

February 2013

IT'S A PLAN!

This is the first in a series of four **Newsletters** that will be e-mailed to you as a graduating student over the next few months. Each Newsletter will contain a multitude of information on different aspects of loan repayment. You might want to save these Newsletters in a Loan Repayment folder so that you can easily find them and refer to them in October or November when your loans go into repayment.

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In addition, the Financial Aid Office will be offering **Loan Repayment Sessions** beginning in early April and continuing throughout the month. There will be at least five sessions whose primary focus is on loan repayment, including Income Based Repayment (IBR) and the new Pay As You Earn (PAYE) repayment option and three sessions on the Federal Public Service Loan Forgiveness Program and Fordham's Loan Forgiveness, Loan Repayment Assistance and Judicial Clerkship Loan Repayment Assistance Programs, as well as the Income Driven Repayment Plans. The dates for these sessions will be listed in these Newsletters and posted on our website. The sessions will be scheduled during the free window between 12:30 p.m. and 2:00 p.m. on Tuesdays and Thursdays and 4:00 p.m. and 6:00 p.m. on Wednesdays.

As you look forward to graduation and completing your JD, we understand you are very busy. These sessions are not required, but we strongly encourage you to attend one because if you borrowed to pay for law school and you have undergraduate debt, it will prove very useful to you. You will familiarize yourself with the loan repayment options available to you and the various nuances inherent with those options.

Prior to graduation, you **will be required to complete an on-line exit interview if you borrowed through the Federal Loan Programs**. The presentation and quiz takes about 20 to 30 minutes and provides you with your rights and responsibilities as a Federal loan borrower. Please log on to <http://nsls.ed.gov>. You'll need your Federal Loan PIN, driver's license number and addresses and telephone numbers for three references (two of whom cannot have the same address as you). Be sure to print the confirmation number once you've completed the exit interview.

If you're planning a career in government or public service and plan to take advantage of the **Federal Public Service Loan Forgiveness Program**, *i.e.*, making 120 eligible payments on your eligible Federal loans while employed in eligible public or government service, you should also attend the **Federal Public Service Loan Forgiveness session**. The Federal Loan Forgiveness Program is a great program for those graduates practicing in eligible employment, but it can be very confusing and attention to detail matters! Get the details on the program to be sure you are doing what you need to do to benefit from this program. Fordham's Loan Repayment Assistance programs will also be discussed.

The Power points used by the moderators of both these sessions will be posted in mid-March can be found at the Financial Aid website under Loan Repayment.

If you wish to schedule an appointment with a Financial Aid counselor concerning loan repayment, loan forgiveness, or loan repayment assistance, please contact the office at lawfinaid@law.fordham.edu or our Associate Director, Kathleen Keenan at kkeen@law.fordham.edu.

Don't forget! As a federal loan borrower, you must log on to <http://nsls.ed.gov> prior to graduation to complete the Federal Loan Exit Interview

DON'T WORRY—BE HAPPY!

You may not be in a Bob Marley mood quite yet! With graduation and loan repayment approaching, fear of loan repayment often strikes. Law School debt can be daunting. Please don't feel overwhelmed! Federal loans have several different repayment options available to all borrowers. Each will be discussed in its entirety in the next Newsletter. In the meantime, to allay your fears so you can move forward toward graduation and the bar exam with a clear head, below are two of the newer income-driven repayment plans:

Borrowers with high debt relative to their income should consider one of the Income-Driven Repayment Plans for their Federal loans

The first plan is the **Income Based Repayment Plan or IBR** as it is called. Payments under IBR will equate to 15% of Discretionary Income (DI). DI is the difference between your Adjusted Gross Income (AGI) and 150% of poverty level for your family size in the state in which you reside. If there is a balance remaining on your debt after **25 years of IBR** payments, that balance will be forgiven.

The second repayment plan is the new **Pay As You Earn (PAYE) Plan**. The amount you will be required to repay under PAYE is 10% of Discretionary Income (DI)—5% less than under IBR. And, any balance remaining on your debt after **20 years of PAYE** payments will be forgiven. Not all 2013 graduates will be eligible for PAYE. Only borrowers who have no outstanding balance on a federal loan before October 1, 2007 **AND** have received a new Direct Loan disbursement after October 1, 2011 will be able to choose this repayment plan.

The chart below provides a comparison of what your IBR and PAYE monthly payments might be depending upon your AGI, family size and total debt:



Income	Family Size				
		1	2	3	4
\$40,000	IBR	\$285	\$209	\$134	\$ 58
	PAYE	\$190	\$140	\$ 89	\$ 39
\$45,000	IBR	\$347	\$272	\$196	\$121
	PAYE	\$231	\$181	\$131	\$ 81
\$50,000	IBR	\$410	\$334	\$259	\$183
	PAYE	\$273	\$222	\$173	\$122
\$55,000	IBR	\$472	\$397	\$321	\$246
	PAYE	\$315	\$264	\$214	\$164
\$60,000	IBR	\$535	\$459	\$384	\$308
	PAYE	\$356	\$306	\$256	\$206
\$65,000	IBR	\$597	\$522	\$446	\$371
	PAYE	\$398	\$348	\$298	\$247
\$70,000	IBR	\$660	\$584	\$509	\$433
	PAYE	\$440	\$389	\$339	\$288
\$75,000	IBR	\$722	\$647	\$571	\$496
	PAYE	\$481	\$431	\$381	\$331
\$80,000	IBR	\$785	\$710	\$634	\$558
	PAYE	\$523	\$472	\$422	\$372
\$85,000	IBR	\$847	\$772	\$696	\$621
	PAYE	\$565	\$514	\$464	\$414
\$90,000	IBR	\$910	\$834	\$759	\$683
	PAYE	\$606	\$556	\$506	\$456

Feeling better? In next month's newsletter, I will discuss all the Federal loan repayment plans available to you and explain the requirements, advantages, disadvantages and nuances of each.

Inquiries concerning this Newsletter may be directed to kkeenan@law.fordham.edu.