The University of Toledo Health Science Campus
College of Medicine

Exit Interview Presentation

March 14, 2007
Understanding your Education Debt

- Subsidized loans
- Unsubsidized loans
- Perkins loans
- Direct loans
- Graduate Plus Loans
- Alternative/Private loans
Obligation to Repay the Loan

Student has an obligation to repay loan regardless of:

• Withdrawal from educational program
• Unemployment
• Dissatisfaction with school’s educational programs or services
Planning for Repayment

• Grace period of 6 months (No grace period for Graduate PLUS, Alternative Loans, and Federal Consolidation Loans)
• Most students in standard repayment of 10 years
• Minimum payment $50
Repayment Plans

- Standard
- Graduated
- Income-sensitive/Income contingent
- Extended
Standard Repayment Plan

- Fixed payment
- 10 year repayment period
- Lowest interest paid
- Potentially highest monthly payment
Graduated Repayment Plan

• Initial low payments, increase in increments
• 10 year repayment period
• Higher interest paid as payments not fixed.
Income Sensitive/Income Contingent Repayment Plan

- Expectation of rising income over time
- Payments match ability to pay
- Payments based on annual income and student debt
- Maximum time frame five years
Extended Repayment Plan

• Payment period extended to 25 years
• Graduated or standard repayment plan
• New borrower on or after October 7, 1998
• FFELP loans over $30,000
Contingency Planning

- Graduate School Deferments
- Unemployment Deferments
- Economic Hardship Deferments
- Internship/Residency Deferments
- Graduate Fellowship Deferments
- Mandatory Residency Forbearance
- Forbearance
Graduate School Deferments

- Eligibility depends on enrollment status (half-time or full-time) and when loans were disbursed
- Title IV Eligible college or university
Unemployment Deferments

• Actively seeking full time employment
• Registered with the state or local employment office
• May qualify if working less than 30 hours per week and seeking full time employment
• Maximum length 24 (Loans before 7/1/93)
Economic Hardship Deferments

- “New Borrower” – all loans disbursed since 7/1/93
- If any Federal Direct or Perkins loan was already granted Economic Hardship OR
- Borrower unemployed or underemployed OR
- Total monthly federal education debt payments, amortized over 10-years, equals or exceeds 20% of monthly gross income AND
- Borrower’s monthly gross income minus total monthly payments, as described above, must be less than 220% of the greater of the monthly wage or the monthly living standard for a family of two living in poverty ($2,420)
Cost of deferment/forbearance calculator

If your loan is not eligible for federal interest subsidies (unsubsidized), this calculator can help you estimate the amount of interest that will accrue during your deferment or forbearance period. Once your deferment or forbearance period ends, the interest that has accrued will be added (capitalized) to your loan balance. However, you may pay the accrued interest at any time during a deferment or forbearance in order to keep your loan balance from increasing.

Note: All PLUS and SLS loans are unsubsidized. To determine if your Stafford or Consolidated loan qualifies for interest subsidies, please contact our Customer Service Department.

(If you get the same answer from this calculator no matter what numbers you enter, you may have a cache problem. See your browser’s online help for instructions on how to clear your cache.)

Current Principal Balance: 
Annual Interest Rate (%): 
(A chart of current interest rates is available.)

Length of Deferment/Forbearance: Days

Calculate  Clear
Internship/Residency Deferments

- “Old Borrower” – at least one loan disbursement prior to 7/1/1993
- Acceptance in internship/residency to obtain licensure
- Certification from higher education institution of health care facility required
- Maximum term 24 months
- Most borrowers no longer qualify (use Economic Hardship Deferment, instead)
Graduate Fellowship Deferment

- Borrower hold at least Bachelor’s Degree
- Engaged in an eligible fellowship program
- No minimum or maximum length requirement
Mandatory Residency Forbearance

- Serving in a medical or dental internship/residency program
- Already exhausted maximum two-year internship deferment (Old Borrower) OR
- Already exhausted maximum Economic Hardship Deferment (New Borrower)
- No payments required (unless borrower request payment extension or temporary reduction in payments)
- 12 month renewable extension (must request in writing every 12 months)
Mandatory Residency Forbearance, cont’d.

• Borrower serving in national service position through National and Community Service Trust Act of 1993 (Yearly Mandatory Residence Forbearance increments)

• Borrower eligible for partial loan payments under the Department of Defense (Mandatory Residence Forbearance yearly increments as long as borrower eligible)
Forbearance

- Temporary postponement of payments or smaller payments.
- Interest only payments
- Monetary relief for principal, interest, or both.
- Not an entitlement. Approved by lender
- Maximum of 12 months
- Use as a last resort, after all other options have expired or failed to qualify
Consequences of Default

- Loss of future Federal loan eligibility
- Adverse credit rating
- Income tax seizure
- Wage garnishment
- Collection costs
Developing a Budget Plan

• Base on minimum salary requirements
• Compare costs with estimated monthly payments
• Estimate with loan payment as a fixed amount.
BudgetCalculators

- Planning and budgeting
- Loan repayment
- Estimated Consolidation payment
- Deferment/Forbearance cost
- Private loan
Planning & budgeting calculator

This worksheet will help you estimate your college expenses and help you balance your college budget. If you find that you may need to borrow money to help pay for college, never borrow more than you need or can afford to pay back after you finish school.

<table>
<thead>
<tr>
<th>Estimating College Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School Costs</td>
<td></td>
</tr>
<tr>
<td>Tuition</td>
<td>$</td>
</tr>
<tr>
<td>Books</td>
<td>$</td>
</tr>
<tr>
<td>Living Costs</td>
<td></td>
</tr>
<tr>
<td>Food, rent, utilities</td>
<td>$</td>
</tr>
<tr>
<td>Entertainment/other</td>
<td>$</td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
</tr>
<tr>
<td>Bus/train, auto (gas, parking, etc), travel home</td>
<td>$</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
</tr>
<tr>
<td>Home/apt., auto, health</td>
<td>$</td>
</tr>
<tr>
<td>Loan Payments</td>
<td></td>
</tr>
<tr>
<td>Mortgage, auto, other</td>
<td>$</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>$</td>
</tr>
<tr>
<td>College Expenses</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Estimating A Balanced College Budget</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>College Expenses</td>
<td>$</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sources Of Money</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings</td>
<td>$</td>
</tr>
<tr>
<td>Work</td>
<td>$</td>
</tr>
<tr>
<td>Grants/Scholarships</td>
<td>$</td>
</tr>
</tbody>
</table>
Maintaining Good Credit

• Pay on time
• Electronic payment methods
• Review Credit report periodically
• Manage debt to income ratio
Address and status changes

• Student responsibility to notify lender/servicer of changes.
• Address changes
• Enrollment status
Payments

- Borrower responsible for payments until deferments or forbearances are approved.
- Benefits of electronic payment methods
U.S. Department of Education
Office of the Ombudsman

- Mediates disputes between borrowers and lenders/servicers concerning loan issues
- Toll free telephone number – 877.557.2575
- Website www.ombudsman.ed.gov
The University of Toledo Health Science Campus
College of Medicine

Student Loan Consolidation

March 14, 2007
Making educational dreams possible

Nelnet presents
A student loan consolidation session

In partnership with:

[University of Toledo logo]

Nelnet
EDUCATION PLANNING & FINANCING
Student loan consolidation topics

- What is a student consolidation loan
- How do I qualify?
- What is the current loan interest rate?
- Terms
- Calculating the interest rate
- Borrower benefits
- Borrower eligibility
- Eligible loan types
- Repayment Plans
- Your Premier Solutions Advisors
- Questions and Answers
What is a student consolidation loan?

• Debt management tool
• Combines multiple eligible student loans into a single new loan
• Fixed interest rate
• Lower monthly payment – longer repayment term
• Flexible repayment terms
• No application or processing fees
• No prepayment penalties
• Interest may be tax deductible
How do I qualify?

If you have several federal student loans and pay several different variable interest rates, you can lock into a single, fixed interest rate for the life of your loan.
Today’s Consolidation Marketplace
Interest rates

Current fixed interest rate*
Stafford 6.8%
PLUS Loans (FFELP) 8.5%
*For loans disbursed on or after July 1, 2006

Current variable interest rates*
Stafford loans during grace 6.54%
Stafford loans during repayment 7.14%

Previous years’ rates

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stafford loans: grace</td>
<td>4.70%</td>
<td>2.77%</td>
<td>2.82%</td>
<td>3.46%</td>
</tr>
<tr>
<td>Stafford loans: repayment</td>
<td>5.30%</td>
<td>3.37%</td>
<td>3.42%</td>
<td>4.06%</td>
</tr>
<tr>
<td>Consolidation rate**</td>
<td>5.375%</td>
<td>3.50%</td>
<td>3.50%</td>
<td>4.125%</td>
</tr>
</tbody>
</table>

**Assumes consolidation loan made of Stafford loans in repayment (Stafford loans disbursed on or after July 1, 1998).
Today’s Consolidation Marketplace

Terms

Term is determined based on balance

$7,500 -- $9,999.99  
$10,000 -- $19,999.99  
$20,000 -- $39,999.99  
$40,000 -- $59,999.99  
$60,000 +

12 Years  
15 Years  
20 Years*  
25 Years  
30 Years

Term is determined based on Consolidation Loan balance plus balances of other education loans.

* A ‘new borrower’ on or after October 7, 1998 with an outstanding principal and interest balance of more than $30,000 may select an extended repayment schedule of 25 years.
Calculating the interest rate

Interest rate is calculated using the weighted average method:

- Fixed Rate vs. Variable Rate
- Term is based on balance
Weighted Average example

Step 1 – Multiply the outstanding balance of each loan to be consolidated by that loan’s current interest rate. A variable rate loan should be included in the calculation at the rate at which the loan is currently accruing.

Loan #1: $3,500 x 7% = $245
Loan #2: $3,200 x 5% = $160
Loan #3: $5,500 x 9% = $495
Weighted Average example (cont’d)

Step 2 – Add the result of Step 1 and divide the sum by the outstanding balance of all loans being consolidated.

$245 + $160 + $495 + $900
$3,500 + $3,200 + $5,500 = $12,200
$900 / $12,200 = .07377 or 7.377%
Weighted Average example (cont’d)

Step 3 – Round the result of Step 2 up to the nearest eighth of one percent, not to exceed 8.25%

7.377% is rounded to 7.5%
Nelnet loan consolidation services

Nelnet Borrower benefits

• 0.25% interest rate reduction if monthly payment is auto-debited from checking or savings account.

• 1% interest rate reduction after 36 initial on-time regular payments.

• No payments for 6 months
Borrower Eligibility

• In grace period or repayment

• If borrower is in default, satisfactory arrangements must be made to ISR (Income Sensitive Repayment)

• Not subject to garnishment on Title IV loan

• No other consolidation loan pending
Eligible federal student loans

- Subsidized Federal Stafford Loans, formerly Guaranteed Student Loans (GSL)
- Unsubsidized and Nonsubsidized Federal Stafford Loans
- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Federal PLUS (Parent Loans)
- Federal Grad PLUS
- Direct PLUS Loans
- Federal Supplemental Loans for Students (formerly Auxiliary Loans to Assist Students (ALAS) and Student PLUS Loans)
- Federal Perkins Loans, formerly National Defense / National Direct Student Loans (NDSL)
- Subsidized Federal Consolidation Loans
- Unsubsidized Federal Consolidation Loans
- Direct Subsidized Consolidation Loans
- Direct Unsubsidized Consolidation Loans, including Direct PLUS Consolidation Loans
- Health Professions Student Loans, including Loans for Disadvantaged Students
- Health Education Assistance Loans
- Federal Insured Student Loans
- Federal Nursing Loans
Repayment Plans

You may choose from the following repayment plans: Standard, Graduated, and Income Sensitive. In addition, you may be eligible to choose an Extended repayment term of up to 25 years if you have loans totaling over $30,000.
Repayment Plans

Standard Repayment.

All Nelnet Consolidation Loans begin with the Standard repayment plan. This program requires a minimum monthly payment of $50. Borrowers start out in Standard repayment, but may request an alternate payment option. This is the most popular choice.
Repayment Plans

Graduated Repayment.

Designed for students who require more discretionary income to get started after college. Graduated repayment begins with a lower monthly payment that gradually increases every two years until your loan is paid off.
Repayment Plans

Income Sensitive Repayment.

Income Sensitive repayment bases monthly payments on an individual's monthly income. This schedule is for a period of 12 months, and is ideal for borrowers who expect their income, thus their ability to make higher monthly payments, to rise with time. To apply, and receive approval for this repayment option, you must submit one month's pay stubs from your most recent, consecutive paychecks (i.e., pay stubs from part of April and part of June would not be acceptable) in order to determine your monthly payment amount. If the appropriate documentation is not received by the time of disclosure, you will be assigned a Standard Repayment plan. Eligibility for the Income Sensitive repayment plan will be determined on a case-by-case basis. You may request to renew this plan annually by documenting your current monthly income.
Repayment Plans

The Nelnet Private Loan Consolidation program only allows the Standard Repayment option. At this time, Graduated, Income sensitive, and Extended payment plans are unavailable.
Your Premier Solutions Advisors

As **preferred customers** you qualify for a Nelnet Premier Solutions Advisor

- One-on-one student debt counseling service
- Personalized assistance with your consolidation loan
- Tips on how you can reduce your monthly payment
Contact Your Premier Solutions Advisor at:
1.866.383.5428

Or

www.alumniconsolidation.nelnet.net
Questions?