DEBT

$40,000  $7,000  $12,000  $68,000

Agenda

✓ Introduction
✓ Income-Driven Repayment (IDR) Plans
✓ Public Service Loan Forgiveness (PSLF)
✓ Q & A
✓ Closing
Student Loans

43 Million people have student debt

1 out of every 5 is in default

Problem with system not people in it

Debt is Experienced Differently

81% of African-American graduates have student loans compared to 63% of white Americans

More women take on student debt to finance their education than men, and since women are still paid less than men for the same work, women put more of every paycheck towards paying student loans.

Average graduate is entering the workforce today with more than $30,000 in student debt. This has forced many recent graduates to not move for jobs, delay starting families and more.
PEF  ➔  EXPERTS

Always talk to your ➔

Loan Providers

Navient  NelNet  Great Lakes  FedLoan Servicing  Mohela

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Income Driven Repayment Plans

Monthly payment is based off your adjusted gross income and family size rather than what you owe.

Payments can be as low as $0.

These plans are free to enroll in, never pay someone to enroll you.

For Federal student loans.

Can even discharge your debt after 20-25 years.

Four IDR Plans

- Income-Contingent Repayment (ICR)
- Income Based Repayment (IBR)
- Pay As You Earn ('New IBR)
- Revised Pay As You Earn (REPAYE)
• Income-Contingent Repayment (ICR)
  o For Direct Loans and Parent Plus* (with Partial Financial Hardship)
  o Payment: Capped at whichever is LESS - 20% of your discretionary income OR fixed payment in a 12 year repayment plan adjusted for income
  o Loan Discharge: After 25 years of payments
  o NOTE: This is the only IDR plan available to Parent Plus Loan borrowers

• Income-Based Repayment (IBR)
  o For Federal Family Education Loans (FFEL) or Direct Loans (with Partial Financial Hardship)
  o Payment: Capped at 15% of your discretionary income
  o Loan Discharge: After 25 years of payments
• Pay As You Earn (PAYE or "New IBR")
  - For Direct Loans taken out since October 1, 2007 (with Partial Financial Hardship)
  - Payment: Capped at 10% of your discretionary income
  - Loan Discharge: After 20 years of payments

• Revised Pay As You Earn (REPAYE)
  - For all Direct Loans, regardless of when issued
  - Payment: 10% of your discretionary income
  - Loan Discharge: After 20 years of payments for undergraduate loans, after 25 years for graduate loans.
Meet Anna

Adjusted Gross Income of $50,000

Married with 2 children (Family size of 4)

Has a Direct Loan of $30,000

Would pay $311/month under a Standard 10 Year repayment plan

What Will Anna owe in Pay As You Earn?

AGI: $50,000

Subtract $37,650 (150% FPG)

Discretionary Income: $12,350

10% of Discretionary Income is $1,235.00 (Annual Payment)

Divide by 12 for monthly payment: $102.92/mo.
Meet Melissa

Adjusted Gross Income of $50,000

Married with 1 child (Family size of 3)

Has a Direct Loan of $30,000

Would pay $311/month under a Standard 10 Year repayment plan

How much would Melissa owe in Pay As You Earn?

AGI: $50,000
Subtract $31,170 (150% FPG)
Discretionary Income: $18,830
10% of Discretionary Income is $1,883.00 (Annual Payment)
Divide by 12 for monthly payment: $156.92/mo.
GOAL!

Your ultimate goal is to get into the PSLF Program.

WHAT IS PSLF?

Public Service Loan Forgiveness

What? Federal program that could allow you to have the balance of your Direct federal student loans forgiven after 10 years.

Why? To incentivize a career in public service.
How Do I Qualify?

You need:

To make 10 years of qualifying on time payments toward your federal student debt.

To be working in public service beginning on or after October 1, 2007 for at least 30 hours per week. -AND-

You also have to answer YES to the following:

Do you work in public service?

Do you work full time?

Does your student loan qualify?

Does your repayment plan qualify?

Do your payments qualify?
How do I enroll in PSLF?

- Complete certification
- Bring to your HR Office
- Your Employer mails it to FedLoan Servicing
- Keep a copy!

I was denied!

I was paying on my loan and thought I qualified for PSLF, but was denied because I was in the wrong repayment plan.

You can apply for TEPSLF: Temporary Expanded Public Service Loan Forgiveness.
You may be able to apply for TEPSLF

Temporary Expanded PSLF
For borrowers who were led to believe they were in the correct IDR, but weren’t.
First come, first served basis
$350 million fund to cover the cost of canceling loans
Once $ is gone, it’s gone
Email TEPSLF@myfedloan.org

Important Tips

• Call your servicer!
• If your servicer gives you problems or inaccurate information, report them to the Consumer Financial Protection Bureau:
  www.consumerfinance.gov/students/
• www.studentloans.gov/repay
• Recertify annually
  • You are required to recertify your income annually for IDR plans
  • We recommend you recertify annually for PSLF
• Diligently keep your records!
Important Resources

- U.S. Department of Education student loan website: www.studentloans.gov
- Department of Education “choose your own adventure” repayment options: www.studentloans.gov/repay
- Forgive My Student Debt: www.forgivemystudentdebt.org
- Consumer Financial Protection Bureau: www.consumerfinance.gov (or www.cfpb.gov)

Important Definitions

- “Discretionary Income”: The difference between your Adjusted Gross Income (AGI) and 150% of the Federal Poverty Guideline for your family size.

- “Partial Financial Hardship”: Essentially, you cannot afford your monthly loan payment under a Standard 10 Year repayment plan.
### Annual 2018 Poverty Guidelines for the 48 Continental United States

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