Executive MBA
Educational Loans
Agenda

• Loan Indebtedness
  – Register w/ your lender

• Federal Loans
  – Terms & Conditions
  – Special Repayments

• Private Loans
  – Lender Information

• Reducing Debt
  – Refinancing
  – Additional Options
Loan Indebtedness

UC BERKELEY HAAS SCHOOL OF BUSINESS, FINANCIAL AID OFFICE
Haas School of Business, Berkeley, CA 94720-1900 (510) 643-0183

LOAN RECORDS WHILE IN ATTENDANCE AT UC BERKELEY HAAS SCHOOL OF BUSINESS
This is not a legal document. Please refer to your promissory notes and disclosure statements for actual loan amounts and inte

<table>
<thead>
<tr>
<th>Student's name: Haas, Berkeley</th>
<th>Student ID: 12345678</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student’s name: Haas, Berkeley</td>
<td>Student ID: 12345678</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Perkins Loan</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
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<tr>
<td>Federal Direct Loan - Subsidized</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Federal Direct Loan - Unsubsidized</td>
<td>$0.00</td>
<td>$20,500.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$20,500.00</td>
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<tr>
<td>Federal Grad PLUS Loan</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Institutional Loan</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Private Loan</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$92,976.00</td>
<td>$30,992.00</td>
<td>$123,968.00</td>
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<td>Risk Share Loan</td>
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<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Total student indebtedness as of 11/18/2015:</strong></td>
<td><strong>$144,468.00</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Your lenders:
2. If you are a UC Berkeley Perkins Loan borrower, your loan servicer information can be found at http://studentbilling.berkeley.edu.
3. Private Lenders: Discover
4. Institutional Lenders: 
5. Risk Share Lenders: 

Loan Indebtedness
How to access federal loan details:

- Select Financial Aid Review
- Log In to NSLDS or Create An FSA ID

Once logged in, you will see a list of your federal loans

- Click on number in first column to see details
- Identify loan servicer and register online with servicer listed

www.nslds.ed.gov
Private Loans

Commonly used private loan lenders

• CommonBond 1-800-975-7812
  commonbond.co/

• Discover 1-877-728-3030
  www.discover.com/student-loans

• Sallie Mae 1-888-272-5543
  www.salliemae.com/

If you have not yet done so, register online with your private loan lender!
Note: Origination Fees taken at disbursement, do not impact total principal owed.

Federal Direct Loan

- Amount
  - Up to $20,500 per academic year
- Unsubsidized
  - Interest accruing since disbursement
- Interest rates
  - Loans disbursed for Term 1: 5.41%
  - Loans disbursed for Term 2-4: 6.21%
  - Loans disbursed for Term 5: 5.84%
- Repayment
  - 6-month grace period
  - No pre-payment penalties
  - Standard 10 year repayment

Federal Loans
Federal Grad PLUS Loan

- **Amount**
  - Up to COA minus other financial aid
- **Unsubsidized**
  - Interest accruing since disbursement
- **Interest rates**
  - Loans disbursed for Term 1: 6.41%
  - Loans disbursed for Term 2-4: 7.21%
  - Loans disbursed for Term 5: 6.84%
- **Repayment**
  - 6-month grace period
  - No pre-payment penalties
  - Standard 10 year repayment

**Tip:** Sign up for ACH payments for a 0.25% interest rate reduction on your Federal Loans.
Rights and Responsibilities

Tip: Don’t just ask for a forbearance, describe your situation; you may qualify for a deferment.

• Deferment & Forbearance
  – Deferment while in-school half-time
  – Forbearance for hardship

• Delinquency and Default
  – If you fail to make a payment you become delinquent
  – If delinquent for 270 days, you go into default. Your credit is damaged, and tax refunds garnished by government.

• Death and Disability Cancellation
  – If you become permanently disabled or pass away, loan will be discharged
Advice: The 1098-E shows interest paid. You may earn too much to write off the interest.

Repay versus Prepay

- Scenario of what you can save even without prepaying:
  - Debt: 2 years of Direct Loan = $41k, and $40k in Grad PLUS Loans
  - Strategy: pay off interest before it’s capitalized and sign up for ACH payments…
    that alone would save $14,610!
  - Also the monthly payment would be reduced by $125
  - That’s with a standard 10-year plan and no prepayments
Federal Repayment Plans

Tip: You can change your repayment plan at any time to meet your changing needs.

- Federal Loans have many options
- Standard, 10 year repayment
  - You’ll likely save the most on this plan
- Extended, 25 year repayment
  - Need at least $30,000 in federal loans
- Graduated, 10 year repayment
  - Payment amount grows over time
- Income Contingent Repayment (ICR)
  - Monthly payment varies according to gross income
  - Must apply annually
Advice: Student Loan payments should never exceed 15% of monthly income.

Special Federal Repayment Plans

Income-Based Repayment (IBR) & Public Service Loan Forgiveness

• Eligible Borrowers
  – Working in Public Service
  – Full-time employment
  
  [URL: www.IBRinfo.org]

Pay as You Earn (PAYE)

• Eligible Borrowers
  – Income based, online calculator:
  [URL: http://studentaid.ed.gov/repay-loans]
Special Federal Repayment Plans

Sample, single in CA, $100k income with $100,000 in Federal Loans

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Repayment Period</th>
<th>Monthly Payment Initial to Final Amounts</th>
<th>Projected Loan Forgiveness</th>
<th>Total Interest Paid</th>
<th>Total Amount Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard*</td>
<td>120 months</td>
<td>$1.141 to $1.141</td>
<td>$0</td>
<td>$35,968</td>
<td>$136,968</td>
</tr>
<tr>
<td>Graduated*</td>
<td>120 months</td>
<td>$655 to $1,966</td>
<td>$0</td>
<td>$45,738</td>
<td>$146,738</td>
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<tr>
<td>Extended Fixed</td>
<td>300 months</td>
<td>$675 to $675</td>
<td>$0</td>
<td>$101,586</td>
<td>$202,586</td>
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<tr>
<td>Extended Graduated</td>
<td>300 months</td>
<td>$538 to $990</td>
<td>$0</td>
<td>$118,949</td>
<td>$219,949</td>
</tr>
<tr>
<td>Pay As You Earn**</td>
<td>168 months</td>
<td>$687 to $1,141</td>
<td>$0</td>
<td>$58,866</td>
<td>$159,866</td>
</tr>
<tr>
<td>Income-Based Repayment (IBR)**</td>
<td>124 months</td>
<td>$1,031 to $1,141</td>
<td>$0</td>
<td>$37,574</td>
<td>$138,574</td>
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<tr>
<td>Income-Contingent Repayment (ICR)**</td>
<td>98 months</td>
<td>$1,258 to $1,456</td>
<td>$0</td>
<td>$29,743</td>
<td>$130,743</td>
</tr>
</tbody>
</table>

Arne Duncan, US Secretary of Education
Private Loans

Basic terms of private loans:

• Always unsubsidized
• No pre-payment penalties
• Usually 6-month grace period
• Most offer 0.25% reduction for ACH
• Co-signer Release, if applicable
Refinancing Student Loans

Advice: Ask about processing fees and check repayment periods before committing.

Refinance just private loans
- Wells Fargo: www.wellsfargo.com/student/private-loan-consolidation/

Refinance federal and private loans
- CommonBond: https://commonbond.co
- Lendkey: www.lendkey.com
- SoFi (Social Finance): www.sofi.com

Reducing Debt
Advice: Get in the habit of keeping a file for your “Student Loan Information”.

- Home Equity Loans
- Resources from your employer
  - Company “reimburses” your fees
  - Use signing bonus to pay down principal
- Financing targeted to B-School alums
  - Upstart: www.upstart.com/
  - Peerform: www.peerform.com/
  - WeFinance: www.wefinance.co/
Note: Federal Exit Counseling has even more info on rights and responsibilities.

Resources

• Federal Loan Exit Counseling
  • [www.studentloans.gov](http://www.studentloans.gov)

• Loan Repayment Calculator
  • [https://studentloans.gov/myDirectLoan/repaymentEstimator.action](https://studentloans.gov/myDirectLoan/repaymentEstimator.action)

• Federal Loan and Servicer Info
  • [www.nslds.ed.gov](http://www.nslds.ed.gov)

• Deduct MBA Expenses

• Haas Financial Aid Office
  • [www.haas.berkeley.edu/finaid](http://www.haas.berkeley.edu/finaid)
Thank You!

Financial Aid Contact Information:
  Jamie Hayden, Assistant Director
  Adrian Ramos, Assistant Director

  Phone: 510-643-0183
  finaid@haas.berkeley.edu

www.haas.berkeley.edu/finaid/mbaforexecs/index.html