existing loans.**

Savings

Lower interest over the life of the loan

Ease

One lower monthly payment

Protections

Borrowers can defer payments if they return to school or lose their job

No fees

How do I know if refinancing is right for my students?

When it's right	When it's wrong
▪ Student should not be in an existing IDR program due to income or debt load ▪ Student has private loans that aren't eligible for govt. programs ▪ Student meets refinancing criteria ▪ Student wants to pay off debt quickly and reduce interest costs	▪ Student did not graduate from a 4 year, Title IV school with a Bachelors degree or higher ▪ Student works for non-profit that would be eligible for PSLF ▪ Student has a low income compared to their student loan debt ▪ Student has low interest rate loans

TOGETHER.

Thank you!

Keith Babich
Director, Campus Relations
Keith@commonbond.co

Jane Lemke
Account Manager, Campus Relations
Jane.Lemke@commonbond.co

TOGETHER.