Navigating Your Student Loan Repayment

Spring 2018 EMBA
Overview

• Determining Your Loan Portfolio
  • What You Borrowed and Where to Find it
• Debt Management
  • Repayment Plans, Strategies, Other Considerations
• Next Steps
  • What to Expect and When to Take Action
• Q&A
Additional Resources

• 2018 Graduation Matrix
• Understanding Loan Types
• Repayment Plan Summary Chart
• Federal Repayment Plans (detailed)
• Lender-Specific Websites
• Repayment Calculators
• Deferment, Forbearance, Default, Delinquency

Look for these at the end of the presentation...
The 2018 Graduate has a loan portfolio that may contain any or all of the following loan types:

- **Federal**
  - Direct Unsub
    - Fixed rate
  - Direct Grad PLUS
    - Fixed rate
  - Stafford (prior degree)
    - Variable
  - Consolidation
    - Fixed rate
- **Perkins**
  - Fixed and serviced separately
- **Private**
  - Fixed/Variable
Determining Your Loan Portfolio

- **What types of education loans do you have? How many loans do you have?**
  - Federal Stafford/Direct Loans, Consolidation Loans, Graduate PLUS loans, private loans, prior loans from other degrees, etc.
- **Who is the lender or servicer for each of your student loans?**
  - Sometimes the lender is one entity but the servicer is completely different
- **How much and when did you borrow each loan?**
  - This will help you determine the best repayment option and calculate any accrued interest
## Determining Your Loan Portfolio

Tools to assist you in identifying all of your loans:

<table>
<thead>
<tr>
<th>SSOL</th>
<th>National Student Loan Data System (NSLDS)</th>
<th>Lender-Specific Websites</th>
</tr>
</thead>
</table>
| • [ssol.columbia.edu](https://ssol.columbia.edu)  
  • Will show original principal balances borrowed while at Columbia (for all schools attended)  
  • Go to Financial Aid => Student Loan History | • Central database for federal student loans  
  • Lists lender, servicer and contact information  
  • Log in using FSA ID | • Private Lenders  
  • Log in using borrower-specified username and password |

P.S. Open your mail, Open your mail, Open ...
Debt Management

Before you choose your Loan Repayment Terms, you need a plan.

• Choose a repayment timeline to meet financial goals.
• When it comes to determining a repayment strategy to fit your needs, remember that a “one size fits all” approach does not work.
• Be sure to consult with your loan servicer and use the tools at your disposal.
• Repayment strategies are borrower-specific and tailored to meet the borrower’s financial goals, for example:
  • Pay student loan debt quickly
  • Pay higher rate debt first
  • Save to buy a house, start a family
  • Relocate, go into business, etc.
  • Working in public sector
• There are no prepayment penalties on student loans so please keep this in mind as your salary increases and as you consider your bonuses.
# Federal Repayment Plans

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Description</th>
</tr>
</thead>
</table>
| **Level (10 Years)**   | • Default plan for Direct Unsubsidized and Graduate PLUS  
                         • Same payment each month for 120 monthly payments                         |
| **Graduated (10 Years)** | • Lower initial payments that increase every few years                      |
| **Extended (up to 25 Years)** | • Graduated or Level  
                                    • Must have total indebtedness in federal loans of at least $30,000         |
| **Income-Driven**       | • 3 Plan Options: Income Based Repayment (IBR), Pay As You Earn (PAYE), Revised Pay As You Earn (REPAYE)  
                                    • Must qualify for “partial financial hardship”                             |
# Example Repayment (Level 10 Years)

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Loan Type</th>
<th>Principal</th>
<th>Interest Rate</th>
<th>Repayment Period***</th>
<th>Accrued Interest</th>
<th>Principal at Repayment</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DirectUnsubYear1</td>
<td>$20,500</td>
<td>5.31%</td>
<td>10</td>
<td>$2,222</td>
<td>$22,722.46</td>
<td>$244.46</td>
</tr>
<tr>
<td>1</td>
<td>LEAVE BLANK</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
<tr>
<td>2</td>
<td>DirectUnsubYear2</td>
<td>$20,500</td>
<td>5.31%</td>
<td>10</td>
<td>$1,497</td>
<td>$21,996.76</td>
<td>$236.66</td>
</tr>
<tr>
<td>2</td>
<td>DirectUnsubSpring2</td>
<td>$20,500</td>
<td>6.00%</td>
<td>10</td>
<td>$513</td>
<td>$21,012.50</td>
<td>$233.28</td>
</tr>
<tr>
<td><strong>Other Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Graduate PLUS</td>
<td>$60,790</td>
<td>6.31%</td>
<td>10</td>
<td>$7,832</td>
<td>$68,621.53</td>
<td>$772.57</td>
</tr>
<tr>
<td>1</td>
<td>Other Loan</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
<tr>
<td>2</td>
<td>Graduate PLUS</td>
<td>$80,592</td>
<td>7.00%</td>
<td>10</td>
<td>$10,108</td>
<td>$90,699.58</td>
<td>$1,053.10</td>
</tr>
<tr>
<td>2</td>
<td>Other Loan</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
<tr>
<td><strong>Totals:</strong></td>
<td></td>
<td>$202,882</td>
<td>6.36%</td>
<td></td>
<td>$22,171</td>
<td>$225,053</td>
<td><strong>$2,540</strong></td>
</tr>
</tbody>
</table>

# Example Repayment (Level 25 Years)

**Program:** FriSat  
**Start Date:** August-16

### LOANS ORIGINATED

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Loan Type</th>
<th>Principal</th>
<th>Interest Rate</th>
<th>Repayment Period***</th>
<th>Accrued Interest</th>
<th>Principal at Repayment</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DirectUnsubYear1</td>
<td>$20,500</td>
<td>5.31%</td>
<td>25</td>
<td>$2,222</td>
<td>$22,722.46</td>
<td>$136.97</td>
</tr>
<tr>
<td>1</td>
<td>LEAVE BLANK</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
<tr>
<td>2</td>
<td>DirectUnsubYear2</td>
<td>$20,500</td>
<td>5.31%</td>
<td>25</td>
<td>$1,497</td>
<td>$21,996.76</td>
<td>$132.59</td>
</tr>
<tr>
<td>2</td>
<td>DirectUnsubSpring2</td>
<td>$20,500</td>
<td>6.00%</td>
<td>25</td>
<td>$513</td>
<td>$21,012.50</td>
<td>$135.38</td>
</tr>
</tbody>
</table>

### Other Loans

<table>
<thead>
<tr>
<th>Program Year</th>
<th>Loan Type</th>
<th>Principal</th>
<th>Interest Rate</th>
<th>Repayment Period***</th>
<th>Accrued Interest</th>
<th>Principal at Repayment</th>
<th>Monthly Payment</th>
</tr>
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<tr>
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<td>25</td>
<td>$7,832</td>
<td>$68,621.53</td>
<td>$455.22</td>
</tr>
<tr>
<td>1</td>
<td>Other Loan</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
<tr>
<td>2</td>
<td>Graduate PLUS</td>
<td>$80,592</td>
<td>7.00%</td>
<td>25</td>
<td>$10,108</td>
<td>$90,699.58</td>
<td>$641.05</td>
</tr>
<tr>
<td>2</td>
<td>Other Loan</td>
<td></td>
<td></td>
<td></td>
<td>$0</td>
<td>$0.00</td>
<td>$-</td>
</tr>
</tbody>
</table>

### Totals:

- Principal: $202,882
- Interest Rate: 6.36%
- Accrued Interest: $22,171
- Principal at Repayment: $225,053
- Monthly Payment: $1,501

Private Loan Repayment Considerations

• Variable rate tier was quoted when you first applied (check promissory note/loan documents)
• Accrued interest paid by borrower or capitalized at repayment
• Generally, repayment period is 7-15 years depending on when you borrowed
• 6-month grace period
• Managing variable rate private loans
  • Payment amounts can change monthly, quarterly, or annually, depending on the loan terms
  • Harder to forecast
    • Requires careful budgeting
    • Example below assumes a $59,000 original principal and 20-year repayment

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Monthly Payment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.25%</td>
<td>$335</td>
</tr>
<tr>
<td>5.25%</td>
<td>$398</td>
</tr>
<tr>
<td>7.25%</td>
<td>$466</td>
</tr>
<tr>
<td>9.25%</td>
<td>$540</td>
</tr>
</tbody>
</table>

• Extending your Federal loan repayment out to 25 years can help with lowering monthly payments which can offer more funds to focus on repaying higher, variable rate private loans
• Should I consider private loan consolidation to get a fixed interest rate?
No Cosigner Loans: Repayment Options

- **Prodigy** – prodigyfinance.com
  - Payment options include wire transfer, FlyWire, Transferwire, auto-debit from a U.S. bank account (coming soon!)

- **ReliaMax** – reliamax.com
  - Payment options include electronic through your ReliaMax account, bill pay service, telephone, and mail

- **MPOWER** – mpowerfinancing.com
  - Payment options include electronic through your MPOWER account or international money transfer
Strategies for Repayment

Private Loan Refinancing

• Several lenders have come to market with a refinance loan. This loan is a private loan and unrelated to the federal loan consolidation product.

• Borrowers who need flexible repayment options, are considering careers in public service or non-profit, or who are not comfortable with the uncertainty of borrowing through a start-up should **not** consider this loan product.

• This loan product is likely only beneficial to those who plan to repay their loans quickly, have no worries related to unemployment or economic hardship, or who will never need a repayment plan to coincide with their income levels.

• Please contact our office if you require additional information about such a loan.
Strategies for Repayment

• Debt Stacking – Pay down your highest interest/riskiest debt first
  • Credit card debt
  • May want to consider paying down private loans before federal even if the interest rate is currently lower

• Overpayments toward the principal (PREPAYMENT)
  • Request the lowest minimum required payment possible to put more money in your pocket...THEN =>
  • Make the minimum payments AND an additional overpayment and request that overpayments be applied directly to the principal of your most expensive loans

• Know yourself
Power of Prepayment!

By prepaying $500 per month on a loan fixed at 7% and an original principal of $60,000 you would save...

<table>
<thead>
<tr>
<th>Length of Repayment</th>
<th>Number of Monthly Payments</th>
<th>Total Paid</th>
<th>Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 years</td>
<td>300</td>
<td>$127,643</td>
<td>$67,643</td>
</tr>
<tr>
<td>25 years With prepay</td>
<td>82</td>
<td>$75,629</td>
<td>$15,629</td>
</tr>
<tr>
<td>Savings!</td>
<td>218</td>
<td>$52,014</td>
<td>$52,014</td>
</tr>
</tbody>
</table>
Prepayment Consideration…

Should I focus on prepayment?

Do you have an established emergency fund?

Lowering your debt is great, but if something happens (e.g. you lose your job) are you prepared?

Most loans have deferment and forbearance options to forgo payments* during periods of financial difficulties but chances are your rent will still be due each month.

Housing > Lowering your Debt

*more information on deferment and forbearance at the end of the presentation
Loan Assistance and Loan Forgiveness Programs

• Loan Assistance Programs (LAP) and loan forgiveness may be available if borrowers qualify and funding is available
• Programs typically are sponsored/funded by:
  • School of attendance
    • October 15 deadline
  • Employer
    • Employers like Fidelity have begun instituting student loan repayment benefits, a policy likely to gain traction with American companies.
    • If your employer does not offer this type of benefit – ask!
  • Federal, state or local government/jurisdiction
    • Public Service Loan Forgiveness Program (Federal PSLFP)
      • Will discharge the remaining debt after 10 years of full-time employment in public service
      • Borrower must have made 120 qualified payments under IDR plan as part of the Direct Loan program in order to obtain this benefit. Only payments made on or after October 1, 2007 count toward the required 120 monthly payments
      • There are many restrictions to this type of loan forgiveness. Please research this thoroughly before committing to it.
Next Steps

Make sure your loan servicers have current contact info!

• Missing one payment could mean the loss of an incentive or increase to your interest rate (private loans)
• Avoid delinquency and default
• Sign up for online services

Your first payment will come due before you know it!

• Private loans generally have a 6 or 9 month grace period – check with the lender
• Unsubsidized and Grad PLUS loan payments begin 6 months after graduation (or dropping below half time)
• Consolidation loans do not have a grace period – repayment will begin within 60 days of first disbursement
• If you took a leave of absence you may have used your grace period
Next Steps – Summary

• Identify all loans borrowed and when they go into repayment – plug the dates into your Outlook calendars
  – If you have outstanding loans from prior degrees, your loan repayment will begin again immediately at graduation.
• Come up with a repayment strategy that best suits your needs, financial plans, salary, bonuses, etc.
• Log onto the lender/loan servicer websites and call them to:
  – Sign up for ACH auto-debit
  – Update addresses and other contact information
  – Review your loans and use loan repayment calculators to estimate monthly payments
  – Inform them of any difficulties you are having with loan repayment
• Make sure there are no HOLDS or account balances on your Columbia account before you graduate – diploma will not be released.
• Complete Loan Exit Counseling online
I’m Still Not Sure What to Do!

It’s ok. We’re here.

Set up a time to come and see us!

finaid@gsb.columbia.edu
(212) 854-4057
111 Uris Hall
Additional Resources

2018 Graduation Matrix
Understanding Loan Types
Detailed Prodigy Information
Repayment Plan Summary Chart
Federal Repayment Plans (detailed)
Federal Repayment Plan Comparisons
Lender-Specific Websites
Repayment Calculators
Deferment, Forbearance, Default, Delinquency
## 2018 Graduation Matrix

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Borrowing Year</th>
<th>2014-2015</th>
<th>2015-2016</th>
<th>2016-2017</th>
<th>2017-2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Direct ($20,500 Subsidized/Unsubsidized)</td>
<td></td>
<td>*Fixed rate of 6.21%</td>
<td>*Fixed rate of 5.84%</td>
<td>*Fixed rate of 5.31%</td>
<td>*Fixed rate of 6%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*6-month grace period before repayment begins</td>
<td>*6-month grace period before repayment begins</td>
<td>*6-month grace period before repayment begins</td>
<td>*6-month grace period before repayment begins</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Graduate PLUS</td>
<td></td>
<td>*Fixed rate of 7.21%</td>
<td>*Fixed rate of 6.84%</td>
<td>*Fixed rate of 6.31%</td>
<td>*Fixed rate of 7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*Repayment aligned with Direct loan; 6-month post-enrollment deferment</td>
<td>*Repayment aligned with Direct loan; 6-month post-enrollment deferment</td>
<td>*Repayment aligned with Direct loan; 6-month post-enrollment deferment</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Loans</td>
<td></td>
<td>*Variable/fixed rate</td>
<td>*Variable/fixed rate</td>
<td>*Variable/fixed rate</td>
<td>*Variable/fixed rate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>*Repayment typically begins 6-months after full-time enrollment</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>*Check with lender for details</td>
<td>*Check with lender for details</td>
<td>*Check with lender for details</td>
<td>*Check with lender for details</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Perkins (prior degrees)</td>
<td></td>
<td>Check with prior institution</td>
<td>Check with prior institution</td>
<td>Check with prior institution</td>
<td>*No Longer Available</td>
</tr>
</tbody>
</table>
Understanding Loan Types

**Federal Direct Loan:**
- Student loans that are regulated by the federal government. Capped at $20,500 per academic year for graduate and professional students.
  - *Subsidized* – Need-based with accruing interest paid by the government while the borrower is in school, during a grace period and during eligible deferment periods
    - Offered to eligible graduate students prior to 7/1/2012
  - *Unsubsidized* – Not need-based with accruing interest paid by borrower or capitalized at repayment
- Repayment begins six months after you leave school or drop to less than half time status (6 credits), whichever happens first.
- Interest Rates:
  - Loans first disbursed on or after 7/1/06 and prior to 7/1/13: fixed rate of 6.8%
  - Loans first disbursed on or after 7/1/13: fixed rate of 5.41%
  - Loans first disbursed on or after 7/1/14: fixed rate of 6.21%
  - Loans first disbursed on or after 7/1/15: fixed rate of 5.84%
  - Loans first disbursed on or after 7/1/16: fixed rate of 5.31%
  - Loans first disbursed on or after 7/1/17: fixed rate of 6.00%
- Standard 10-year repayment period (or, if selected, up to 25 years extended for debts over $30,000)
Understanding Loan Types

Federal Graduate PLUS Loan:
• No annual or aggregate cap – eligible to borrow up to the COA less other aid
• Not need-based with accruing interest paid by borrower or capitalized at repayment
• Repayment begins six months after you leave school or drop to less than half time status (6 credits), whichever happens first.
• Interest Rates:
  • Loans first disbursed on or after 7/1/11 and prior to 7/1/13: fixed rate of 7.9%
  • Loans first disbursed on or after 7/1/13: fixed rate of 6.41%
  • Loans first disbursed on or after 7/1/14: fixed rate of 7.21%
  • Loans first disbursed on or after 7/1/15: fixed rate of 6.84%
  • Loans first disbursed on or after 7/1/16: fixed rate of 6.31%
  • Loans first disbursed on or after 7/1/17: fixed rate of 7.00%

• Standard 10-year repayment period (or, if selected, up to 25 years extended for debts over $30,000)
Understanding Loan Types

**Federal Consolidation Loan:**
- Fixed interest rate
  - Weighted average of underlying loans rounded up to nearest 1/8%
- No grace period
  - Repayment begins *immediately* (30-45 days from consolidation)
- Repayment terms up to 30 years depending on debt levels

Not a refinance tool, just debt management
- Reasons to consider consolidation:
  - Single statement billing
  - Qualify for longer repayment term than the Standard Level 10 years
  - Students must consolidate any federal loans borrowed under the FFELP into the Federal Direct Loan program if they want to take advantage of Public Service Loan Forgiveness (PSLF).
- Reasons to forego consolidation:
  - Federal loans first disbursed on or after 7/1/06 already have a fixed rate and do not necessarily need to be consolidated
  - You will lose the ability to target prepayment of higher interest rate federal loans
  - If you extend repayment to 30 years, it will cost more in interest
Understanding Loan Types

Private Loans (including U.S. cosigned loans for international borrowers)

- Terms differ depending on lender
  - Check loan promissory note for specific terms
- Accrued interest paid by borrower or capitalized at repayment
- Generally, repayment period is 5 - 20 years depending on loan balance and lender
- Generally 6-month grace period depending on lender
- Interest rate is variable or fixed for the life of the loan depending on lender
  - Cannot be consolidated under the Federal Direct Consolidation Loan Program
Understanding Loan Types

**Prodigy Loan (no cosigner loan)**

- Variable rate tier was quoted when you first applied
- Accrued interest paid by borrower or capitalized at repayment
- Generally, repayment period is 7-15 years depending on when you borrowed
- 6-month grace period
Prodigy Loan: Responsibilities as a borrower

- The Prodigy Finance Loan program is funded by investors in our community that support the school by lending to our international students.
  - Non-payment harms the community and puts future funding opportunities at risk

- On-time payment of your monthly loan obligation is expected from all student loan borrowers.

- Investors receive a reasonable return and are able to support schools beyond charitable giving. Prodigy Finance is then able to originate and service the loans to students. Borrowers are then able to complete their degrees at top schools and succeed in addressing their financing gaps.
  - Prodigy Finance is starting to see some of their borrowers become investors once their loans are repaid.
Prodigy Loan: Repayment Timing

- Early settlement without penalty is possible at any time
- Your first payment will be due **within 3 months of your final disbursement**
- Payments can take up to 10 working days to clear depending on from where and how you are paying – please coordinate payment at least 10 days before the 28th of the month to allow transfer time.
- The amount due per month will vary as the US Libor rate changes and your loan is repaid, please see your statement for the due amount
- Allow for currency fluctuations between statement and payment
- Allow for transfer costs deducted i.e. ensure net amount is paid into Prodigy Finance
- Prodigy Finance recommends the use of an automated monthly transfer from your account. Debit order functionality will be available soon.
  - Your loan term is 10 years (120 months) of repayment and you can prepay at any time
Prodigy Loan: Repayment Options

• The following 3 options are available for payment. Please see your statement for account specific details:

  – **Auto-debit ACH payment from a U.S. bank account** – coming soon!

  – **Direct Wire transfer into Prodigy’s HSBC accounts**
    o Country specific options exist to limit your exposure to currency fluctuations
    o Wiring / Transfer costs apply

  – **FlyWire**
    o Online access from anywhere in the world (using PC or mobile)
    o Direct transfers in your own local currency at competitive rates
    o Online support while you make your payment
    o Visit [www.prodigyfinance.peertransfer.com](http://www.prodigyfinance.peertransfer.com)

  – **Transferwise**
    o Paid into a local US Transferwise bank account
    o Currency conversion and transfer fees costs apply, therefore ensure that total payment takes these costs into account
    o May take up to 10 days to process – must coordinate payment well in advance to ensure payment is received by the 28th of each month
Prodigy Loan: Late Payments/Delinquency

- Failing to make a payment has an impact on your status and your credit history

- Economic Hardship:
  - If you are facing temporary financial difficulties, please simply contact Prodigy as soon as possible and they will be happy to work with you on your options. Normally a forbearance will be offered.

- Late payments:
  - Late fees will be charged to you and your status to the alumni community is listed as “late”

- 6 months of non-payment:
  - Results in being in default of the loan
Prodigy Loan: Default

- While Prodigy Finance will work with you to avoid default, it is important to note that their loans are enforceable in 150 countries.

- Regardless of the country you are in, there will be legal ramifications should there be a default. In addition, the following will occur:

  1. Your default will be registered with your local credit bureaus and courts which can severely limit access to credit in the future, it can also affect your ability to find a job
  2. Legal proceedings will take place at your expense and under international enforcement a public judgement will be made against you in your country of residence and in the UK
  3. The full outstanding balance of your loan falls due immediately
  4. Columbia will be informed of your default
  5. Alumni who have invested their personal funds to provide you with a loan will be informed
  6. Your local and regional alumni offices will be made aware of your default
  7. Prodigy Finance will pursue legal recourse via a specialised international collections agency, with local agents

Please do not default. Prodigy will work with you if you are facing issues.
Prodigy requires that you update their records as you change jobs, addresses, or any time your personal circumstances change. Simply email them at payments@prodigyfinance.com.

- Email/Address/Phone
  - Email – they need a non-Columbia email address from you
  - Address & Phone – please make sure you update your physical mailing address if you have moved as well as if you change your phone number.

- Family contact details
  - If your next of kin, significant other or contact information for other family members who are references changes, please contact Prodigy

- Employment Details
  - If there are changes to your job title, position, company, sector, salary or bonus changes, please contact Prodigy

Need more help? Prodigy Finance, payments@prodigyfinance.com, +44 (0) 207 193 2832 OR 718 407 2445
### Federal Repayment Plan Summary Chart

<table>
<thead>
<tr>
<th>Plan</th>
<th>Payment Structure</th>
<th>Maximum Payment Period</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level</td>
<td>Fixed</td>
<td>10 years</td>
<td>- Highest initial payment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Lowest total interest</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- No negative amortization</td>
</tr>
<tr>
<td>Graduated</td>
<td>Tiered</td>
<td>10 years</td>
<td>- Interest only payments initially</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Payments increase incrementally</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- No negative amortization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Monthly payments can’t be more than three times</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>greater than any other payment (“3 times rule”)</td>
</tr>
<tr>
<td>Extended</td>
<td>Fixed or tiered</td>
<td>25 years</td>
<td>- Lowest initial payment without considering</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>income</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- No negative amortization</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- To qualify in FFELP:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- Federal debt must be &gt; $30,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>- New federal borrower ≥ 10/7/98</td>
</tr>
<tr>
<td>Income Based (IBR)</td>
<td>Adjusted annually based on:</td>
<td>25 years</td>
<td>- Payment is 15% of “disposable” income if</td>
</tr>
<tr>
<td></td>
<td>- Household AGI</td>
<td></td>
<td>experiencing “partial financial hardship”</td>
</tr>
<tr>
<td></td>
<td>- Household size</td>
<td></td>
<td>- Eligibility/payment amount re-evaluated annually</td>
</tr>
<tr>
<td></td>
<td>- Poverty guideline</td>
<td></td>
<td>- Negative amortization allowed</td>
</tr>
<tr>
<td></td>
<td>- State residence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>Adjusted annually based on:</td>
<td>20 years</td>
<td>- Payment is 10% of “disposable” income if</td>
</tr>
<tr>
<td></td>
<td>- Household AGI</td>
<td></td>
<td>experiencing “partial financial hardship”</td>
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<td>- State residence</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Federal Repayment Plans (detailed)

5 Repayment Plans (All Federal Loans)

1) Level (10 years*)
   - Level 10-Year Plan (Standard Repayment) is the default plan for Direct Subsidized/Unsubsidized and Graduate PLUS loans
   - Monthly payment of principal and interest that remains the same throughout the repayment term
     - Positive: Lowest cost – you will pay the least amount of interest if you enroll in the Standard Repayment plan
     - Drawback: Payments may be higher than some borrowers can afford

2) Graduated (10 years)
   - Lower initial payments which increase every few years
     - Positive: Lower initial payments with predictable increases
     - Drawback: Total interest paid is higher than level plan

*Federal consolidation loans may qualify for up to 30 years in repayment based on the amount of the consolidation loan and the total federal indebtedness of the borrower; the default repayment plan is the longest for which the loan qualifies.
Federal Repayment Plans (detailed)

3) Extended (up to 25 years Level or Graduated)

- This plan extends the repayment term for up to 25 years if your federal loans total more than $30,000.
- All your loans must have been disbursed after October 7, 1998.
- Must opt in.
- No consolidation required.
  - **Positive:** Usually offers the lowest monthly payment option without consideration of income.
  - **Drawback:** Total interest paid will be higher than shorter repayment terms.
4) Income-Based Repayment (IBR)

• Available effective July 1, 2009
• Must demonstrate “partial financial hardship”
• Caps monthly payments at 15% of your monthly discretionary income, where discretionary income is the difference between adjusted gross income (AGI) and 150% of the federal poverty line that corresponds to your family size and the state in which you reside
• Any outstanding eligible loan balance is cancelled after 25 year
  • May be a taxable event
• Payment may be lower than the interest accrued monthly (negative amortization – loans get bigger)
  • Gov’t waives/pays neg. amortization on Subsidized loans for up to 3 years under this repayment plan
Federal Repayment Plans (detailed)

5) Pay As You Earn (PAYE)*

- Available effective December 21, 2012
- You must be a new borrower as of October 1, 2007
- Must demonstrate “partial financial hardship”
- Caps monthly payments at 10% of your monthly discretionary income, will never exceed 10-year standard plan amount
- 20-year forgiveness
  - May be taxable
- Payment may be lower than the interest accrued monthly (negative amortization – loans get bigger)
  - Gov’t waives/pays neg. amortization on Subsidized loans for up to 3 years under this repayment plan

*Also Revised Pay As You Earn (REPAYE) – Similar to PAYE except payments may exceed the 10-year standard plan amount
Comparison of Federal Repayment Plans

(Using $100K in Debt)

**Example 1: Monthly payments and total payments - LEVEL Repayment**

$41,000 Federal Unsubsidized, *average* interest rate of 5.58% (does not include interest accrual)

$59,000 Graduate PLUS loans, *average* interest rate 6.58% (does not include interest accrual)

<table>
<thead>
<tr>
<th>Length of Repayment</th>
<th>Monthly Payment</th>
<th>Total Paid</th>
<th>Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>$1,119</td>
<td>$134,271</td>
<td>$34,271</td>
</tr>
<tr>
<td>25 years</td>
<td>$655</td>
<td>$196,517</td>
<td>$96,517</td>
</tr>
</tbody>
</table>
Comparison of Federal Repayment Plans

(Using $100K in Debt)

Example 2: Monthly payments and total payments - Graduated Repayment
$41,000 Federal Unsubsidized, *average* interest rate of 5.58% (does not include interest accrual)
$59,000 Graduate PLUS loans, *average* interest rate 6.58%, (does not include interest accrual)

<table>
<thead>
<tr>
<th>Length of Repayment</th>
<th>Initial Monthly Payment</th>
<th>Final Monthly Payment</th>
<th>Total Paid</th>
<th>Interest Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 years</td>
<td>$559</td>
<td>$860</td>
<td>$208,009</td>
<td>$108,009</td>
</tr>
</tbody>
</table>

Is an initial savings of $96 per month for the first two years worth an additional $11,492 in interest?

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</table>
Example 3: Monthly payments and total payments – Income-Based Repayment (IBR)/Pay As You Earn (PAYE)
Single taxpayer in NY starting AGI $60,000 with expected increase in income of 3% each year
$41,000 Federal Unsubsidized, average interest rate of 5.58% (does not include interest accrual)
$59,000 Graduate PLUS loans, average interest rate 6.58% (does not include interest accrual)

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Length of Repayment</th>
<th>Initial Monthly Payment</th>
<th>Final Monthly Payment</th>
<th>Total Paid</th>
<th>Interest Paid</th>
<th>Balance Forgiven*</th>
</tr>
</thead>
<tbody>
<tr>
<td>IBR</td>
<td>25 years</td>
<td>$541</td>
<td>$1,066</td>
<td>$195,324</td>
<td>$105,174</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE</td>
<td>20 years</td>
<td>$360</td>
<td>$632</td>
<td>$116,201</td>
<td>$109,818</td>
<td>$106,288</td>
</tr>
</tbody>
</table>

The same amount on a level 10 year or level extended 25 year plan...

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*This forgiveness may be a taxable event
Lender-Specific Websites

- Citizens -- [citizensbank.com/student-services](http://citizensbank.com/student-services)
- Common Bond -- [commonbond.co](http://commonbond.co)
- Perkins/Institutional Loans from CBS – [acs-education.com](http://acs-education.com) (Xerox/ACS)
- Sallie Mae – [salliemae.com](http://salliemae.com)
- SoFi -- [sofi.com](http://sofi.com)
- SunTrust -- [aessuccess.org](http://aessuccess.org)
- Wells Fargo – [wellsfargo.com](http://wellsfargo.com)
Repayment Calculators

• CBS Grad Year/Program Specific Repayment Calculators (MBA/EMBA)

• Standard and Extended Repayment
  http://www.finaid.org/calculators/loanpayments.phtml

• Prepayment
  http://www.finaid.org/calculators/prepayment.phtml (enter the additional amount you can pay each month)
  You can also use the standard calculator to estimate prepayment based on a time goal - the number of years in which you would like to pay a loan off. Enter your payoff goal in years and it will provide the estimated total amount you should pay each month to meet your goal.

• Income-based Repayment (IBR) and Pay As You Earn (PAYE)
  http://www.finaid.org/calculators/ibr.phtml
  http://www.finaid.org/calculators/ibr10.phtml

• Federal Repayment Estimator (estimates your federal student loan payments under each repayment plan)
  https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action
Deferment and Forbearance

What is deferment?
• If you find that you are unable to meet your monthly payment obligations, contact your loan servicer right away. You may qualify for a deferment that will allow you to postpone making principal payments on your loan. The most common deferments granted are those for:
  • In-school periods --------------granted without time limit
  • Unemployment ---------------applied for annually for up to 36 months maximum
  • Economic hardship ---------applied for annually for up to 36 months maximum

What is forbearance?
• For borrowers with temporary financial issues who do not meet the requirements for deferment, you may suspend your payments under certain circumstances by requesting forbearance. You will be responsible for the interest that accrues on your loan. This interest is added to the amount you owe when you re-enter repayment and must be repaid when payments resume.
• Forbearances are at the loan servicer’s discretion and many have a cap on how long a forbearance can last. Use this sparingly in case of an emergency down the road.

You must apply for a deferment or forbearance when not in school – it is not automatic.
Default/Delinquency

If you fail to repay (default on) student loans, it can:

• Negatively impact your credit rating
• Prompt withholding of your federal and state tax refunds
• Limit your job selection (many companies run credit checks on job applicants)
• Rescind your professional license
• Trigger garnishment of your wages
• Raise the interest rate you pay on a car or home loan

*Personal bankruptcy rarely eliminates student loan debt*

Be sure to be in touch with your lender or loan servicer if you are experiencing any issues