



Excellence is just the beginning.

Rush University

Office Of Student Financial Aid Exit Counseling

**Office of Student
Financial Aid
2022**



Master Promissory Note (MPN)

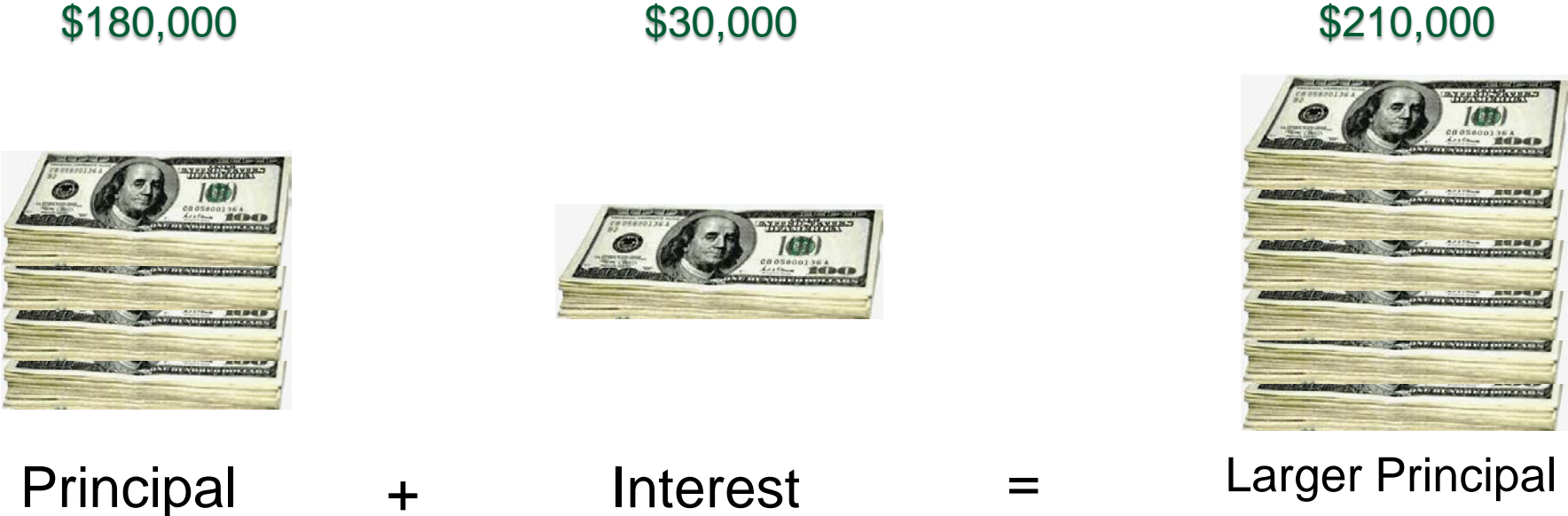
- Legal agreement between the student and lender
- The MPN is a simplified contract for Federal Direct Student Loans
- Contact your lender/servicer for MPN copies

Grace Period

- Time between when the borrower graduates/leaves school/drops below half-time enrollment and enters repayment
- No payment required during this time
- Timeline
 - 6 months for federal and institutional loans
 - 9 months Federal Perkins Loans, Federal Nursing Loans, and Nurse Faculty Loan Program

Capitalization

- Interest begins to accrue when your loan disburses
- At the end of the year, **all unpaid interest is added to the outstanding principal**
- Occurs initially when you enter repayment, and every year after that



Lender vs Servicer

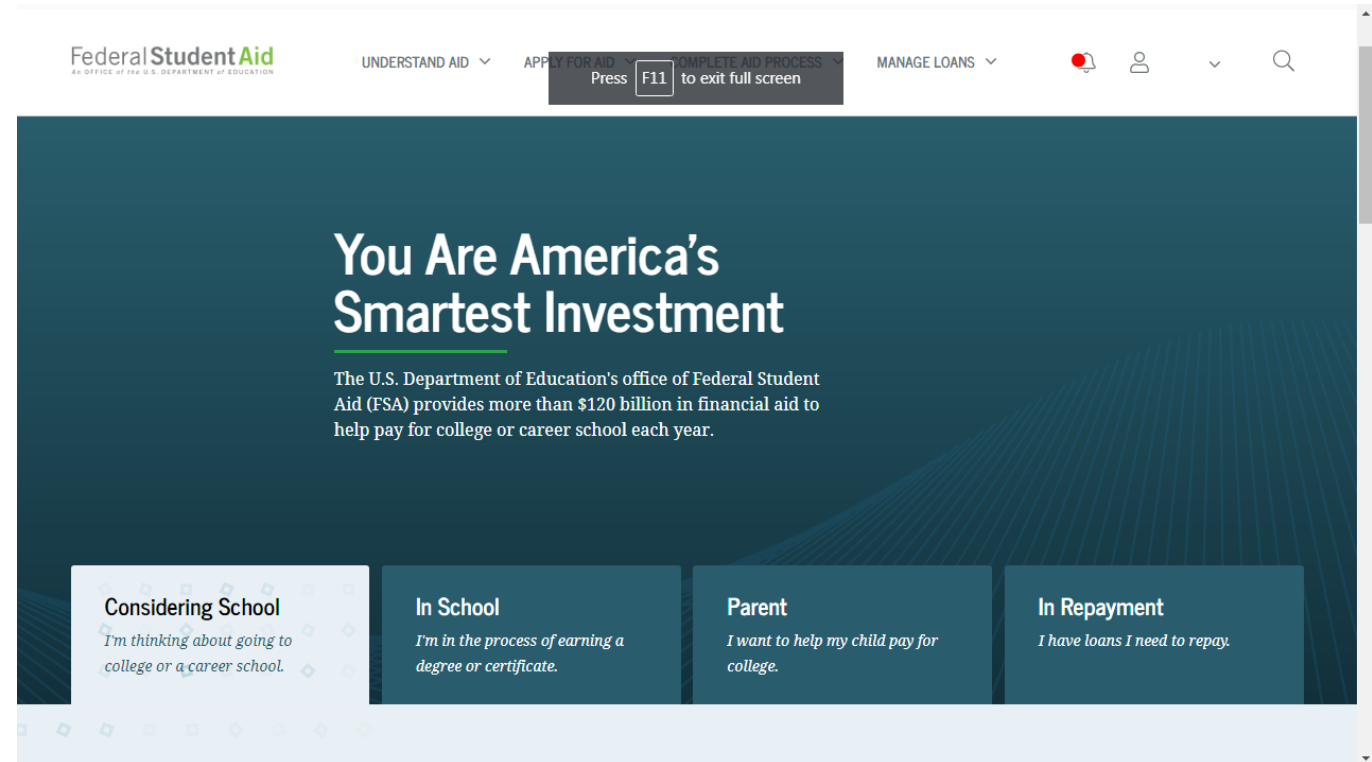
- Lender
 - Institutions that funds your student loans
 - Examples: Discover, Direct loans, Rush

- Servicer
 - Institution that administers and collects loan payments
 - Examples: Great Lakes, Sallie Mae, Nelnet, Heartland ECSI
 - #1 contact for your loan and repayment information

Read all mail / emails from your Lender and Servicers

Finding Loan Information

- Visit the Federal Student Aid
 - <https://studentaid.gov/>
- Federal & Perkins loans
- Loan Servicer
- Login with your FSA ID
- Updated by Servicers



Dashboard Summary Screen

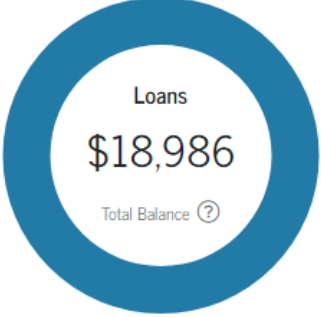
An official website of the United States government. Help Center English | Español

Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION UNDERSTAND AID APPLY FOR AID COMPLETE AID PROCESS MANAGE LOANS

Dashboard My Aid Documents Settings Enrollment Log Out

MY AID

VIEW DETAILS >



Loans
\$18,986
Total Balance ?

- \$18,986 Principal ?
- \$0 Interest ?

Loan information as of 04/04/2020
[View loan servicer details](#)

UPCOMING PAYMENT

SERVICER	DUE DATE
DEPT OF ED/FEDLOAN SERVICING(PHEAA)	10/30/20

[Pay on Servicer Website](#)

MY CHECKLISTS

Estimate monthly payments and compare loan repayment plans

https://studentaid.gov/dashboard NG FOR SCHOOL

FSA Loan Detail

The screenshot displays the Federal Student Aid portal interface. At the top, the logo for Federal Student Aid is visible, along with navigation links for 'UNDERSTAND AID', 'APPLY FOR AID', 'COMPLETE AID PROCESS', and 'MANAGE LOANS'. There are also icons for notifications, user profile, and search.

The main content area is titled 'LOANS SERVICED BY' and features a summary for 'DEPT OF ED/FEDLOAN SERVICING(PHEAA)'. It shows a total balance of \$18,986 and a next payment due on 10/30/20. A button labeled 'Pay on Servicer Website' is present. Below this, the repayment plan is identified as 'Income-Contingent Repayment Plan (ICR)'. A 'HIDE DETAILS' link is also visible.

A 'Sort By' dropdown menu is set to 'Loan Date'. Below this, a table lists two subsidized loans from the University of Illinois at Chicago. The first loan, dated 9/3/08, is in a forbearance status with a 6.00% interest rate and a total balance of \$3,342. The second loan, dated 9/10/10, is also in forbearance with a 4.50% interest rate and a total balance of \$482. A 'VIEW LOAN DETAILS' link is provided for the first loan.

Subsidized Loan	LOAN DATE	LOAN STATUS	REPAYMENT PLAN	INTEREST RATE	TOTAL BALANCE
UNIVERSITY OF ILLINOIS AT CHICAGO	9/3/08	Forbearance	Income-Contingent Repayment Plan (ICR)	6.00%	\$3,342
UNIVERSITY OF ILLINOIS AT CHICAGO	9/10/10	Forbearance	Income-Contingent Repayment Plan (ICR)	4.50%	\$482

Private Loans

- Contact your lender for details on your loan information
- Will appear on credit reports [not on Federal Student Aid]
 - Pull a free annual credit reports online at: www.annualcreditreport.com
 - Equifax
 - Experian
 - TransUnion

Institutional Loans

Loan Servicer: Heartland ECSI

Heartland ECSI Customer Servicer: 888-549-3274

• Types of Loans

- Federal Perkins
- Federal Nursing Loans
- Health Professions Loans
- Loans for Disadvantaged Students
- Primary Care Loans
- Berner Foundation
- Nurse Faculty Loans and Institutional Loans

Contact Information

Loan Lender: Rush University

Contact: Mirielle Ulhoa

Mirielle_ulhoa@rush.edu

Financial_affairs@rush.edu

1700 West Van Buren Suite 283

Chicago, IL 60612

Postponement

Contact your servicer to (re)apply

Deferment

- Must prove:
 - Economic hardship
 - In-school
 - Unemployment (Up to 3 years)
 - Military deployment OR
 - Peace Corps/AmeriCorps
- Doesn't affect credit
- No interest accrual for subsidized Federal or Perkins loans

Forbearance

- Granted at servicer's discretion
- Illness or financial hardships
- Interest still accrues
 - May be required to pay
- Doesn't affect credit
- Get it in writing

- **Continue making payments until postponement is finalized!!**

Borrower R & R

Rights

- To seek deferment, forbearance, loan discharged/ forgiven if eligible
- Prepayment without penalty
- Request written loan statements
- Alternative repayment schedule and plans

Responsibilities

- Repayment of all loans
- Entrance & Exit Counseling
- Providing servicers with notification of:
 - Name, address, phone number, or Social Security change [10 days]
 - Late payment
 - Change in ability to pay

Debt Fact

**“The lower the monthly payment,
the higher the overall cost.”**

Standard Repayment Plans

Repayment Plans

Standard

- Fixed monthly payments for 10 years (120 payments)
- Relatively higher monthly payments - Paying less interest over time
- Least expensive plan overall
- Not a good repayment plan for PSLF

Extended

- Fixed monthly payment for 25 years
- Must have \geq \$30,000 in outstanding Federal Direct Student Loans
- Relatively smaller monthly payments = paying more in interest
- Not a good repayment plan for PSLF

Repayment Plans (cont'd)

Graduated

- Loan term ranges from 10 or 30 years
- Initial lower payments, increases every 2 years
- Good for borrowers who may not be able to afford higher monthly payments initially (standard plan) but foresee income increasing.
- Not a good repayment plan for PSLF

Income Driven Repayment Plans

Pay As You Earn (PAYE)

- Requirements:
 - **New borrower** (October 1, 2007)
 - Loan disbursement after October 1, 2011
 - **Partial financial hardship**
- Only applies to **Direct Loans**
- Monthly payments based on 10% of discretionary income & family size only
- Remaining balance forgiven after **20 years** of successful payments
- Capitalization will not exceed 10% of original loan amount

Revised Pay As You Earn (REPAYE)

- All Direct Loan borrowers can enroll in plan
 - Does not matter when first loan was borrowed
 - **Partial financial hardship** is not required
 - Monthly payments based on 10% of discretionary income above 150% of poverty level for your family size
- Loans forgiven after 25 years
- Combines AGI of borrower and spouse (regardless of filing status).
- No capitalization cap on interest

Income Based Repayment (IBR)

- Available under FFEL and Direct Loan Program
- Must demonstrate Partial financial hardship (PFH)
 - *Annual amount due under Standard plan exceeds 15% of your discretionary income*
- Monthly payments based on 15% of income & family size only
- No capitalization cap on interest
- Maximum loan term = 25 years
 - *Balance discharged*

Income Contingent Repayment Plan (ICR)

- Monthly payments are based off on student's gross income (and spouse if married), family size, and total amount of eligible loan debt
- Payments are calculated based on 20% of student's income
- Loan forgiveness granted after 20 years of qualifying payments (may be taxable)
- Payments are recalculated annually
- Good option for PSLF

Income-Sensitive Repayment Plan

Eligible Borrowers

- Available only for FFEL Program loans, which are not eligible for PSLF.

Monthly Payment and Time Frame

- Your monthly payment is based on annual income, but your loan will be paid in full within 15 years.

Eligible Loans

- Subsidized and Unsubsidized Federal Stafford Loans
- FFEL PLUS Loans
- FFEL Consolidation Loans

Advantages & Disadvantages

Advantages

- Monthly IDR payment \leq monthly Standard payment
- Payments can be \$0
- Remainder forgiven after 20 or 25 years
 - Public Service (10 years)

Disadvantages

- Accrue & pay more interest
- Recertify income and family size annually
 - Otherwise, revert to standard payment plan

Repayment Estimator

- Calculate estimated monthly payments across several repayment options
 - <https://studentaid.gov/loan-simulator/>

How to Apply for the Repayment Plan

- Early applications will be rejected
 - Contact loan servicer about 30-days before loans go into repayment
- Information needed to apply
 - Submit tax and household size information as requested on the application
 - 30-60 days worth of pay stubs may be requested if you did not file taxes
- Electronic applications available on studentaid.gov
- (Re)Apply annually

Direct Loan Consolidation

- Consolidation - merging each loan into ONE new loan
 - New Master Promissory Note (MPN)
 - New weighted average interest rate
 - Rounded UP to the nearest 1/8%
- Qualifying loans for consolidation
 - FFEL, Direct, Perkins, Nursing
- Able to choose which loans to consolidate
- Please **DO NOT** consolidate privately
 - Lose federal loan rights including loan forgiveness options, etc.

Public Service Loan Forgiveness

What is considered Public Service?

- Non-profit, tax exempt, 501(c)(3) organizations
- Federal, state, local or tribal government
- Private organizations providing a public service
- Direct questions to Mohela: <https://www.mohela.com/>
- For repayment plans that qualify for Public Service Loan Forgiveness: <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

Public Service Loan Forgiveness

- Must make 120 loan payments to Direct Loans in an eligible repayment plan
 - Income Based-Repayment (IBR)
 - Pay As You Earn Repayment
 - REPAYE Plan
 - Standard 10-year Repayment (normally loans will be paid off before they are forgiven if you stay in this plan for all 120 payments)
- Must work 10 years in Public Service
- Full-time employment (as defined by employer)
 - Does not have to be continuous work
- Payments made after October 1, 2017 count toward the 10-year repayment

Public Service Loan Forgiveness

Eligible loans include:

- Federal Direct Sub and Unsub loans
- Federal Direct Consolidation loans
(excluding any FFEL spousal consolidation amounts)
- Federal Direct PLUS loans
- Federal Perkins loans (when consolidated into the Direct loan program)
- Bank-based FFEL loans (when consolidated into the Direct loan program)

The PSLF Program was created by Congress and the program is subject to change or discontinuation based on new laws that are passed

- Keep ALL records of monthly payments, screenshots, e-mails, etc.

Other Types of Loan Forgiveness/Repayment

- Medical Institutions
 - National Health Service Corps – serving areas with inadequate medical care
 - National Institutes of Health (NIH) – clinical research
- Volunteer work
 - AmeriCorps
 - Peace Corps
 - VISTA
- AAMC lists programs:
 - services.aamc.org/fed_loan_pub

Understanding Repayment Obligation

- You must repay all loans even if you:
 - Didn't complete the program
 - Didn't complete the program within the normal time frame
 - Can't find employment
 - Are dissatisfied with the quality of your program
 - Don't receive a bill
- Loans are attached to your name and Social Security Number

Discharged Loans

- Death
- Total and permanent disability
- Student loan fraud
 - School closing
 - False certification
 - Unpaid refund
- Bankruptcy [RARE]
 - Must "impose undue hardship on the debtor and the debtor's dependents"

Can't Make Payments?

- Contact loan servicer right away
 - Alternative repayment plan
 - Deferment
 - Forbearance
 - Reduced payment

Consequences of Default

- Loans become delinquent on 1st day of missed payment
- Default occurs when you fail to make a payment for 270 days
- No longer qualify for deferment/forbearance
- Ineligible for more federal student aid
 - Contact your servicer for eligibility requirements
- Entire balance due
 - Loan + interest + additional costs of collection
- Garnished wages, withheld tax refund
- Damaged credit score
- **Professional license could be revoked**

Additional Information

- Maintain contact with your servicers
- If you initiate contact, the lender must provide:
 - Repayment options & how to change plans
 - Requirements & costs of postponement
 - Options to avoid default
- Conflicting information from lenders & servicers
 - US Dept. Of Ed's Ombudsman
 - <https://studentaid.gov/feedback-ombudsman/disputes/prepare#ombudsman-help>
 - 1-877-557-2575

Complete Exit Counseling

- <https://studentaid.gov/app/counselingInstructions.action?counselingType=exit>
- Complete within 30 days of graduating
- Provides important information you need to prepare to repay your federal student loan(s).
- Useful information to have
 - Loan debt information
 - Current or expected income
 - Living expenses

Questions

Office of Financial Aid

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Chicago, IL 60612

312-942-6256

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Thank you!