



COM Class of 2023 Debt Counseling Guide

Provided by: UF Office of Student Financial Aid and Scholarships

3 Part Debt Counseling Plan

1. **Work through this guide** to start formulating your repayment strategy

✧ Goals for Part 1

- Know what loans you have and who your loan servicers are
- Identify your repayment objective
- Learn about available loan repayment options

1. **Prep for your one-on-one meeting**

✧ Goals for Part 2

- Analyze repayment estimates
- Narrow down your preferred repayment option(s)

2. **Schedule & attend** your one-on-one meeting

✧ Goals for Part 3

- Finalize your repayment strategy
- Know your next steps for graduation and beyond

Know Your Loans and Loan Servicers

Student loan repayment IS manageable! We will create a strategy that works for YOU.

Below are possible loans that you may have in your loan portfolio

- It's important to identify ALL loans borrowed during your entire education, including undergraduate study
- You may have **any or all** of the below loan types in your loan portfolio
- Most students will only have Direct Loans

Federal Direct Loans

- Subsidized – Could have been borrowed during undergrad only
- Unsubsidized – Could have been borrowed during undergrad and/or grad
- Grad PLUS – Could have been borrowed during grad

Perkins Loans – Could have been borrowed during undergrad and/or grad

- No loans awarded through this program after 10/1/16

Loan for Disadvantaged Students (LDS) & COM Loans – Could have been borrowed during MED only at the UF College of Medicine

Private Loans – Loan borrowed from a private lender; could have been borrowed during any level of study

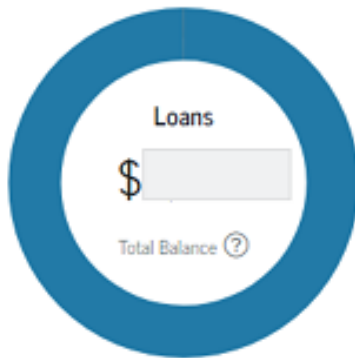
How Do I Determine What Federal Loans I Have?

Download a copy of your Student Loan History (studentaid.gov)

- Log into your account with your FSA ID and password.
- “Accept” the account access warning
- Select “View Details”
- Select “Download My Aid Data”
- Select “Continue” to download the text file
- Save the text file to your computer



MY AID



- [redacted]
Principal ?
- [redacted]
Interest ?

[View Details >](#)

UPCOMING PAYMENTS

SERVICER	DUE DATE
NAVIENT SOLUTIONS, LLC.	N/A

Loan information as of 12/31/2020

[View loan servicer details](#)

Get information about flexibilities for student loans

[CORONAVIRUS AND FORBEARANCE FAQS >](#)

CHECKLISTS

Note: Does not include COM Loans, LDS, & Private Loans. Check your personal records for other loans.


Your Credit Report

- Will show ALL loans - Federal and Private
- **Tip** - All students should get their FREE credit report every year

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Home All about credit reports **Request yours now!** What to look for Protect your identity Frequently asked questions Contact us

 During the COVID-19 pandemic, accessing your credit is important. That's why Equifax, Experian and TransUnion are continuing to offer free weekly online credit reports.

[Request your free credit reports](#)

There's more to the game than a score.

How you play changes your score. Details such as how much credit you have, how much you owe, and how often you pay affect your credit scores. Do you know what else does?

[What affects your credit score?](#)

PAUSE || SPOT IDENTITY THEFT GOOD CREDIT DON'T BE FOOLED **MORE THAN A SCORE** NOT LIKE THE OTHERS

Your credit reports matter.

- Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.
- Reviewing credit reports helps you catch signs of identity theft early.

FREE Credit Reports. Federal law allows you to:

- Get a free copy of your credit report every 12 months from each credit reporting company.
- Ensure that the information on all of your credit reports is correct and up to date.

BROUGHT TO YOU BY



[Request your free credit reports](#)





Most students will have a single servicer for all federal loans.



If you have older loans (pre-2010), you may have multiple servicers.

Always best to double-check your servicer(s) on studentaid.gov.



COM Loans, LDS, and Perkins Loans*
Serviced by Heartland ECSI

**If you have a Perkins loan that was issued by another school, that school will have its own servicer.*

What Does a Loan Servicer Do?

Handles all aspects of loan repayment, including (but not limited to):

- Billing
- Collecting payments
- Customer service
- Advising on repayment plans
- Approving deferments and forbearances

Loan servicers are NOT debt collectors – Their job is to work with borrowers to assist with successful repayment of loans

Your servicer should communicate with you regularly about repayment

When Does Loan Repayment Begin?

Direct Loans – **6 months** after graduation

- *Note: If you were out of school for more than 6 months at any point, it's very important to bring that up during our one-on-one*

Perkins Loans – **9 months** after graduation

- *Same note as above*

COM Loans and LDS – **12 months** after graduation* May vary

You are your own best advocate!

- Inform yourself about repayment options and how they work
- Don't be afraid to question customer service reps and/or to ask for a supervisor if you feel you are being given inaccurate information
- Track all communications with your servicer & keep track of important dates

Important Notes!

- Your loan servicer should notify you in advance of your first payment
- *Even if you don't receive a bill*, the payment is still due and you must pay it
- Be proactive and find out your first due date ahead of time

Identify Your Repayment Objective

As you think about your repayment objective, keep in mind –

There is no single “right” way to pay back your loans

What’s “right” = What’s manageable for you

The right repayment plan is the one that allows you to do **all** of the following:

- Fit loan payments into your overall budget
- **Make your payments on time, every time***
- Pay off your loans in the timeframe that you desire

**This is the most important priority in loan repayment – There are major consequences for delinquent and especially for defaulted loans.*

Basic Repayment Objectives – Where Do You Fit In?

- **Aggressive** repayment – You want to pay off your loans as fast as possible •
- **Cautious** repayment – You want a lower monthly payment
- **Combination** repayment – Start off cautious and move toward aggressive
- **Public Service Loan Forgiveness (PSLF)** – You plan to work in a government or nonprofit position
- **Postpone** repayment – You are going into a residency, internship, etc.
- You don't have to postpone repayment! Consider making payments
- Even if you think you will postpone, follow the rest of the steps outlined here as we will discuss your long-term repayment strategy

Repayment Objectives in the Long Term – Things to Consider

Your **repayment objective most likely will change** as your life changes

Choosing a repayment objective is not “one and done” – You should re-evaluate your repayment strategy at least annually

You are able to switch federal repayment plans at any time

- Note: If you refinance with a private lender, you generally do not have the option to change plans

Always research and talk to your servicer before changing plans

Be ready to talk about your basic repayment objective(s) during our one-on-one. It's ok to be undecided or want more info! Just be sure you've put some thought into it.

Federal Loan Repayment Plans

Two broad categories

- Plans based on **debt**
- Plans based on **income**

Generally speaking*-

Debt-based plans = Best option for borrowers pursuing **aggressive** loan repayment

Income-based plans = Best option for borrowers pursuing **cautious** loan repayment and those pursuing **PSLF**

*There are always exceptions based on individual circumstances

Note: These plans are for federal Direct Loans only. Perkins, COM Loans, and LDS have their own repayment plans. You should contact your servicer for information.

Repayment Plans Based on Debt

- Monthly payment based on **total debt** – Income not a factor
- Calculation: **Total payoff amount** (principal + interest) divided by **# of months** in the repayment term
- Repayment terms = 10 or 25 years

Pros
Shortest repayment period*
Lowest payoff amount**
Easy to plan ahead

Cons
Highest monthly payments
Income doesn't matter
No loan forgiveness

**10 years – Standard & Graduated Plans*

***Standard Plan*

Repayment Plans Based on Debt

Important Considerations

- You're **not** locked in to the 10- and 25-year repayment terms
- You can pay off your loans early by consistently paying more than the minimum
- There are **no penalties** for higher monthly payments nor for paying off early

Best Strategy for Aggressive Repayment

- Set up automatic payments for your minimum monthly payment
- *Why? You get a 0.25% interest rate deduction for auto pay*
- Make an additional payment after your monthly automatic payment has gone out
- Target the additional payment to your loan with the highest interest rate

- **Important!** Make sure to tell your servicer that you do NOT want the additional payment applied to future payments – It needs to go toward your loan

Repayment Plans Based on Income

More commonly called - Income-Driven Repayment (IDR) plans

Four Different Plans

REPAYE (Revised Pay As You Earn)

PAYE (Pay As You Earn)

IBR* (Income-Based Repayment)

ICR (Income-Contingent Repayment)

**There are technically 2 different IBR plans. Don't worry too much about the small differences as most of you will qualify for the better version of the plan.*

Payments Under IDR Plans

Monthly payment based on your **income**, not debt

Calculation of monthly payment = **10-20%** of your discretionary income

- Percentage varies by plan

What does it mean that your payment is based on “discretionary income”?

- Basically: Your monthly payment is not based on your **total income**
- A portion of your income is set aside in the payment calculation
- Assumption: This portion is your **necessary income**, i.e., what you need for basic necessities (food, shelter, etc.)
- Thus, **discretionary income** = what’s left over after your necessary income is subtracted from your total income
- Factors that affect calculation of discretionary income
- Marital & tax filing status, and number of dependents
- State of residence

Documentation Required for IDR Plans

Must submit an **IDR plan application** to be placed in an IDR plan

- Submit your application **90 days prior** to the end of your grace period
- Default repayment plan = 10 Year Standard plan
- You are put in the Standard plan automatically if you don't choose another
- You will be asked to certify your income and family size
- *See next slide for more details on income*

Must **re-certify** your income and family size **annually**

- **You will be removed from your IDR plan if you fail to re-certify on time**
- Your servicer should notify you when it's time to re-certify
- **You are your own best advocate!** Track re-certification time yourself
- Voluntary recertification permitted any time your income and/or family situation change

Income Certification for IDR Plans

Based on your **most recent** tax return

No return? No problem!

- Provide proof of income (pay stubs, etc.), OR
- Certify that you have no income on the IDR plan application

Transfer tax info within the IDR plan application using the IRS Data Retrieval Tool

- Same DRT as used on the FAFSA

Considerations for married borrowers

- Spouse's income included if you file taxes jointly
- **Exception:** REPAYE
- REPAYE always includes spouse's income, no exceptions **Other Considerations for IDR Plans**

Loan forgiveness available

- What's forgiven? Whatever balance remains at the end of **20-25 years**
- Varies by plan
- Forgiven amount = ***Taxable income***
- Plan ahead! Tax liability = Approx. 35-38% of the forgiven amount
- Important that you mentally add the estimated tax liability to your total repaid when using repayment estimators – This gives you the true payoff amount for the plan

Must be on an IDR plan for **Public Service Loan Forgiveness (PSLF)**

- PSLF is different from the loan forgiveness noted above
- Not all borrowers qualify for PSLF
- More on PSLF later

No penalties for paying more than the minimum nor for paying off early

- Note: Do NOT make higher payments than required if you're going for PSLF

Go to [StudentAid.gov/idr](https://studentaid.gov/idr) for more information and the plan application

Public Service Loan Forgiveness (PSLF)

You can [qualify for PSLF](#) by doing all of the following *simultaneously*:

- Make 120 scheduled, on-time payments
- On Direct Loans
- Using an income-driven repayment plan
- While working full time for a government entity or non-profit After the 120th qualifying payment, you apply for forgiveness
- Note: The 120 payments do not have to be made consecutively Loan forgiveness is **tax free** - There is **no cap** on the amount that can be forgiven

If you are considering PSLF, it's **extremely important** to do all of the following:

- Verify that all of your loans are Direct loans (may need to consolidate)
- Verify that you are on an IDR plan and recertify every year on time
- Verify that your employer qualifies & submit your Employment Certification Form every year

If you are planning to pursue PSLF, we will discuss all of this in detail.

Other Potential Repayment Options

Federal Consolidation

- All federal loans combined into one new loan
- Perkins, LDS, & other Federal Loans may be included
- Interest rate = weighted average of all loans' interest rates (rounded up)
- Why consolidate? You have more than 1 servicer. You are pursuing PSLF and have ineligible loans

Refinancing

- Same idea as consolidation, but with a private lender
- Generally all loans can be included (check with lender)
- Why refinance? May be able to obtain a lower interest rate
- ***Good credit required for best terms***
- Generally, a good option only for students with a steady income who wish to pursue aggressive repayment
- **Caution!** Loss of all federal loan benefits, including income-driven repayment and loan forgiveness

Other Repayment Options: Service Commitment Programs

Military

- Air Force - <https://www.airforce.com/frequently-askedquestions/educationbenefits/>
- Army - <https://www.goarmy.com/amedd/dentist/benefits.html>
- Navy - <http://www.cnrc.navy.mil/pages-nrc-links/navy-student-loanrepaymentprogram.htm>

National Health Service Corps – Primary care and pediatrics only

- Loan Repayment Program - <https://www.nhsc.hrsa.gov/loanrepayment/>
- Students to Service Program
<https://nhsc.hrsa.gov/loanrepayment/studentstoserviceprogram/index.html>
- NOTE: **Must** apply during senior year. Sign up on the HRSA website to be notified when applications open

Prep for Your One-on-One Meeting

1. Work through this entire guide

- Know what loans you have and who your servicers are
- Identify your repayment objective
- Learn about the available repayment options

2. Med Loan Organizer & Calculator (MLOC) to review your estimated payments under each of the federal plans -

- How to set up your MLOC account
 - Log-in to the MLOC with your AAMC username and password.
 - If you need help, email Denine Hales at dhales@aamc.org.
 - To see how to upload your Aid Data file and to learn more about the MLOC, watch the [demo](#)
 - Use the MLOC information to make a preliminary choice of repayment plan
- *It's ok if you don't fully understand everything! You'll discuss in detail during your meeting.*