SESSION OBJECTIVES

- Discover how you can take advantage of these savings.
- Ease your worries about the debt burden you have assumed while in school with money saving tips.
- Learn how to achieve financial wellness by taking action within the next 5 weeks, 5 months and 5 years!

EDUCATION PAYS

Source: The College Board

5 WEEKS

QUICK POLL

- Who believes budgeting is important?
- Who is currently using a budget?
- Who always budgets?
- Who is actively saving?
- Who is planning to set saving as a priority?

BUDGETING

- How to Budget in 3 Easy Steps:

BUDGETING RESOURCES

- Mint - www.mint.com
  - Register your accounts, track your assets, create budgets, help map yourgoals.

- Yodlee- www.yodlee.com
- Buxfer- www.buxfer.com
- Budget Tracker- www.budgettracker.com

- **OR**

MONEY LEAKS & FINANCIAL DISCIPLINE

- Dinner out every Saturday night:
  - $25/week over 52 weeks = $1,300 per year
- One tall Starbucks coffee per weekday:
  - $2/day over 260 week days = $520 per year
- New iTunes album a week:
  - $9.99/week over 52 weeks = $519.48 per year
- 7RWDO RI PRQWKO\ ´OHDNV = $2,300!
- 7RWDO IRU DOO WKH ´OHDNV Over $2,300!

SAVING TIPS

- Set specific, attainable goals
- Write them down

HOW TO OBTAIN A CREDIT REPORT

- Credit Agencies
  - Equifax www.equifax.com
  - Experian www.experian.com
  - Trans Union www.transunion.com

5 MONTHS

KNOW WHAT YOU OWE

- Federal Stafford Subsidized Loan
- Federal Stafford Unsubsidized Loan
- Federal Perkins Loan
- Federal Grad PLUS Loan
- The MEFA Loan
- The Law Access Loan
- Credit Card Balances

- WWW.NSLDS.ED.GOV

STRATEGIC REPAYMENT

- Have a plan
- If you can pay, PAY
- Pay ahead whenever possible
- Focus on high interest debt first
- Understandthe different repayment plans
- Use deferments and forbearances as tools
- Always pay interest (capitalization)
  - Financial Literacy page @ BC: www.bc.edu/content/bc/offices/stserv/financial/finaid/loanrepayment.html

DEFERMENTS AND FORBEARANCES

- Tools to allow you to temporarily suspend payments on federal loans
- Deferments require that you meet certain conditions such as being enrolled in school at least part-time
-) R U E H D U D Q F H V D U H D W W K

DEFERMENTS

- Payments may be suspended for a period of time
- Must apply for a deferment with servicer
- Must meet eligibility criteria³servicer will determine if you qualify
- Common reasons for deferment:
  - At least half-time at eligible school
  - Graduate fellowship program
  - Rehabilitation training program
  - Unable to find full-time employment
  - Economic hardship
  - Military

FORBEARANCES

- Temporary delay or adjustment to monthly payments-(6 12 months in length)
- Must apply for forbearance with servicer

REPAYMENT OPTIONS

- Standard Repayment
- Extended Repayment
- Graduated Repayment
- Income-Contingent Repayment (DL only)
- Income-Sensitive Repayment (FFELP only)
- Income-Based Repayment (since July 1, 2009)

TAKE ADVANTAGE OF TAX BREAKS NOW

- You can deduct up to $2,500.00 per year in interest paid on educational loans
- Deduction is phased out as annual income moves over $60,000.00 ($120,000.00 for married taxpayers filing jointly)
- The deduction is completely eliminated when you earn more than $75,000.00 annually ($150,000.00 for married taxpayers filing jointly)

PUBLIC SERVICE LOAN FORGIVENESS

- Applies to Federal Direct Loans only
- Borrowers repaying federal Direct Loans who work in public service professions for 10 years can cancel any federal student loan balance that remains after that period

- FFELP borrowers can consolidate into DL even if they have already consolidated (started July, 2008)

PUBLIC SERVICE LOAN FORGIVENESS

- Eligible repayment plans:
  - Income-Contingent Repayment
  - Income-Based Repayment
  - Standard Repayment
- Repayment plans NOT eligible:
  - Extended
  - Graduated

PUBLIC SERVICE LOAN FORGIVENESS

- Eligible Loans
  - Stafford Subsidized
  - Stafford Unsubsidized
  - Grad Plus
  - Consolidation
    - Perkins (if consolidated into a Direct Loan)

QUALIFYING JOBS

COVERED JOBS

+ 5 G H I L Q H G D ´ S X E O L F - t i m e J o b Y L F H M

emergency management, government, military service, public safety, law enforcement, public health, public education (including early childhood education), **social work in a public child or family service agency, public interest law services** (including prosecution or public defense or legal advocacy in low-income communities at a nonprofit organization), **public child care, public service for individuals with disabilities, public service for the elderly, public library services, school-based library sciences** and other school-based services, or at an organization that is described in section 501 (c)(3) of the IntY4.2 1 0.658 ET q.658 ET q.1m75g5g57082 nue <ein section 6

PUBLIC SERVICE LOAN FORGIVENESS AND I
MORE INFORMATION

- Overview
  - Links found on:
  - studentaid.ed.gov
- Fact Sheet
  - studentaid.ed.gov/students/attachments/siteresources/factsheet_PSLF.pdf
- , % 5) $ 4 · V
  - studentaid.ed.gov/students/attachments/siteresources/IBR_QA_FINAL_20111207.pdf
  - www.ibrinfo.org/faq.vp.html

5 YEARS

LOAN EXAMPLE

- Loan Balance: $80,000.00
- Loan Interest Rate: 6.80%
- Loan Term: 30 years
- Monthly Loan Payment: $521.54
- Number of Payments: 360
- Cumulative Payments: $187,754.58

- Total Interest Paid: $107,754.58

LOAN EXAMPLE: EARLY REPAYMENT

- Loan Balance: $80,000.00
- Loan Interest Rate: 6.80%
- Loan Term: 15 years
- Monthly Loan Payment: $710.15
- Number of Payments: 180
- Cumulative Payments: $127,826.11
- Total Interest Paid: $47,826.11

- You will save nearly $59,979.00 in interest charges. This savings translates into a guaranteed tax-free, average annual return of 11%.

EXAMPLES OF 5 YEAR GOALS

- 6DYHG OLTXLG IXQGV IRU
  - $W OHDVW PRQWK·V OLYLQJ
- Retirement funds
  - 401(k), Roth, IRA, 403(b), etc.
- Savings for new car
- Savings for engagement or marriage costs
- Savings for real estate purchase/mortgage

LINKS & RESOURCES

- www.studentaid.ed.gov
- www.studentloans.gov
- $ALT:
  - www.bc.edu/salt
  - www.saltmoney.org
- Financial Security Project @ BC:
  - fsp.bc.edu
- Squared Away Blog:
  - fsp.bc.edu/squared-away-blog
- www.finaid.org
- www.mint.com

QUESTIONS?

- www.bc.edu/successfulstart
- Email:successfulstart@bc.edu
- twitter.com/#!/SuccessfulStart