Congratulations on your Achievement!

Take note of your official last day of attendance per the published academic calendar.
Agenda

We will answer the following questions:

• How do I find out to whom I owe?
• What is Grace Period and Capitalization?
• What happens if I cannot afford my loan payment?
• How to identify a repayment objective?
• What are my repayment plan options?
• Should I consolidate or refinance?
• Are there any forgiveness Options
• What is the Loan Estimator Calculator?
• Who should I contact if I still don’t know which repayment plan to select?
Identify Your Loan Portfolio

Federal Loans
https://studentaid.gov
- Direct Subsidized/Unsubsidized
- FFEL Subsidized/Unsubsidized
- Federal Perkins
- Consolidation, Direct Consolidation

State Loans
www.hhloans.com
- College Access Loan
- Be-on-Time Loan

Alternative Loans
www.annualcreditreport.com
- Minnie Piper Stevens
- Private loans with the lender of your choice
Rights & Responsibilities as a Federal Loan Borrower

**Rights**
- Prepay any federal loan without penalty
- Change repayment plans
- Request deferment or forbearance
- Review the promissory note for all rights

**Responsibilities**
- Make on time loan payments
- Make payments despite non-receipt of a bill
- Notify servicer if contact information changes
- Complete exit counseling
- Review the promissory note for all responsibilities
What is a Grace Period

The grace period gives you time to get financially settled and to select your repayment plan. Note that for most loans, interest will accrue during your grace period.

- Subsidized & Unsubsidized - 6 months
- Federal Perkins Loan - 9 months
- Consolidation - None
- Alternative Loans - typically none
- Parent/Graduate PLUS Loan - none, due within 30 days but may have a post-enrollment deferment.

Each loan may have different due dates.

NOTE: Federal loans only get one grace period.
Example:
2016 - Borrowed loans, took their grace period, and entered repayment.
2018 - Came back to school and borrowed more loans
2020 - Graduating/leaving school - New loans have a grace period. Older loans will enter repayment.

Contact loan servicer for more information.
What is a Capitalization

The addition of unpaid interest to the principal (initial) balance of a loan.

Capitalization generally occurs:
- Following periods of postponement of payment
  - deferment on an unsubsidized loan and/or
  - forbearance on any types of loans
- When loans enter repayment
- If you voluntarily leave the Income Driven Repayment Plans (REPAYE, PAYE, IBR) or change plans
- If you fail to annually update your income for some of the income-driven plans (REPAYE, PAYE, IBR)
- If you are repaying your loans under the PAYE or IBR plans and no longer qualify to make payments based on income.

This increases the outstanding principal amount due. Interest is then charged on that higher principal balance, increasing the overall cost of the loan.

Basically: paying interest over interest
**Capitalization Example**

<table>
<thead>
<tr>
<th></th>
<th>If you can’t or don’t pay</th>
<th>If you pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original Loan Balance</td>
<td>$20,000</td>
<td>$20,000</td>
</tr>
<tr>
<td>Capitalized Interest accrued while in school</td>
<td>$5,700</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Interest paid prior to repayment:</strong></td>
<td>$0</td>
<td>$5,700</td>
</tr>
<tr>
<td>Loan Balance when entering repayment</td>
<td>$25,700</td>
<td>$20,000</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>6.8%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$295.76</td>
<td>$230.16</td>
</tr>
<tr>
<td><strong>Total Repayment Amount</strong></td>
<td>$35,489.54</td>
<td>$33,318.29</td>
</tr>
</tbody>
</table>

*This figure includes the $5,700 in interest you previously paid.*

In the example above you would save more than **$65** per month if you paid the outstanding interest before it capitalized (was added to the principal balance).
Capitalization for Federal Loans

Based off of a Simple Daily Interest formula:

Daily Interest Amount:
(Outstanding Principal Balance $\times$ Interest Rate Factor)

Example:
- Principal - $20,500
- Interest Rate - 6.08%
- Formula - $20,500 \times \frac{.0608}{365} = $3.42$

Daily interest amount is $3.42
Monthly interest amount is $102.44

**Interest Rate Factor is determined by dividing your loan’s interest rate by number of days in a year**
Federal Perkins Loan

- Nine Month Grace Period
- Fixed 5% Interest
- Loan is Serviced by ESCI Heartland
  - Contracted Servicer for UT Health San Antonio Office of the Bursar
- www.heartlandecsi.net
- Cancellation Provision
  - Takes 5 years but there are no payments/interest
- Exit Session will HOLD your graduation
Federal Perkins Loan Cancellation

Other Employment or Volunteer Service That Qualifies for Perkins Loan Cancellation

In addition to teaching, the following employment or service may qualify you for a full or partial Perkins Loan cancellation depending on the type of loan you have and the date of the loan:

- Early childhood education provider
- Employee at a child or family services agency
- Faculty member at a tribal college or university
- Firefighter
- Law enforcement officer
- Librarian with master’s degree at Title I school
- Military service
- Nurse or medical technician
- Professional provider of early intervention (disability) services
- Public defender
- **Speech pathologist with master’s degree at Title I school**
- Volunteer service (AmeriCorps VISTA or Peace Corps)

<table>
<thead>
<tr>
<th>Cancellation Conditions</th>
<th>Amount Canceled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time speech pathologist with master’s degree working in a Title I-eligible elementary or secondary school cancellation (for service that includes Aug. 14, 2008, or began on or after that date)</td>
<td>Up to 100 percent for five years of eligible service</td>
</tr>
</tbody>
</table>
Federal Perkins Loan Cancellation

0. Secure a full time job then call and request deferment for the upcoming year.

1. At the end of year 1, request cancellation for previous year and request deferment for following year. 15% cancelled.

2. At the end of year 2, request cancellation for previous year and deferment for year 3. 15% cancelled.

3. At the end of year 3, request cancellation for previous year and deferment for year 4. 20% cancelled

4. At the end of year 4, request cancellation for previous year and deferment for year 5. 20% cancelled

5. At the end of year 5, request cancellation for previous year. Remaining 30% cancelled. DONE!
I cannot afford my payment

- Contact your Servicer ASAP! You have options.
- Multiple repayment plans to choose from
  - No fee for switching plans
- Deferment and Forbearance: temporarily postpones or lower your loan payment while experiencing unemployment, financial hardship, returning to school, military service and post-active duty, etc.
Repayment Objective

Consider Life Goals to Identify a Repayment Strategy

What do you consider success? What is your next step in life?

- Are you seeking income protection?
- Do you wish to live debt free?
- Are you interested in loan forgiveness in exchange of service?
Repayment Plans

Traditional Plans
• Standard
• Graduated
• Extended

Income Drive Plans
• Income Contingent Repayment (ICR)
• Income-Based Repayment (IBR)
• Pay As You Earn (PAYE)
• Revised Pay As You Earn (REPAYE)
Traditional Plans

Monthly payments for the entire repayment term are calculated **up-front** and disclosed to you.

<table>
<thead>
<tr>
<th>Debt When Loan Enters Repayment</th>
<th>Standard Per Month</th>
<th>Standard Total</th>
<th>Extended Fixed Per Month</th>
<th>Extended Fixed Total</th>
<th>Extended Graduated Per Month</th>
<th>Extended Graduated Total</th>
<th>Graduated Per Month</th>
<th>Graduated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000</td>
<td>$58</td>
<td>$6,904</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$40</td>
<td>$7,275</td>
</tr>
<tr>
<td>10,000</td>
<td>115</td>
<td>13,809</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>79</td>
<td>14,550</td>
</tr>
<tr>
<td>25,000</td>
<td>288</td>
<td>34,524</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>198</td>
<td>36,375</td>
</tr>
<tr>
<td>50,000</td>
<td>575</td>
<td>69,048</td>
<td>347</td>
<td>104,109</td>
<td>284</td>
<td>112,678</td>
<td>396</td>
<td>72,749</td>
</tr>
<tr>
<td>100,000</td>
<td>1,151</td>
<td>138,096</td>
<td>694</td>
<td>208,217</td>
<td>568</td>
<td>225,344</td>
<td>792</td>
<td>145,498</td>
</tr>
</tbody>
</table>
**Income Driven Plans-Terminology**

**Personal Discretionary Income (PDI):** The difference between your total income and 150% of the poverty guidelines for your family size and state of residency.

**Partial Financial Hardship (PFH):** Exists if your monthly payment in the 10-year standard plan is greater than the Income Driven Plan you are applying for.
# Income Driven Plans

Payments are based on household income (AGI) and family size - **recalculated annually**.

<table>
<thead>
<tr>
<th></th>
<th><strong>IBR</strong></th>
<th><strong>PAYE</strong></th>
<th><strong>REPAYE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible Loans</td>
<td>FFEL and Direct</td>
<td>Direct loans only</td>
<td>Direct loans only</td>
</tr>
<tr>
<td>Borrowers</td>
<td>All</td>
<td>New borrowers as of October 2007</td>
<td>All</td>
</tr>
<tr>
<td>Payment Calculation</td>
<td>15% of PDI, capped at original Standard 10 year</td>
<td>10% of PDI, capped at original Standard 10 year</td>
<td>10% of PDI, no cap to payment amount</td>
</tr>
<tr>
<td>PFH Required</td>
<td>Yes</td>
<td>Yes</td>
<td>No, all incomes qualify</td>
</tr>
<tr>
<td>Spousal Income</td>
<td>Yes, but not if filing separately</td>
<td>Yes, but not if filing separately</td>
<td>Yes, regardless of filing status</td>
</tr>
<tr>
<td>Repayment Term and Forgiveness</td>
<td>25 years</td>
<td>20 years</td>
<td>25 years if any graduate loans, 20 years if UG only</td>
</tr>
<tr>
<td>Interest Subsidy on Unsub Loans</td>
<td>No</td>
<td>No</td>
<td>Yes, 50% any time interest due exceeds calculated REPAYE amount</td>
</tr>
</tbody>
</table>
Should I consolidate?

• A Direct Consolidation Loan allows you to consolidate (combine) multiple federal education loans into one loan.

• The result is a single monthly payment instead of multiple payments

• Usually recommended for borrowers with multiple servicers and a high debt amount

• Extends the life of the loan for 30 years and switches variable interest into fixed interest rate

• May lose original loan benefits such as interest rate discounts and principal rebates

• Contact your services for further guidance or apply at studentloans.gov
Should I Refinance?

What is Refinancing?
• refers to taking out a new loan — usually one with a lower interest rate — to repay one or more existing loans.

• You **may** be a candidate if you …
  Have steady income and are interested in aggressive repayment
  Do not need income plans or forgiveness

• You **may not** be a candidate if you …
  Need to be cautious with payments and need a repayment plan based on income
  Are trying to qualify for PSLF
  Do not have steady income
Public Service Loan Forgiveness

Eligible Loans: Direct Loans

Qualifying Payments: IBR, PAYE, REPAYE, ICR

Qualifying Work: public service employer or nonprofit, or military service

Public Service Loan Forgiveness

https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service
Loan Forgiveness & Repay Assistance
Repayment Estimator

https://studentloans.gov/myDirectLoan/repaymentEstimator.action

Login for more detailed repayment plan information and to calculate your estimated repayment amount each of the different plans.
Remember to Always:

• Keep in touch with your servicers/lenders
  Report change of:
  Address
  Phone number

• Contact your servicerer if you need help selecting a payment plan
  They have all the details about your loans

• Problems with repayment
  Contact your servicerer ASAP
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CashCourse

students.uthscsa.edu/financialaid/

UT Health San Antonio

Veteran Services & Financial Aid

Phone/Email:
210-562-3655
veterans@uthscsa.edu
Office Hours
Mon-Fri 8am-5pm
Locations
Medical Building
Room 3144L.MED

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- Health Professions
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- Nursing

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- Work Study

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- Refund Academic Process
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- Scholarships
- Top Questions
- What Happens if I Withdraw?
- What Happens When I Drop or Add a Class?

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Step 3: Select your state and school from the dropdown menu.

Step 4: Start using the CashCourse website!
Telephone Appointments

Email one of our Financial Aid Counselor to schedule a telephone consultation.

Janelle Braxton, MA: braxtonj@uthscsa.edu
Rebecca Brysch: bryschr@uthscsa.edu
We will always care for San Antonio. We will always educate healers. We will always search for answers.