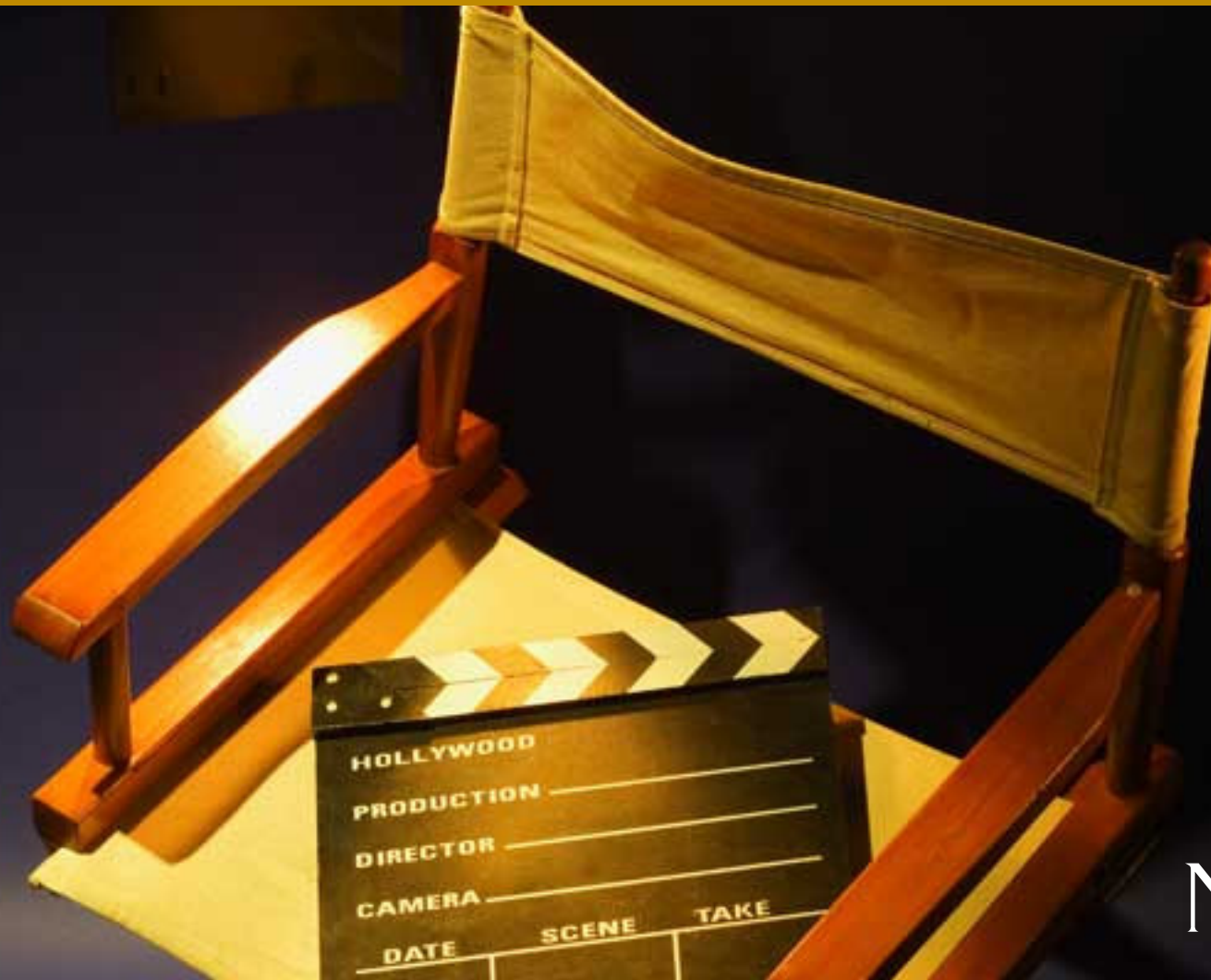


TAKE THE LEAD

DON'T LET YOUR STUDENT LOANS UPSTAGE YOU — EXIT COUNSELING



NOVA®

WELCOME!

- Exit packages contain
 - Information about all loans, federal and private, disbursed on your student account while in attendance at SPU.
 - Paperwork to complete and return to Student Financial Services.
- Terms and conditions for private loans vary by lender and will not be covered in this presentation

MEET YOUR STUDENT LOANS

- Stafford Loans
 - Subsidized and unsubsidized
 - Interest rate
 - Grace period
 - Repayment

MEET YOUR STUDENT LOANS

- Campus Based Loans
 - Perkins
 - Nursing
 - SPU Institutional
- Default
- Loan Consolidation
- Spending leaks

KEY TIPS

- Keep people informed
 - Make sure loan holder and school know your address and phone number
 - Graduating students are highly mobile
- If you need help, ask!
 - Federal loans have many options that help borrowers

STAFFORD LOAN TYPES

- Subsidized Stafford Loans
 - Government pays interest while you're in school and during grace
 - Borrower responsible for interest payments during repayment
- Unsubsidized Stafford Loans
 - Borrower always responsible for interest
 - Unpaid interest is capitalized — added to your balance

STAFFORD CANCELLATION

- Cancellation benefits available for teaching:
 - Up to \$5,000 for teaching in a low income school.
 - Up to \$17,500 for certain mathematics, science and special education teachers.
- Information about this benefit is available through your loan servicer, at www.studentaid.ed.gov or by calling 1-800-USA-LEARN (1-800-872-5327)

INTEREST RATES

- Loans disbursed July 1, 2006 through June 30, 2008:
 - Fixed at 6.8%
- Loans disbursed July 1, 1998 – June 30, 2006:
 - Variable rate with 8.25% ceiling
 - Subject to change each July 1
 - Current rates:
 - 6.62% while in school or grace period
 - 7.22% while in repayment

Grad PLUS

- Federal unsubsidized loan
- Fixed interest at 8.5%
- No grace period
- In-school deferment
- Repayment terms
- Eligible for consolidation

WHO HAS MY LOAN?

- Guarantor
 - Agency that insures your loan against default
- Loan holder
 - Institution that owns your loan

WHO HAS MY LOAN?

- Secondary market
 - Purchases existing student loans so lenders have capital to make more student loans
- Servicer
 - Manages student loan accounts for lender

YOU'VE GOT GRACE

- Six-month grace period
- Begins when you:
 - Graduate
 - Drop below half time
 - Withdraw
- If you return before all of the grace period is used, you still have the full 6 months

REPAYMENT OPTIONS

- Standard
- Graduated
- Income-sensitive
- Extended

HOW MUCH WILL YOU PAY?

- Repayment and disclosure statement
 - Arrives toward end of grace period
 - Shows your:
 - Monthly payment (minimum payment: \$50.00)
 - Payment due dates
 - Length of repayment
 - Current variable interest rate
- Repayment calculators — www.nela.net
 - [Link to Calculators](#)

HOW MUCH WILL YOU PAY?

■ Sample monthly repayments:

- Standard repayment option.
- Subsidized Stafford loan.
- 6.8 percent fixed interest rate.
- No processing or guarantee fees.
- Ten-year repayment period after a six-month grace period.

Loan Amount (Principal)	Estimated Monthly Payment	Total Interest	Total Principal and Interest
\$3,500	\$50	\$971	\$4,471
\$10,000	\$115	\$3,810	\$13,810
\$19,000	\$219	\$7,238	\$26,238

Source: www.salliemae.com/apps/SMCalcs/RCW/content/index.aspx.

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Campus Based Loans

■ Perkins

- Federal subsidized loan
- 5% fixed interest
- 9 month grace period
- Minimum payment: \$40.00
- Between 5 and 10 years to repay
- Cancellation Benefits
- Unlimited in-school deferment if enrolled at least half-time at an eligible institution.

CAMPUS BASED LOANS

■ Nursing Student Loans

- Federal subsidized loan
- 5% fixed interest
- 9 month grace period
- Minimum payment: \$40.00
- Between 5 and 10 years to repay
- In-school deferment when enrolled at least half-time in a program leading to a BA or graduate degree in nursing or other advanced training.

CAMPUS BASED LOANS

- SPU Institutional Loan
 - Private loan (subsidized by SPU)
 - 5% fixed interest
 - 6 month grace period
 - Minimum payment: \$50.00
 - Between 5 and 10 years to repay
 - In-school deferment only if enrolled at least half-time at SPU

CAMPUS BASED LOANS

- Serviced by Campus Partners
 - Office location: Winston-Salem, NC
 - 1-800-334-8609
 - www.mycampusloan.com
 - Assistance for Perkins, Nursing and SPU
Institutional loans is also available in Student
Financial Services

HOW MUCH WILL YOU PAY?

- Average SPU undergraduate federal loan indebtedness: \$17,532
 - Potential monthly payment*
 - Monthly payment \$ 201.75
 - Total Interest \$ 6,679.06
 - Total Cost of Loan \$24,211.06
 - Minimum annual salary needed to handle these payments: \$30,263

* Based on Stafford Loans only with a 10-year repayment term, fixed interest of 6.8%

DEFERMENT

- ■ Temporarily postpone monthly payments
 - Unemployment (Perkins 36 month /Stafford 24 month max.)
 - Economic hardship (Perkins 36 month max.)
 - At least half-time enrollment (unlimited if half-time or greater at an eligible institution)
 - Rehabilitation training program for disabled individuals (must be approved by Dept. of Ed.)
 - Graduate fellowship
 - Military service
- ■ Government pays interest on subsidized Stafford and Perkins Loans

FORBEARANCE

- Temporary postponement or reduction of student loan payments
- Holder not required to grant forbearance
- Borrower responsible for interest

WHAT IF I DEFAULT?

- Default means no loan payments made for 270 days or more for Stafford loans; 120 days or more for Campus Based loans.
 - Not eligible for future Title IV aid
 - Bad credit
 - Income tax refunds withheld
 - Wages garnished
 - State-issued licenses withdrawn
 - Ongoing collection activities

AFTER DEFAULT

- ■ Make on-time, voluntary monthly payments
 - 3 payments – allows federal loans to be consolidated
 - 6 payments – allows you to take certain types of federal financial aid
 - loan rehabilitation
 - 9 payments for Stafford loans
 - 12 payments for Perkins & Institutional loans
 - Loan returned to lender
 - Default removed from credit rating

LOAN CONSOLIDATION

- May be utilized to help you manage your loan repayment responsibilities
- Combines several loans into one
- May extend your repayment period

Amount Consolidated	Maximum Repayment Period
\$7,500 - \$9,999	12 years
\$10,000 - \$19,999	15 years
\$20,000 - \$39,999	20 years
\$40,000 - \$59,999	25 years
\$60,000 and higher	30 years

CONSOLIDATION

■ Pros

- Combines several loans into 1 new loan
- You make 1 monthly payment
- Lowers monthly payment
- Interest rate is fixed
- Subsidy retained on portion of loan that were initially subsidized Stafford Loans

CONSOLIDATION

■ Cons

- Increases interest costs due to longer term
- Increases total amount repaid
- Fewer options for cancellation and forgiveness
 - Cancellation benefits for full-time employment in certain fields will not be carried over to a consolidation loan. Information about cancellation may be found at [www. studentaid.ed.gov](http://www.studentaid.ed.gov)
- Perkins loans lose their subsidy when included in consolidation

CONSOLIDATION

- Must have at least 1 eligible loan to qualify
 - Federal Stafford Loans
 - Federal Perkins Loans
 - Health Professional Student Loans (HPSL)
 - Nursing Student Loans
 - Health Education Assistance Loans (HEAL)
 - Existing Federal Consolidation Loan

CONSOLIDATION

- Ineligible loans
 - Private or alternative student loans
 - Your parent's PLUS Loans

CONSOLIDATION

- Qualifying status
 - Borrower cannot be enrolled in school
 - Borrower cannot be in default on any loans
 - Make satisfactory repayment arrangements
 - Agree to income-sensitive repayment plan
 - Borrower must not be subject to a judgment or wage garnishment on the Title IV loan(s).

CONSOLIDATION

- Repayment considerations
 - Repayment term extended
 - May make monthly payment more reasonable
 - Costs more in the long run
 - Repayment calculators
 - www.nela.net
 - Link to Calculators

CONSOLIDATION EXAMPLE

Weighted Interest Example:

Rounded up to the nearest 1/8 percent

AMOUNT	LOAN TYPE	INTEREST RATE
\$12,000	Perkins Loans	5.0%
\$20,000	Stafford Loans (variable)	7.22%*
\$30,000	Stafford Loans (fixed rate)	6.8%
\$10,000	Health Professions Student Loans	5.0%
\$72,000	Consolidation Loan	6.38%

* Current rate during repayment, subject to change each July 1.

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CONSOLIDATION EXAMPLE

- If you only have fixed rate Stafford loans, the interest rate will actually be higher if you consolidate the loans: 6.875%

CONSOLIDATION EXAMPLE

\$72,000 student loan debt with various lenders/servicers:

AMOUNT	LOAN TYPE	TERM	PAYMENT
\$12,000	Perkins Loans (undergraduate)	120	\$127.28
\$20,000	Stafford Loans (undergraduate)	120	\$230.16
\$30,000	Stafford Loans (graduate)	120	\$345.24
\$10,000	Health Professions Student Loan	120	\$106.07

LOAN TYPE	BALANCE	PAYMENT	TERM	TOTAL REPAID
Not consolidated	\$72,000	\$808.75	120	\$97,049.37

CONSOLIDATION EXAMPLE

- Consolidation extends the repayment term
 - You pay more if you use the full term
 - You can pay the loan off early with no penalty

LOAN TYPE	BALANCE	PAYMENT	TERM	TOTAL REPAID
Not consolidated	\$72,000	\$808.75	120	\$ 97,049.37
Consolidated	\$72,000	\$449.19	360	\$161,704.93
Consolidated	\$72,000	\$617.34	180	\$111,122.53

CONSOLIDATION

- If unable to find a FFEL lender, you may consolidate with Direct Loans (www.loanconsolidation.ed.gov)

BUDGETING

- How much money will I earn?
- How much money will I spend?
- Do I have a surplus or deficit?

Income
– Expenses

= Surplus
or Deficit?

PROBLEM SPENDING

- Restaurants and fast food
- Entertainment and vacations
- Clothing
- Gifts
- Unaccounted cash

SPENDING STOPPERS

- Leave your credit cards at home
- Write down cash purchases on back of ATM receipt
- Resist easy credit
- Eat out less often
- Use budget calculator on our Web site
 - Go to the Calculators link on www.nela.net

YOUR RIGHTS

- At least 5 years to repay
- Pay off loans at any time
- Additional repayment options
- Deferment
- Loan cancellation in the event of:
 - Death
 - Permanent disability
 - School closes
 - School falsifies certification or forges your signature

YOUR RIGHTS

- Notification when loan changes hands
- Questions answered
- Exercise consumer protection rights
- Complete and truthful information
- Track your Stafford and Perkins loans
 - www.nslds.ed.gov
- Credit report will list all loans (private and Federal Nursing loans)
 - www.annualcreditreport.com

YOUR RESPONSIBILITIES

- Make payments on time
- Repay loan
- Keep school(s) and loan holder(s) informed
- Refer payments and inquiries to the appropriate loan holder or servicer
- Know your loan terms
- Ask for help if you need it

TOOLS AND RESOURCES

- Mapping Your Future
 - www.MappingYourFuture.org
- Department of Education
 - www.ed.gov
- National Student Loan Data System
 - www.nslds.ed.gov (Stafford & Perkins loans)
- NELA (800.562.3001)
 - www.nela.net

TOOLS AND RESOURCES

- Student Financial Services www.spu.edu/sfs
 - Loan Repayment
 - Forms
 - Loan Consolidation
 - Personal Budgeting

QUESTIONS?

NELA®

800.979.4441

www.nela.net

