

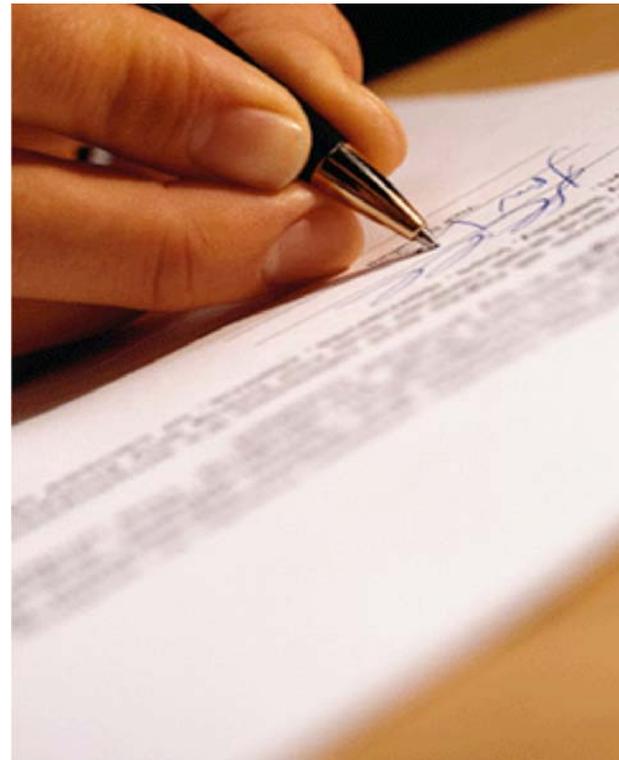
Law School Entrance Interview

Managing Your
Student Loans

Become Familiar With The Types Of Education Debt

Three Types

- Federal Loans
 - Stafford Loans
 - Perkins Loans
 - Grad Plus Loan
- Institutional Loans
 - Merit Based
- Private Loans





Subsidized Federal Loans

- Are the least expensive, and have no interest costs to the borrower while in school and during grace and deferment periods.
 - Federal Perkins Loan
 - Federal Subsidized Stafford Loan



Perkins Loan Terms

- No interest accrues while in school, during grace periods and during deferment.
- Interest rate: **Fixed 5%**
- Grace period: **9 months**
- Repayment term: **10 years**
- Lender: **School**



Subsidized Stafford Loan Terms

- Interest is paid by the government while in school, during grace periods and during deferment.

For Loans Certified after 07/01/2009

- Interest rate: **6.8% Fixed**
- Fees: **.5% Origination & 1% Default**
- Grace period: **6 months**
- Repayment term: **10 years**
- Lender: **Bank or other institution**



Unsubsidized Loans – Facts & Types

- Student pays the interest that accrues on the loan during the in-school period or the unpaid interest is capitalized when the loan enters repayment.
 - **Federal Unsubsidized Stafford Loan**
 - **Federal Direct Unsubsidized Stafford Loan**
 - **Federal Graduate Plus Loan**
 - **Alternative/Private Loan Programs**



Facts about Interest

How does it accrue?

Interest accrues every day from the date of disbursement on your unsubsidized loans, (Unsubsidized Stafford and GradPLUS loans). Most lenders use the following formula to calculate your daily interest accrual:

Interest rate x current principal balance / number of days in a year = daily interest

Example:

Daily Interest - $.068 \times 12,000 / 365 = 2.2356...$ round up to \$2.24

Yearly Interest - $\$2.24 \times 365 \text{ days} = \817.60

Interest Capitalization

Interest Rate – 6.8% and repayment term is 10 years (120 months)

Original Loan Balance	\$10,000	\$10,000
Capitalized Interest	\$2,917	0
Current Loan Balance	\$12,917	\$10,000
Payment	\$148.65	\$114.24
Total Amount Repaid (including interest and principal)	\$14,919.94	\$13,808.76

Your lender may send statements indicating what interest has accrued on your loan(s) and where payment can be sent if so desired. You were given the option to receive statements on your MPN. Contact your lender for more information.



Unsubsidized Stafford Loan Terms

- Interest can be paid by the student while in school, during grace periods and during deferment or accumulated interest can be capitalized upon entering repayment.

For Loans Certified after 07/01/2009

- Interest rate: **6.8% Fixed**
- Fees: **.5% Origination & 1% Default**
- Grace period: **6 months**
- Repayment term: **10 years**
- Lender: **Bank or other institution**



Federal GradPlus Loan

- Fixed 8.5% Interest Rate
- Loans disbursed after July 1, 2008 will have an automatic 6 month forbearance.
- 3% Origination Fee charged at disbursement.
- 1% Default Fee may be charged at disbursement
- Credit check based 'no adverse credit'; income and credit score will not affect eligibility.
- Can borrow up to difference between cost of attendance and other financial aid.



Private Loan Terms

- Interest rate: **Varies by program**
- Fees: **Vary by program**
- Repayment term: **Options and incentives vary by program**
- Check with your lender for your loan's specific details
- Buyer Beware – Direct to Consumer education loans



Promissory Notes Loan Applications

Stafford

- A **Stafford Loan Master Promissory Note (MPN)** is completed once during your time at Widener unless you want to change lenders, your lender stops participating in the FFELP, or Widener enters the Direct Student Loan program. Completion of the Institutional Data Form authorizes Widener to add loans to your loan note as the Stafford Loan Master Promissory Note/Loan Application does not require a requested loan amount and is valid for ten years.

GradPLUS

- The **GradPLUS Loan Promissory Note/Loan Application** must be completed every year as the loan requires a credit check and a requested loan amount.

Perkins

- Students awarded Perkins loans will be contacted by the Financial Aid Office for completion of the note.

Private

- Check with your lender



Enrollment Status Requirements for JD Students

Fall and Spring Semesters

- Need at least 4 credits in order to receive financial aid (loans).
- Merit Aid enrollment requirements are listed in the award letter.

Summer Semester

- Need at least 3 credits in order to receive financial aid (loans).
- Merit Aid is generally not applicable to summer classes.

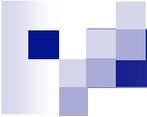
Students must maintain at least half-time status for their loans to stay in deferment status.

Please inform the offices outlined in your student handbook of any decision to withdraw or request a leave of absence from your classes.



Know Your Rights

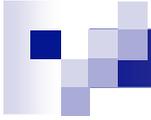
- Know Your Loan's Grace Period
- Be Aware That Deferments May Be Available
- What Is Forbearance?
- What Happens if I Become Completely and Permanently Disabled?
- What Happens if I Die?



Be Aware of Borrower Responsibilities

As a borrower, you are required to:

- Repay the loan according to the repayment schedule even if you don't complete the program, unable to find a job in your chosen field and/or dissatisfied with your educational experience.
- Notify your loan servicer of anything that affects your ability to repay or impacts your eligibility for deferment or cancellation of the loan
- Notify your loan servicer of any changes in academic status, your name, address or phone number



Know Your Repayment Options

- Standard**
- Graduated**
- Extended**
- Income Sensitive**
- Income Based**
- Consolidation**



Cost Depends on Choices

Tuition*

Housing

Food

Transportation

Entertainment

Miscellaneous

*Tuition is a fixed expense



2009 - 2010 Cost of Attendance

	Regular	Extended
■ Tuition & Fees	\$33,540	\$ 24,620
■ Room \$ Board	\$ 9,900	\$ 9,900
■ Transportation	\$ 2,340	\$ 2,340
■ Personal Expense	\$ 3,024	\$ 3,024
■ Books	\$ 1,200	\$ 960
■ Grad Plus Fee	\$ 566	\$ 566
■ Total Cost of attendance	\$50,570	\$ 41,410



Living *Below* Your Means

- Live with roommate(s)
- Take your lunch; bring your coffee
- Look for bargains when dining out – early bird specials are not just for senior citizens
- Use prepaid phone cards
- Beware of buying for “convenience”
- Dress for less
- Clip/use coupons
- Have “free fun”; go to matinees; borrow videos and games from library
- Don’t buy a new car; car pool
- Avoid “impulse” buying



Million Dollar Question?

Which of YOUR financial resources are you using to pay for your education?

- ◆ **Savings**
- ◆ **In-school earnings**
- ◆ **Future income –
(Student Loans)**



Strategies for Success

- 1. Identify financial goals**
- 2. Borrow minimum needed to achieve goals**
 - Make well-informed choices
 - Develop and follow affordable budget
- 3. Understand impact of borrowing**
- 4. Manage loans wisely**
- 5. Maintain good credit**
- 6. Practice good financial habits**

Tips For Success

- Be organized!
- Read and understand all correspondence from lenders and servicers.
- Save copies of all student loan records, correspondence and payment receipts.
- Contact your lender or servicer to request a deferment, apply for a forbearance, or with any questions you may have.
- No penalty to pre-pay your student loans.

