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UNIVERSITY OF CALIFORNIA



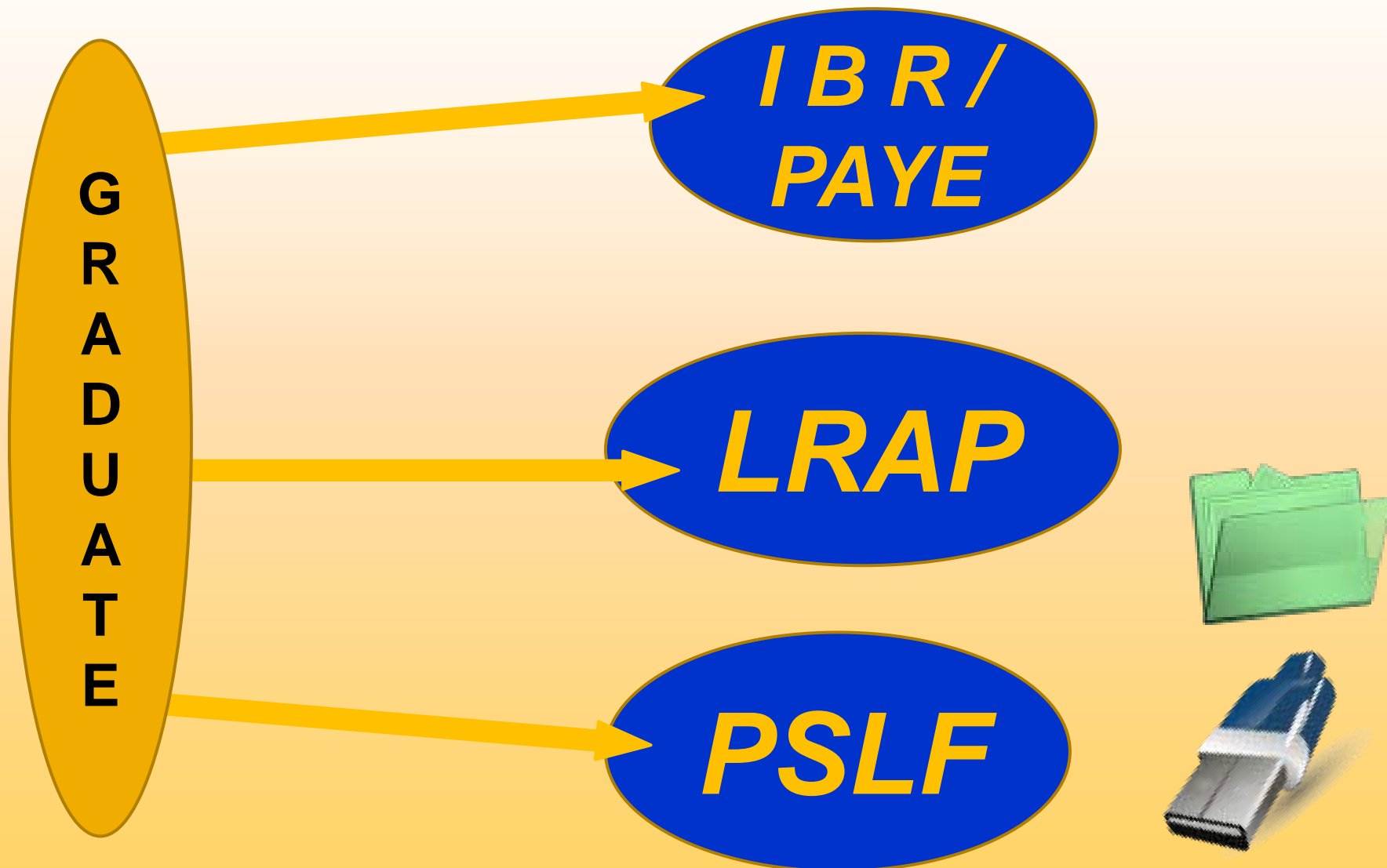
**Financial Planning
for Public
Service Graduates
Class of 2013**

OVERVIEW

- IBR / PAYE (*The White House Initiative*) and PSLF
- Review your student loan options
- What you need to know about your student loan service provider
- Exit counseling for federal student loans
- LRAP overview and updates
- Which repayment option fits your budget and career goals?
- Our alumni representative, Erin Liotta'11

BerkeleyLaw *College Cost Reduction & Access Act - LRAP*

UNIVERSITY OF CALIFORNIA



FEDERAL STUDENT LOANS

Income Based Repayment Plan (I B R)

- Must **qualify** for partial economic hardship
- Limits payments to 15% of discretionary income
- Renewal and **Income documentation** required annually
- Negative amortization
- After 25 years remaining debt forgiven treated as a taxable income
(includes all unpaid accrued interest)

Your lenders should always have your current address!

FEDERAL STUDENT LOANS

Pay As You Earn (PAYE)

- Must **qualify** for partial economic hardship
- Limits payments to **10%** of discretionary income
- Renewal **and Income documentation** required annually
- Interest capitalization is limited to **10% while** in **PAYE**
- Negative amortization
- After 20 years remaining debt forgiven treated as a taxable income
(includes all unpaid accrued interest)

*******Submit required documents on time!**

Public Service Loan Forgiveness (PSLF)

Overview of Requirements

- Federal **DIRECT** loans only
- Government or 501(c)(3) nonprofit employment fulltime, or two part-time jobs with an average of 30 hours per week
- **120 qualifying monthly payments** on Federal DIRECT loans.....while working in Public Service for 10 **accumulative** years
- **PSLF employment verification form now available**

AFTER ACCUMULATIVE 10 YEARS: APPLY FOR LOAN FORGIVENESS

YOUR STUDENT LOANS

- DIRECT loans
 - Stafford subsidized and unsubsidized
 - GRAD PLUS loans
- **FFEL loans** – *do not qualify for PSLF*
- **Perkins loans**
- **Private loans**
- **UC bar study loan**
- **Private bar study loan**

don't qualify for
PSLF or IBR
/PAYE



SHOULD I CONSOLIDATE?

- Federal student loans with a variable interest rate
- **IBR – PSLF**
 - Consolidate Perkins and FFEL loans with Federal DIRECT
 - Perkins loans will shift to the unsubsidized portion of your loans

Under the Public Service Loan Forgiveness (**PSLF**) a **consolidation loan** is considered a new loan, and therefore **will re-start the 10-year clock.**

YOUR STUDENT LOANS

- Identify your Loans
- Find your student loan servicer
 - **all NEW federal student loans are serviced by private loan companies**
- National Student Loan Data System (NSLDS)
- www.annualcreditreport.com (private loans)

OBSTACLES WITH YOUR LENDER?

FSA Ombudsman Group: fsaombudsmanoffice@ed.gov or 1-877-557-2575



NSLDS STUDENT ACCESS

National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[Financial Aid Review](#)

[Exit Counseling](#)





My Account

Learn More

Tools and Resources

Managing Repayment

FAQs

Contact Us

Manage My Direct Loan

Sign In

Use your PIN to sign in
[Why am I signing in?](#)

- **Entrance Counseling**
- **Sign Master Promissory Note**
- **Complete PLUS Request Process**
- **Financial Awareness Counseling**
- **Endorse Direct PLUS Loan**
- **IBR/Pay As You Earn/ICR Repayment Plan Request**

Visit the PIN site if you are a new user or have forgotten your PIN.



StudentLoans.gov

This site is your source for information from the U.S. Department of Education about how to manage your student loans.

Learn More

- » **Find Information about Student Aid Programs**
- » **Recent Changes to the Student Aid Programs**
- » **Direct Loan Overview**
- » **What you Need for Direct Loans**
- » **What to Expect for Direct Loans**
- » **Glossary**

Tools and Resources

- » **Apply for PIN**
- » **FAFSA**
- » **Financial Awareness Counseling**
- » **Exit Counseling**
- » **Direct Loan Consolidation**
- » **My Financial Aid History**

Managing Repayment

- » **Repaying Your Loans**
- » **Repayment Plans & Calculators**
- » **Trouble Making Payments?**
- » **Loan Discharge**
- » **Public Service Loan Forgiveness**
- » **Teacher Loan Forgiveness**
- » **Loan Servicers**

HARDSHIP OR TIGHT BUDGET?

- **IBR / PAYE**
 - \$0 monthly payment if income reduces to 150% or less of the poverty level (\$17,235)
 - Contact your loan servicer for details

- **Deferment**
 - Unemployment
 - Economic Hardship - must receive government assistance
 - *1-person household, approximately \$17,235*
 - no payments, and **government pays interest** on subsidized loans
 - Maximum time limit: 36 months
 - Must reapply: every 12 months

- **Forbearance**
 - No subsidy savings
 - At lender's discretion



LRAP - class of 2013

- **Forgivable Loan**
 - A lump sum for up to 12 monthly payments is paid up front
 - All Federal DIRECT student loans including pre-Boalt loans
 - Perkins and FFEL loans can be consolidated with Federal DIRECT
 - IBR or PAYE
 - Negative Amortization Protection for Berkeley Law loans ONLY
 - Cancellation application → documentation of your payment history
- **Employment requirements**
 - U.S. government or 501(c)(3) non-profit organization
 - Foreign government or NGO
 - “Low Bono” and union employment
 - Solo practitioner and contract work
 - At least 50% of your responsibilities must reflect your law school training

For income greater than \$65,000 assistance will be prorated and income capped at \$100,000

Participant is responsible for out-of pocket payments for bar study and private student loans

ROLLING - APPLICATION PROCESS

- **Start LRAP immediately** after the grace period or consolidation
- Must apply within the month during which you seek LRAP support
- The length of an LRAP **contract** is up to 12 months and up to 6 months for first time applicants
- A **one-on-one meeting** before leaving Berkeley is **required**
- Apply as early as April 2013
- New LRAP web application coming soon!!
- Subscribe to LRAP blog

BEFORE GRADUATION

- **Get information about your loans and repayment tools**
 - Read about LRAP, IBR, PAYE and PSLF
 - IBRinfo.org, EJW Debt Management and StudentAid.gov
 - <http://www.consumerfinance.gov/students/repay/>
 - Follow our LRAP blog at <http://lrab.berkeleylawblogs.org/>
- **Schedule a one-on-one meeting**
 - Personalized review of your student loan repayment options
- **Online Exit Counseling**

ACTION PLAN - BUDGET

Create a budget / spending plan

- **Decide on a repayment strategy in context of your employment and career plans**
- **Consolidate?**
- **Apply for IBR or PAYE?**
- **Apply for LRAP**
- **Submit an EFT authorization to receive LRAP funds**
- **Notify your lender of your new address**



- 2012-13 Law Budget Appeal Form is available at:
<http://www.law.berkeley.edu/6949.htm>

Request Graduate Plus Loan at:
financial-aid@law.berkeley.edu

**Berkeley Law Bar Study loan information and application and Private
Bar Study loan information: www.law.berkeley.edu/193.htm**

Candi Gester

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Do you already have a job?

→ Apply for **LRAP** as early as April

→ **Schedule an appointment** for an individual assessment of your student loan portfolio

Leah Sime (642-7697)

Sigrid Allen (642-5733) until 3/18/13

(LRAP & Student Loan Repayment Strategies)

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