UNDERSTANDING THE STUDENT DEBT LANDSCAPE

Presented by:
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Regional Manager, Northeast

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Through student-focused initiatives, research and policy advocacy, nonprofit **AccessLex Institute** works to help purpose-driven students find their path from aspiring lawyer to fulfilled professional.

In partnership with our nearly 200 member law schools, improving access and positively influencing legal education have been at the heart of our mission since 1983.
Introductions

Ashley Norwood-Struppa, AFC®
Regional Manager, Northeast
AccessLex Center for Education and Financial Capability®
Introductions

Jennifer M. Schott, AFC®
Managing Director
AccessLex Center for Education and Financial Capability®
Student Loan Landscape
Source: Student Debt and the Class of 2019, TICAS
Federal Student Loan Basics

Direct Subsidized Loans

Direct Unsubsidized Loans

Direct PLUS Loans
# Federal Student Loan Basics

<table>
<thead>
<tr>
<th>Direct Subsidized Loans</th>
<th>DETAILS</th>
<th>ANNUAL AWARD</th>
</tr>
</thead>
</table>
|                        | • For undergraduate students who demonstrate financial need  
|                        | • Current interest rate: 2.75% | • Up to $5,500 depending on grade level and dependency status |

<table>
<thead>
<tr>
<th>Direct Unsubsidized Loans</th>
<th>DETAILS</th>
<th>ANNUAL AWARD</th>
</tr>
</thead>
</table>
|                           | • For undergraduate and graduate/professional students  
|                           | • Current interest rate: 2.75% for undergrads  
|                           | • 4.30% for grad/pro students  
|                           | • Interest accrues upon disbursement | • Up to $20,500 (less any subsidized amounts received) depending on grade level and dependency status |

<table>
<thead>
<tr>
<th>Direct PLUS Loans</th>
<th>DETAILS</th>
<th>ANNUAL AWARD</th>
</tr>
</thead>
</table>
|                   | • For parents of dependent undergraduate students and graduate/professional students  
|                   | • Current interest rate: 5.30% for parents and grad/pro students  
|                   | • Interest accrues upon disbursement  
|                   | • Borrowers cannot have adverse credit | • Cost of attendance minus any other aid received |

Visit studentaid.gov for more information on federal student loans.

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Student Loan Outlook

**PRE-PANDEMIC 2019 – 2020**
- Subsidized and Unsubsidized (undergraduate) – 4.53%
- Unsubsidized (grad) – 6.08%
- PLUS – 7.08%

**POST-PANDEMIC 2020 – 2021**
- Subsidized and Unsubsidized (undergraduate) – 2.75%
- Unsubsidized (grad) – 4.3%
- PLUS – 5.3%

**POST-PANDEMIC**
- March 13 – September 30
- December 31
- January 31
- September 30

**Interest Rates**
- 0%

**Payments**
- Suspended
Federal Policy Proposals
Congressional Proposals

HOUSE HEROES ACT

- Passed the House in May; reintroduced in September
- Extend CARES Act loan relief through September 2021
- Include privately held FFEL and Perkins loan borrowers
- Forgive up to $10,000 for private loan borrowers
Congressional Proposals

SENATE HEALS ACT

• Released in July by Senate Republicans
• Simplify FAFSA
• Consolidate repayment plans
• Provide $29.1 billion for higher education
• Liability protection for schools that reopen
Status of Negotiations

- Where We’ve Been
  - CARES Act enacted
  - Negotiations falter
  - Election
Status of Negotiations

- Where We’re Going
  - Lame Duck
  - 2021
Borrower Options
Repayment Plans and Programs

- Repayment Plans
- Public Service Loan Forgiveness
REPAYMENT PLAN OPTIONS

DEBT-DRIVEN

- Standard Repayment
- Graduated Repayment
- Extended Repayment

INCOME-DRIVEN

- Income-Contingent Repayment (ICR)
- Income-Based Repayment (IBR)
- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)
REPAYMENT PLAN OPTIONS

DEBT-DRIVEN

• STANDARD REPAYMENT
• GRADUATED REPAYMENT
• EXTENDED REPAYMENT

NOTE: Standard is the default plan.
REPAYMENT PLAN OPTIONS

DEBT-DRIVEN

• STANDARD REPAYMENT
• GRADUATED REPAYMENT
• EXTENDED REPAYMENT
REPAYMENT PLAN OPTIONS

DEBT-DRIVEN

- STANDARD REPAYMENT
- GRADUATED REPAYMENT
- EXTENDED REPAYMENT
REPAYMENT PLAN OPTIONS

INCOME-DRIVEN

- INCOME-CONTINGENT REPAYMENT (ICR)
- INCOME-BASED REPAYMENT (IBR)
- PAY AS YOU EARN (PAYE)
- REVISED PAY AS YOU EARN (REPAYE)
# Federal Loan Repayment Plans at a Glance

<table>
<thead>
<tr>
<th>Plan</th>
<th>Loan Types</th>
<th>Eligible Borrowers</th>
<th>Married Borrowers</th>
<th>% of Discretionary Income</th>
<th>Years to Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income-Contingent (ICR)</td>
<td>Direct Consolidation loans that repay Parent PLUS are eligible</td>
<td>Direct Loan borrowers</td>
<td>Joint Tax Return = Combined debt + combined income Separate Tax Return = Your debt + your income (plus option for paid repayment)</td>
<td>The lesser of 20% of discretionary income or a 12-year fixed payment (adjusted according to income)</td>
<td>PSFL THIS PLAN</td>
</tr>
<tr>
<td>New Income-Based (New IBR)</td>
<td>Direct</td>
<td>New borrower on or after 7/1/2014 (with no outstanding balance on any prior Direct or FFEL loans)</td>
<td>Joint Tax Return = Combined debt + combined income Separate Tax Return = Your debt + your income</td>
<td>Generally 10% of discretionary income Never more than the 10-year Standard Repayment amount</td>
<td>PSFL THIS PLAN</td>
</tr>
<tr>
<td>Income-Based (IBR)</td>
<td>Direct FFEL</td>
<td>Any borrower with eligible student loans</td>
<td>Joint Tax Return = Combined debt + combined income Separate Tax Return = Your debt + your income</td>
<td>Generally 15% of discretionary income Never more than the 10-year Standard Repayment amount</td>
<td>PSFL THIS PLAN</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>Direct</td>
<td>New borrower as of 10/1/2007 and must have received a Direct loan disbursement on or after 10/1/2011</td>
<td>Joint Tax Return = Combined debt + combined income Separate Tax Return = Your debt + your income</td>
<td>Generally 10% of discretionary income Never more than the 10-year Standard Repayment amount</td>
<td>PSFL THIS PLAN</td>
</tr>
<tr>
<td>Revised Pay As You Earn (REPAYE)</td>
<td>Direct</td>
<td>Any borrower with eligible federal student loans</td>
<td>Combined debt + combined income</td>
<td>Generally 10% of discretionary income No cap on the monthly payment amount</td>
<td>PSFL THIS PLAN</td>
</tr>
</tbody>
</table>

*Includes Subsidized, Unsubsidized, Grad PLUS, Consolidation—but not Parent PLUS

Source: Department of Education—Federal Student Aid, Repayment Plans, studentaid.gov/repay-loans/understand/plans
First-Year: $3,500 Sub $2,000 Unsub
Second-Year: $4,500 Sub $2,000 Unsub
Third-Year: $5,500 Sub $2,000 Unsub
Fourth-Year: $5,500 Sub $2,000 Unsub

$27,000 Total $19,000 Sub $8,000 Unsub
First-Year $5,500
Second-Year $6,500
Third-Year $7,500
Fourth-Year $7,500
Interest – $660
MONTHLY PAYMENTS: AGI = 25K

<table>
<thead>
<tr>
<th>REPAYMENT PLAN</th>
<th>YEARS</th>
<th>PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>STANDARD</td>
<td>10</td>
<td>$264</td>
</tr>
<tr>
<td>IBR (new)</td>
<td>20</td>
<td>$49–$264</td>
</tr>
<tr>
<td>PAYE</td>
<td>20</td>
<td>$49–$264</td>
</tr>
<tr>
<td>REPAYE (undergrad)</td>
<td>20</td>
<td>$49–$264</td>
</tr>
</tbody>
</table>
## The Long-Term Look

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
<th>Payment</th>
<th>Total Interest</th>
<th>Total Paid</th>
<th>Total Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard</strong></td>
<td>10</td>
<td>$264</td>
<td>$4,669</td>
<td>$31,669</td>
<td>---</td>
</tr>
<tr>
<td><strong>IBR (new)/PAYE</strong></td>
<td>20</td>
<td>$49-$264</td>
<td>$7,076</td>
<td>$34,076</td>
<td>$5,851</td>
</tr>
<tr>
<td><strong>REPAYE (undergrad)</strong></td>
<td>20</td>
<td>$49-$264</td>
<td>$7,076</td>
<td>$34,076</td>
<td>$5,851</td>
</tr>
</tbody>
</table>
INSIDER TIP: Tell them how you want the funds applied.

Otherwise, overpayment will be applied to future payments.
PUBLIC SERVICE LOAN FORGIVENESS (PSLF)

- Eligible loans
- Eligible repayment plan
- Eligible employment
- Eligible payments (120)

PUBLIC SERVICE LOAN FORGIVENESS
CONSOLIDATION AND REFINANCING
THE ROAD TO ZERO
A Strategic Approach to Student Loan Repayment

5 STEPS TO A BETTER CREDIT SCORE
FREE on-demand, one-on-one financial aid and loan repayment counseling for aspiring and current students, and graduates.

SPEAK WITH AN EXPERT: 1-844-755-HELP

SCHEDULE A MEETING: AccessLex.org/AccessConnex
Q&A
Resources

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Federal Student Aid
www.studentaid.gov

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