

# Student Loans & Repayment

Focus on the outcome



Presented By  
Fred Amrein

---

---

---

---

---

---

---

---

## Haverford HS College Financial Aid Programs



Paying for College 10/10  
Loans & Repayment 10/17  
Saving For College 10/24

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Disclaimer

Amrein Financial is an independent, fee only Registered Investment Advisory Firm. Any of the financial products discussed today are not a recommendation to purchase. You should consult with a financial professional or tax expert before making any investment decision. Past performance is no guarantee of future performance.

Presented by EFC PLUS

---

---

---

---


---

---

---

---

## Agenda



- Financial Aid Review
- Importance of Debt Structure
- Repayment and Forgiveness
- Life after Graduation
- Conclusion

Presented by Amrein Financial

---

---

---

---

---


---

---

---

## Current Environment

- Current debt exceeds \$ 1.2 trillion
- Larger than car or credit card debt
- Increase dissatisfaction
- Impact on other financial aspects
- Headlines versus Reality



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Need Based Financial Aid

Based on a "needs analysis" formula

School:	1	2
Total College Costs	\$20,00	\$40,000
Expected Family Contribution (EFC)	- 25,000	- 25,000
Financial Need	- 0 -	\$15,000
School Package	\$ 5,500	\$12,000

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Your Financial Award

Based on a "needs analysis" formula

School:	1	2
Subsidized Stafford Loans	\$ - 0 -	\$3,500
Unsubsidized Stafford Loan	\$5,500	\$2,000
Work Study	- 0 -	\$1,500
College Grant	- 0 -	\$5,000
School Package	\$5,500	\$12,000

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Why are you going to college?

- Get a job or career
- Learn more or stepping stone
- Peer pressure of education
- Not sure



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Importance of Cash Flow



- Complete the FAFSA each year
- Determines debt structure
- Importance of a 4 year plan
- High reason for transfer
- Loan repayment impact

Presented by EFC PLUS

---

---

---

---

---

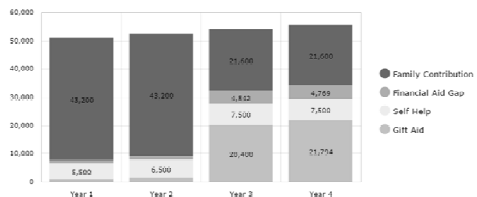
---

---

---

## Financial Aid Award

Projected Financial Award

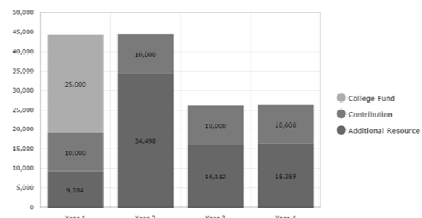


Presented by EFC PLUS

## Understanding Cash Flow

### YOUR FUNDING SOURCE ANALYSIS

With Stafford Loans Included



Presented by EFC PLUS

## Reviewing Your Financing Options

### Financing Option Analysis

Stafford Limit	\$5,500	\$6,500	\$7,500	\$7,500	\$27,000
Other Student Loans					
Other Financing Amount	\$9,284	\$34,498	\$16,142	\$16,369	\$76,293

### Parent Direct or Indirect Legal Responsibility

These are the three most common financing options to fund the additional resources needed. You will select one or a combination of the three.

			Monthly Payment at Graduation
PLUS Loan	0.31%	10	\$800
Home Equity	4%	10	\$779
Alternative (Variable) (Private Student Loan)	6%	10	\$854

Presented by EFC PLUS

## Federal College Financing Options

- Use Federal Student Loans First
- Perkins
- Stafford Loan
  - Progressive amount
  - Subsidized & Unsubsidized
- Parent PLUS Loans
- Grad PLUS & Stafford
- Loan Limits per year & total



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Alternative Financing Options

- Private Student Loans
- New Alternative Loans
- Parent Personal Loans
- Home Equity
- Retirement Account



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Financing Cost of Borrowing

- Administrative fees
- Federal rate is semi- variable
- Private student loans are variable
- Home equity are both
- Retirement accounts normally fixed
- Need to know net cost of money



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Loan Repayment & Forgiveness

- Students have better options
- 8 different federal methods
- Private loans offer limited options
- Loan forgiveness is for federal loans
- Loan forgiveness is often taxable
- Will affect other personal decisions



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Loan Repayment Methods

- Standard
- Graduated
- Extended & Graduated Extended
- Income Based Determined Methods
  - Income Based Repayment (IBR)
  - Pay as You Earn (PAYE)
  - Repay as You Earn (REPAYE)
  - Income Contingent (ICR)
  - Income Sensitive (ISR)



Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Loan Repayment Complexities

- Staying current is critical
- Colleges and Services will normally recommend lowest payment
- Negative loan amortization (Balance Increasing)
- Impact other financial decision
  - Tax filing
  - Other personal financing
  - Career decisions
  - Increased taxes

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Loan Consolidation

- Simplifies repayment process
- Parent PLUS should consolidate by child
- Federal and Private can not be combined
- Direct loans are the only loans forgiven under Public Service Loan Forgiveness Program
  - Need to be specific
  - Forgiveness credited payments maybe lost

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Federal Loan Forgiveness

- Only certain repayment methods qualify
- Need to consider life changes in decision
- Education and Medical area have advantages
- Could be taxable
- Public Service Loan Forgiveness (PSLF)
- Need to maintain excellent records
- Payments do not need to sequential

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Repayment & Forgiveness

	IBR	IBR	Standard 10 Year	Extended Repayment
Salary/Adjust Gross Income	15,000	35,000	35,000	35,000
Minimum Payment	0	234	288	191/20 years
Interest Paid	Negative Amortization		9,524	20,802
Total Paid	Variable	Variable	34,524	45,802
Loan Forgiveness	Yes	Yes	Yes/No	No

Assumes \$25,000 in Stafford Loans and Consolidated in Direct Federal Program.

Presented by EFC PLUS

---

---

---

---

---

---

---

---

## Life after Graduation

	Stafford only	%	Stafford & Private	%
Annual Salary	\$ 35,000		\$ 35,000	
Federal Taxes	7,800	23	7,800	23
State Taxes	1,100	3	1,100	3
Net Pay	26,100	74	26,100	74
Loan Repayment	3,575	10	12,215	35
Car Expense (400/month)	4,800	14	4,800	14
Net Available (Annual)	17,725	50	9,085	26
Net Available (Monthly)	1,477		757	

Not included is health insurance, rent, living expenses, retirement or saving for future

---

---

---

---

---

---

---

---

---

---

## Conclusion

- Who is legally responsible for the debt
- Impact of other personal decisions
- Headlines versus reality
- Understand your options
- Short term versus long term
- Default is not an option



Presented by EFC PLUS

---

---

---

---

---

---

---

---

---

---

## Questions

**EFC  PLUS**  
*The College Funding Solution*

**Fred Amrein**  
 610 978 3100  
[www.EFCplus.com](http://www.EFCplus.com)

---

---

---

---

---

---

---

---

---

---