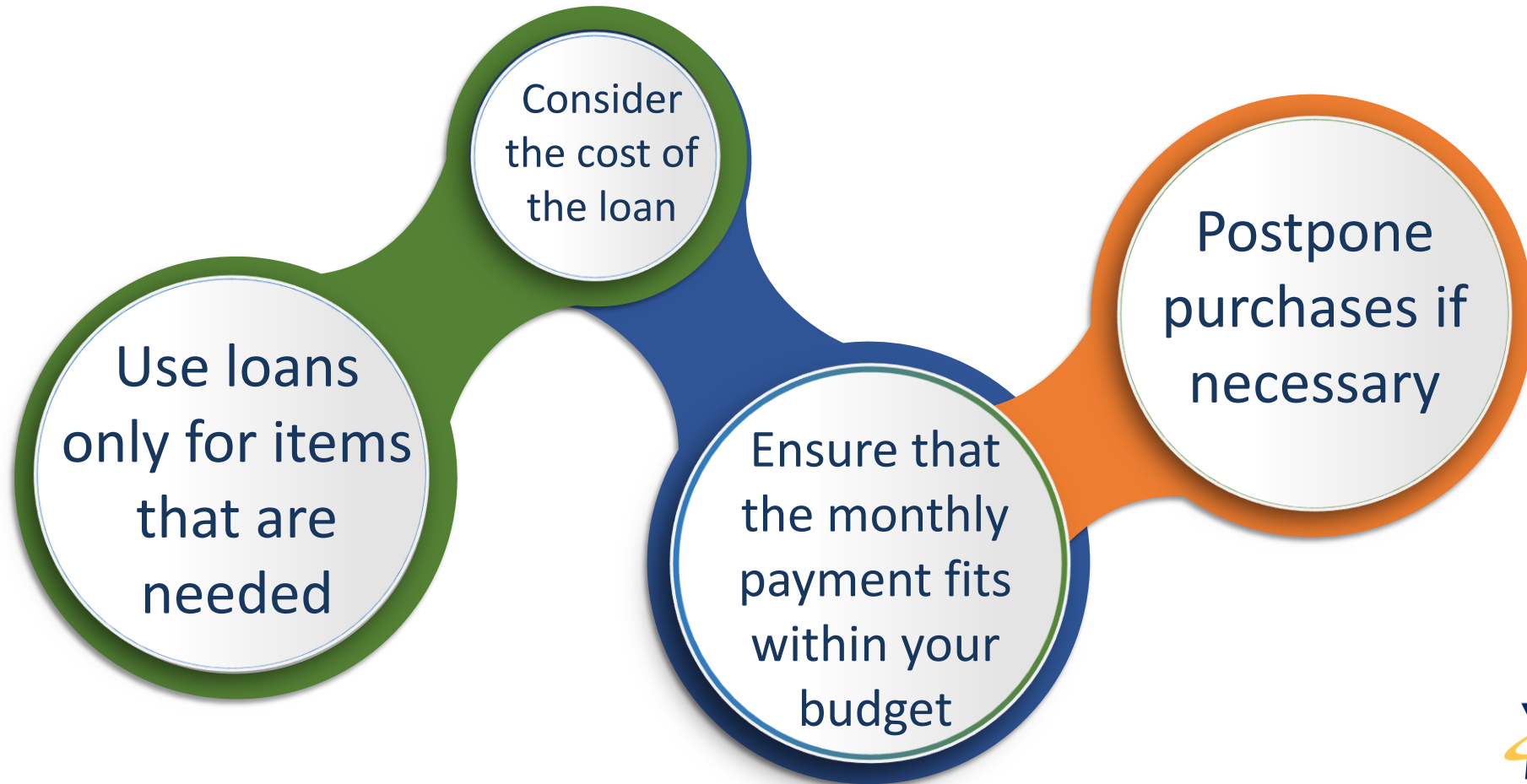


Student Loans Overview

Andre Maglione
2019



Borrow smart – Guidelines for managing debt



Debt/Salary Wizard

Debt / salary wizard

Decide how much you can borrow (debt/salary wizard)

Use this interactive calculator to determine the following:

- How much you can afford to borrow in student loan funds based on your future expected earnings.
- The salary you will need in order to afford your student loan payments.

If you enter the salary you anticipate earning upon graduation, the calculator will calculate the maximum amount of student loan debt you should borrow. If you enter the current amount borrowed in student loans and the amount you anticipate borrowing throughout your college career, the calculator will return the salary required to make payments on this debt.

Note: This calculator is based on the recommendation that your student loan payment be no more than 8 percent of your gross earnings. The calculations do not take into consideration a high amount of credit card or other debt.

Debt Wizard

How much can I afford to borrow in student loans based on a certain salary?

Expected salary:

Hourly

Interest rate:

Repayment period: (years)

*Do not enter dollar signs, percent signs or commas.

How much salary do I need to support my student loan debt?

Current amount borrowed:

Future borrowing needs:

Interest rate:

Repayment period: (years)

*Do not enter dollar signs, percent signs or commas.



**Mapping
Your Future®**
MappingYourFuture.org

MappingYourFuture.org/paying/debtwizard

Student loan repayment calculator



Use your future federal student loan payments using the calculator below.

Enter your Number of Monthly Payments, Simple Interest Rate and Principal Amount of Loan.

What you should know:

- Your actual payment amount will be determined by your loan holder and will be based on the amount that you borrowed. However, most loan programs require at least a \$50 payment each month, no matter how small your loan amount.
- Your interest rate will depend on your loan type and when you received the loan.
- The calculator is preset to 120 months and an interest rate of 6.8 percent. You may adjust these as needed.
- It is recommended that your student loan payment be less than 8 percent of your gross income. The minimum salary field is based on this recommendation.

Number of Monthly Payments	<input type="text" value="120"/>
Simple Interest Rate	<input type="text" value="6.8"/>
Principal Amount of Loan	\$ <input type="text"/>
Your Monthly Payment Will Be	\$ <input type="text"/>
Your Total Interest Cost Will Be	\$ <input type="text"/>
Minimum annual salary to handle these payments: \$ <input type="text"/>	
<input type="button" value="Compute Payment and Cost"/>	
<input type="button" value="Reset"/>	

**Mapping
Your Future®**
MappingYourFuture.org

MappingYourFuture.org/paying/standardcalculator.cfm

Borrow smart – all student loans

Understand the obligation:

- You must repay loans
- You can prepay the loans
- You will begin repayment after grace period
- You must notify loan servicer of any changes
- You must communicate with servicer when payment problems arise

Borrow smart – all student loans

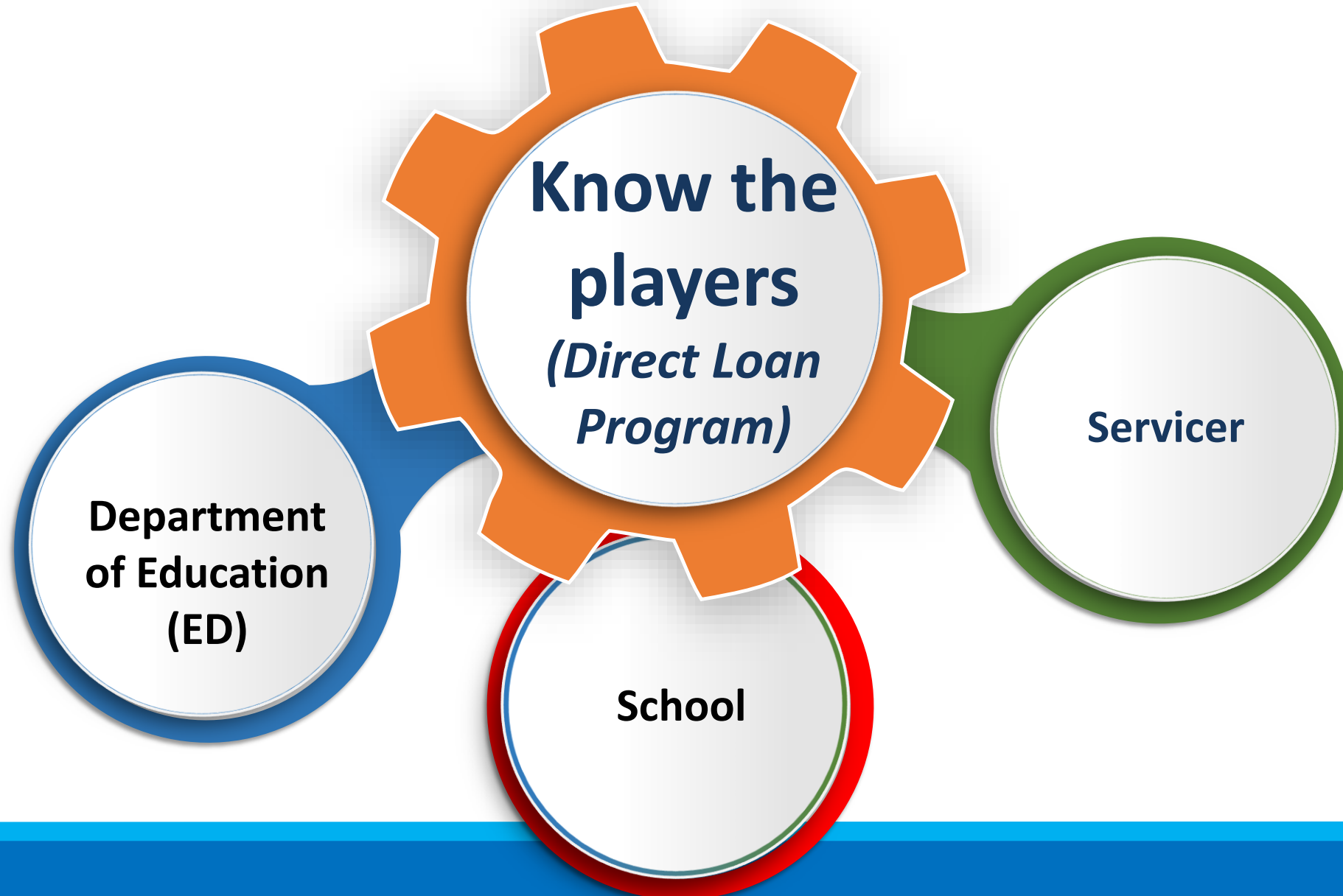
Understand the consequences of delinquency and default:

- Impact to credit, wages and tax refunds
- Increased cost of loan
- Ineligibility for additional financial aid
- Legal action

Different Types of Student Loans

1. Federal Direct Student Loans
2. New Jersey College Loan to Assist State Students (NJCLASS)
3. Federal Parent PLUS loan (FPLUS)
4. Private For-profit lenders

Borrow smart – Federal student loans



Federal Student Loan Basics

- File your Free Application for Federal Student Aid (FAFSA)
- Complete Entrance Counseling online at www.studentloans.gov
- Complete the students Master Promissory Note (MPN) online at www.studentloans.gov

This is a preview of the electronic process for the Federal Direct Subsidized/Unsubsidized Master Promissory Note (MPN).
This document is intended for preview purposes only and cannot be submitted for processing.

 **Master Promissory Note**
Direct Subsidized Loans and Direct Unsubsidized Loans
William D. Ford Federal Direct Loan Program

OMB No. 1845-0007
Form Approved
Exp. Date 04/30/2019

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

BEFORE YOU BEGIN

Before you begin, read the **Instructions** on page 14 of this Master Promissory Note.

BORROWER INFORMATION

Borrow smart - Federal student loans

Keep track of your Federal loans:

National Student Loan Data System (NSLDS)

www.nslds.ed.gov

(800) 999-8219

Requires FSA ID

Borrow smart - Federal student loans

Know your repayment options & the effect of your overall cost of borrowing:

- Standard
- Graduated
- Income-contingent for Direct Loans
- Pay as You Earn (PAYE) for Direct Loans
- (REPAYE) for Direct Loans
- Income-sensitive for Federal Stafford Loans
- Income-based
- Extended

Federal Direct Student loan Calculator:

<https://studentloans.gov/myDirectLoan/repaymentEstimator.action>

Borrow smart - Federal student loans

Federal Student Loan

Repayment Plan Summary

Billy Borrower has \$40,000 in Direct Loan debt, which has a 6% interest rate. His income is \$35,000, he is single, and he lived in New Jersey. His income increases at a rate of 5% per year.

Repayment Plan	Initial Payment	Final Payment	Time to Repay	Total Paid	Additional Loan Cost Over the Standard Plan
Standard	\$444	\$444	10 years	\$53,290	\$0
Graduated	\$254	\$762	10 years	\$56,848	\$3,558
Extended – Fixed	\$258	\$258	25 years	\$77,316	\$24,026
Extended – Graduated	\$200	\$388	25 years	\$84,115	\$30,825
Revised Pay As You Earn*	\$143	\$507	20 years	\$71,172	\$17,882
Pay As You Earn*	\$143	\$444	20 years	\$69,967	\$16,677
Income-Based*	\$215	\$444	15 years, 6 mos.	\$65,407	\$12,117
Income-Contingent*	\$315	\$373	15 years	\$61,484	\$8,194

*Income-Driven Repayment Plans

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND™

Borrow smart - Federal student loans

Know your repayment tools



Public Service Loan Forgiveness for Federal Student Loans

The PSLF Program forgives the remaining balance on your Federal Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

For more info, please visit:

<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service#qualify>

Options for Covering Your Unmet Financial Aid Shortfall



When you have Unmet Need: Self-Help Loans & Gap Shortfall Solutions

FEDERAL DIRECT STUDENT LOAN

Federal Direct Loan Program (1st year dependent)

- Subsidized Stafford Loan **\$3,500** (need-based)
- Unsubsidized Stafford Loan up to **\$2,000** additional

2019-20 - Federal Direct Undergraduate Direct Loans are **4.53%** plus a **1.062%** origination fee, for subsidized and unsubsidized loans

Subsidized loans: interest free until 6 months after the student leaves school (eligibility for subsidized federal loans is based on financial need).

Aggregate Undergraduate Loan Limit

\$31,000 for all college years (for a dependent student).

Note: No more than \$23,000 of this amount may be in subsidized loans).

Annual Maximum Federal Direct Loan

Freshman:	\$5,500
Sophomore:	\$6,500
Junior:	\$7,500
Senior:	\$7,500

Private Loans and Co-Signers

Do not take out private loans until federal loan options have been exhausted. There are important differences between federal and private loans that should be considered.

If a student is the primary borrower of a private student loan, a lender may require a student to have a co-signer—generally someone with an established credit history. Co-signers share equal responsibility to repay the debt. If the student borrower is unable to make payments, the co-signer must make them. The loan will also likely appear on both the student's and co-signer's credit reports, which could affect the cosigner's credit score and ability to obtain other loans. Debt collectors can pursue collection from the student borrower and the co-signer.

Ninety percent of private student loans have co-signers, often the student's parents or other family members. Before you decide to co-sign a loan, be sure you understand your responsibilities.

If you are a student considering asking someone to co-sign a student loan for you, you should assume that the co-signer will need to make the payments. Consider their ability to repay the loan over the life of the loan. Factor in any anticipated changes in their financial situation, such as retirement.

Options for Unmet Need After Borrowing Maximum Federal Direct Student Loans

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State of NJ - NJCLASS Family Supplemental Loan Program 2019-20

- Can borrow up to the cost of attendance
- Student or Parent can be the borrower – borrower or cosigner must have a minimum income of \$40,000 annual income and a minimum credit of 670 or higher.
- Never pay a penalty for early prepayment
- Includes loan discharge for death and total and permanent disability of student beneficiary
- Includes repayment assistance options such as Deferments, RAP and HIARP
- Families pick the repayment option that is right for them
- Includes Consolidation and Refinance options after the student is out of college
- See www.hesaa.org/njclass for more information

NJCLASS 10-Year Fixed Interest Rate

3.99% / 4.89% APR

.25% additional reduction for Auto Pay

- ✓ Immediate repayment of principal & interest while in school
- ✓ 3% Loan Administration fee

NJCLASS 15-Year Fixed Interest Rate

4.49% / 5.27% APR

.25% additional reduction for Auto Pay when in full repay.

- ✓ interest only payments while in school
- ✓ 3% Loan Administration fee

NJCLASS 20-Year Fixed Interest Rate

6.50% / 7.04% APR

.25% additional reduction for Auto Pay when in full repay.

- ✓ Full deferment while enrolled at least half time in school
- ✓ 3% Loan Administration fee

Options for Unmet Need After Borrowing Maximum Federal Direct Student Loans

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B

Federal Government Parent PLUS Loan Program 2019-20

- Can borrow up to the cost of attendance
- Only Parent can be the borrower – must meet credit worthiness test.
- Never pay a penalty for early prepayment
- Includes loan discharge for death and total and permanent disability of parent beneficiary
- Can choose if qualified varying repayment plans that can extend repayment, see www.studentaid.ed.gov
- Families pick the repayment option that is right for them
- If a parent is declined a Federal Parent PLUS loan, the student can receive up to an additional \$4,000 in unsubsidized loans

Federal Government Parent PLUS Loan 10-Year Fixed Interest Rate

7.08% / 8.07% APR

- ✓ Immediate repayment of principal & interest while in school or interest only while in school or full deferral while in school
- ✓ 4.236% Loan Administration fee

Options for Unmet Need After Borrowing Maximum Federal Direct Student Loans

Private For-Profit Bank Education Loans 2019-20

- Examples: Discover, Wells Fargo, Sallie Mae, PNC, Citizens Bank, and others
- Can borrow up to the cost of attendance
- Student or parent can be the borrower
- Never pay a penalty for early prepayment
- Includes loan discharge for death and total and permanent disability of student beneficiary
- May include repayment assistance options (see each lender for more information)
- Families pick the repayment option that is right for them. However rates will vary depending on your credit score and debt-to-income evaluation by each lender.
- According to Sallie Mae, investor presentation in the second quarter of 2019, the private education loan yield is 9.03%

Private For-Profit Bank 5 to 15 Year Variable Interest Rate **Libor plus 3.87% to Libor 12.88%**

- ✓ Immediate repayment of principal & interest while in school or interest only while in school or full deferral while in school
- ✓ 0% Loan Administration fee

Private For-Profit Bank 5 to 15 Year Fixed Interest Rate **5.24% to 12.88%**

- ✓ Immediate repayment of principal & interest while in school or interest only while in school or full deferral while in school
- ✓ 0% Loan Administration fee

Private Student Loans

Private loans do not have the same borrower protections and flexible repayment options as federal loans. You should exhaust your federal loans and other financial aid options, such as scholarships and work study, before using private loans to pay for your education.

Private loans are made by state agencies, banks, credit unions and other financial institutions, and sometimes the schools themselves. Rates and terms for private loans are not as closely regulated as federal loans which means they are generally riskier and more expensive. Many private loans have variable or changing interest rates, which will impact the amount of your monthly payments. Many also require a co-signer, who is equally responsible for ensuring that loans are repaid.

If you need to use a private loan, shop around and compare your options before choosing a lender. Make sure you understand the terms of your loan —especially the interest rate, when default occurs, and fees and penalties, as well as any available benefits.

The Consumer Financial Protection Bureau (CFPB) has authority over most private student lenders, and has a complaint system that borrowers can use if they are having trouble with their private student loans. The CFPB's complaint system is available at:

<http://www.consumerfinance.gov/complaint/>

NJCLASS & Federal PLUS Loan Options Side-by-Side

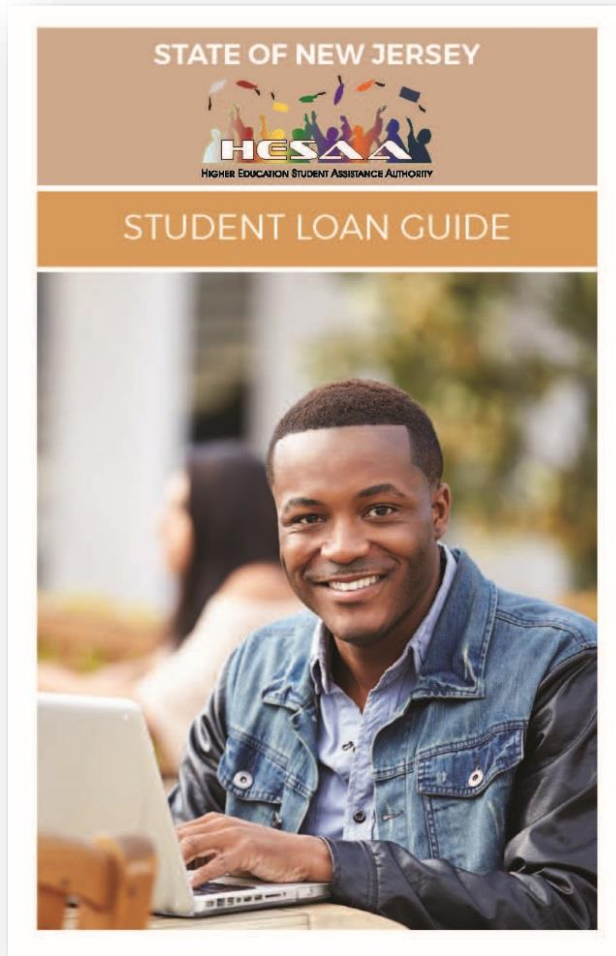
*The Federal PLUS loan is not your only option.
Consider an NJCLASS family loan for your academic needs.*



Compare 2018-19 Rates: State of New Jersey NJCLASS vs. Federal PLUS		
Loan Type	NJCLASS 10 Year- Fixed Rate Loan†	Federal PLUS Loan
Who Can be a Party to the Loan	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may cosign the loan.	Parent Only
Repayment Option	Immediate repayment of principal & interest	Immediate repayment of principal & interest
Loan Type	Fixed	Fixed
Sample Loan Amount Requested – can borrow up to cost of attendance – minus other aid	\$16,000	\$16,000
Total Amount Borrowed (Including Fees)	\$16,480	\$16,682.24
Interest Rate/APR	4.79%/5.50%	7.60%*/8.55%
Loan Fee	3.00%	4.264%*
Years in Repayment	10 years (120 months)	10 years (120 months)
Payment while in School (Assuming One Loan Only)	\$173.96	\$198.85
Payment when out of School (Assuming One Loan Only)	\$173.96	\$198.85
Total finance charges & administrative fee (Assuming One Loan Only)	\$4,875	\$7,862
Total Cost of Loan	\$20,875	\$23,862
Estimated cost of borrowing over 4 years, at \$16,000 per year, assuming that the interest rate is the same from year to year.	\$695.84 per month \$83,500.00 over life of loans	\$795.40 per month \$95,444.00 over life of loans

* For any loan disbursement on or after July 1, 2018 and before June 30, 2019

For more information



Student Loan Guide

https://www.hesaa.org/Documents/Student_Loan_Guide.pdf

In Spanish:

https://www.hesaa.org/Documents/Publications/Student_Loan_Guide_spanish_web.pdf

Questions



Higher Education Student Assistance Authority