



Widener University
School of Law

Eleanor Kelly
Director of Financial Aid



Law School Entrance Interview

Managing Your Student Loans



Agenda

- Terms and Conditions of Federal Direct Loans
- Repayment Options
- Debt Management

Types Of Education Debt

Three Types

- **Federal Loans**
 - Unsubsidized Direct (Stafford) Loans
 - Graduate Plus Loan
- **Institutional Loans**
 - Merit Based – Widener Scholar Loan
- **Private Loans**



Unsubsidized Loans – Facts & Types

- Student is responsible for paying the interest that accrues on the loan while in school and during the grace period or the unpaid interest is capitalized when the loan enters repayment.
 - **Federal Direct Unsubsidized Stafford Loan**
 - **Federal Direct GradPlus Loan**
 - **Alternative/Private Loan Programs**



Interest Rate Calculation for Federal Direct Loans

- Interest rates are set on an annual basis.
- Fixed for the life of the loan
- Calculated based on the Interest rate on the 10 year T-Bill sold at the last auction in May plus factor points depending on type of loan.

**Federal Direct Student Loans 2014-2015 Interest Rates
Effective for Loans First Disbursed on or after July 1, 2014 and
prior to July 1, 2015**

Loan Type	Borrower Type	Index		Fixed Interest Rate
		10-Year Treasury Note	Add-On	
Direct Unsubsidized Loans	Graduate/Professional Students	2.612%	3.60%	6.21%
Direct PLUS Loans	Parents of Dependent Undergraduate Students and Graduate/Professional Students	2.612%	4.60%	7.21%

Federal Direct Unsubsidized Loan

- Maximum Amount: **\$20,500.00 per academic year**
- Interest can be paid by the student while in school, during grace periods and during deferment or accumulated interest can be capitalized upon entering repayment.
- Interest rate: **6.21% Fixed for Graduate Students** (14-15 loans)
- Fees: **1.072% origination fee charged at disbursement**
- Grace period: **6 months**
- Repayment term: **10 years**
- Lender: **William D. Ford Federal Direct Loan Program administered by the Department of Education**

Federal GradPLUS Loan

- Interest rate: **7.21% Fixed** (14-15 loans)
- Fees: **4.288% origination fee charged at disbursement**
- Repayment term: **10 years but options available to extend.**
- Repayment Begins: **6 month after graduation when a Post Half-time Enrollment Forbearance is applied.**
- Credit Check: **Credit check based 'no adverse credit'; income and credit score will not affect eligibility.**
- Award Amount: **Can borrow up to difference between cost of attendance and other financial aid.**

Facts about Interest

How does it accrue?

Interest accrues every day from the date of disbursement on your unsubsidized loans, (Unsubsidized and GradPLUS loans). The following formula will be used to calculate your daily interest accrual:

Interest rate x current principal balance / number of days in a year = daily interest

Example:

Daily Interest - $.0621 \times 10,250 / 365 = 1.7439\dots$ round up to \$1.74

Yearly Interest - $\$1.74 \times 365 \text{ days} = \635.10

Interest Capitalization

Interest Rate – 6.21% and repayment term is 10 years (120 months)

Original Loan Balance	\$10,250	
Capitalized Interest	\$2,064	(3 years, 3 months)
Loan Balance at Repayment	\$12,314	

Your servicer may send statements indicating what interest has accrued on your loan(s) and where payment can be sent if so desired. You were given the option to receive statements on your MPN. Contact your servicer for more information.



Private Loan Terms

- Interest rate: **Varies by program**
- Fees: **Vary by program**
- Repayment term: **Options and incentives vary by program**
- Check with your lender for your loan's specific details
- Private Loan cannot be consolidated with Federal loans
- Buyer Beware – Direct to Consumer education loans

Master Promissory Note (MPN) Loan Applications

Federal Direct Unsubsidized

- Subsidized/Unsubsidized MPN is completed once during your time at Widener.
 - Completion of the Institutional Data Form authorizes Widener to add loans to your loan note.
 - The the Direct Subsidized/Unsubsidized Stafford Loan Master Promissory Note/Loan Application does not require a requested loan amount and is valid for ten years.

GradPLUS

- GradPLUS MPN is completed once if you were approved on your own credit.
 - The request for a GradPLUS loan will need to be completed every year as the loan requires a credit check and a requested loan amount.

Private

- Check with your lender



Enrollment Status Requirements for JD Students

Fall and Spring Semesters

- Need at least 4 credits in order to receive financial aid (loans).
- Merit aid enrollment requirements are listed in the award letter.

Summer Semester

- Need at least 3 credits in order to receive financial aid (loans).
- Merit aid is generally not applicable to summer classes.
- Students must maintain at least half-time status for their loans to stay in deferment status.
- Please inform the offices outlined in your student handbook of any decision to withdraw or request a leave of absence from your classes.

Your Rights as a borrower

- Grace Period – period of time after graduation that you have before beginning repayment
 - 6months – Direct Unsubsidized Loan
 - GradPLUS – six month post half-time deferment
- Deferments and Forbearances are Available - What Is the difference?
- No penalty for Pre-payment
- Federal Loans are eligible for forgiveness if become you become Completely and Permanently Disabled or Die.



Be Aware of Borrower Responsibilities

As a borrower, you are required to:

- Repay the loan according to the repayment schedule even if you don't complete the program, unable to find a job in your chosen field and/or dissatisfied with your educational experience.
- Notify your loan servicer of anything that affects your ability to repay or impacts your eligibility for deferment or cancellation of the loan
- Notify your loan servicer of any changes in academic status, your name, address, phone number, etc.



Your Repayment Options

Many repayment options are available:

- **Standard-** 10-year repayment term-same payment each month
- **Graduated** - Payments start low (interest only payments), then increase after two years, and then after five.
- **Extended** - Up to 30-year repayment term, depending on total amount borrowed.

Income Driven Repayment Options

- **Income Contingent** - Payments tied to a percentage of your income.
- **Income Based Repayment** - payments based on a percentage of Adjusted Gross income after adjusted by federal formula. Remaining loan balance eligible for forgiveness after 25 years of repayment.*
- **PAYE – Pay as you Earn** – income driven formula similar to IBR (only for new borrowers as of July 1, 2007). Remaining loan balance eligible for forgiveness after 20 years of repayment.*

* Forgiven balance is taxable income.



Public Service Loan Forgiveness

- Must have loans in a Direct Loan
- Can consolidate FFELP into Direct for this program
- Must make 120 qualifying payments while in employed full-time in a qualifying position.
- Forgiven balance is not taxable



Million Dollar Question?

Which of YOUR financial resources are you using to pay for your education?

- ◆ **Savings**
- ◆ **In-school earnings**
- ◆ **Future income - (Student Loans)**

2014-2015 Cost of Attendance

	Regular	Extended
■ Tuition & Fees	\$40,730	\$ 29,898
■ Room & Board	\$11,034	\$ 11,034
■ Transportation	\$ 3,060	\$ 3,060
■ Personal Expense	\$ 3,519	\$ 3,519
■ Books	\$ 1,550	\$ 1,240
■ Loan Fees	\$ 1,376	\$ 1,376
■ Total Cost of attendance	\$61,329	\$ 50,187

Cost Depends on Lifestyle Choices

Tuition*

Housing

Food

Transportation

Entertainment

Miscellaneous

*Tuition is a fixed expense

Living *Below* Your Means

- Live with roommate(s)
- Make your lunch; bring your coffee
- Look for bargains when dining out
- Avoid the extras with cellphones/cable
- Beware of buying for “convenience”
- Dress for less
- Coupons
- Free Fun; library, bookstores, free events
- Car pool
- Avoid “impulse” buying
- Attend campus events – there is usually food!



Origination and Disbursement

- School certifies the loan at the student's request.
- Department of Ed approves the certification.
- School posts the loan funds to your school account and notifies DOE
- DOE approves the disbursement and releases loan funds to School. \$\$\$
- Tuition balance is paid from disbursement.
- Excess loan funds are refunded to student.

Refunds?

- Direct Deposit is available
 - Sign up on Campus Cruiser
 - WebAdvisor
 - Student Services
 - Financial Information
 - Bank Information

OR

a Paper Check will be sent to your home address



Cancelling or Reducing Loan Amounts

- Prior to disbursement - print online award letter, circle reduce or reject and drop off at Financial Aid Office
- After receiving refund - give a check to Bursar's Office and complete form to return funds.



Direct Loan Servicers

- The Direct Loan program contracts with several agencies to service your loans (i.e. handle students questions, paperwork, bills and payments).
- You will be assigned to a servicer by the Department of Education.
- Your servicer will contact you within 30 days of disbursement.
- Contact your servicer to set up an online account, check accruing interest, request a deferment, apply for a forbearance, or with any questions you may have.
- <http://www.nslds.ed.gov> – contains all the information regarding Federal education loans including your servicer.



Strategies for Success

- 1. Identify financial goals**
- 2. Borrow minimum needed to achieve goals**
 - ❑ Make well-informed choices
 - ❑ Develop and follow affordable budget
- 3. Understand impact of borrowing**
- 4. Manage loans wisely**
- 5. Maintain good credit**
- 6. Practice good financial habits**



Financial Aid Office

- Law Building
- Room 100
- Monday – Friday 9:00 - 5:00
- Thursdays 9:00 - 6:30
- Phone (302) 477–2272
- Fax (302) 477-2034
- lawfinaidde@mail.widener.edu