



SAVE ME SALLIE MAE!!!

FINANCIAL ENGINEERING: STUDENT LOANS 101

Who Is Madam Money?



ALJAZEERA



BLACK
ENTERPRISE



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What This Session Is NOT!

- ▶ Complicated Confusing Lecture
- ▶ A “What If” Opportunity
- ▶ 20 Questions Interview



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What This Session IS!

- ▶ Easy To Understand Overview of Students Loans
- ▶ Highly Interactive - Participant Involvement is Encouraged **REQUIRED!**
- ▶ Informative with Helpful Resources!





Who Has Student Loans?

Raise Your Hand If You Have Student Loans!



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Student Loan Debt Facts



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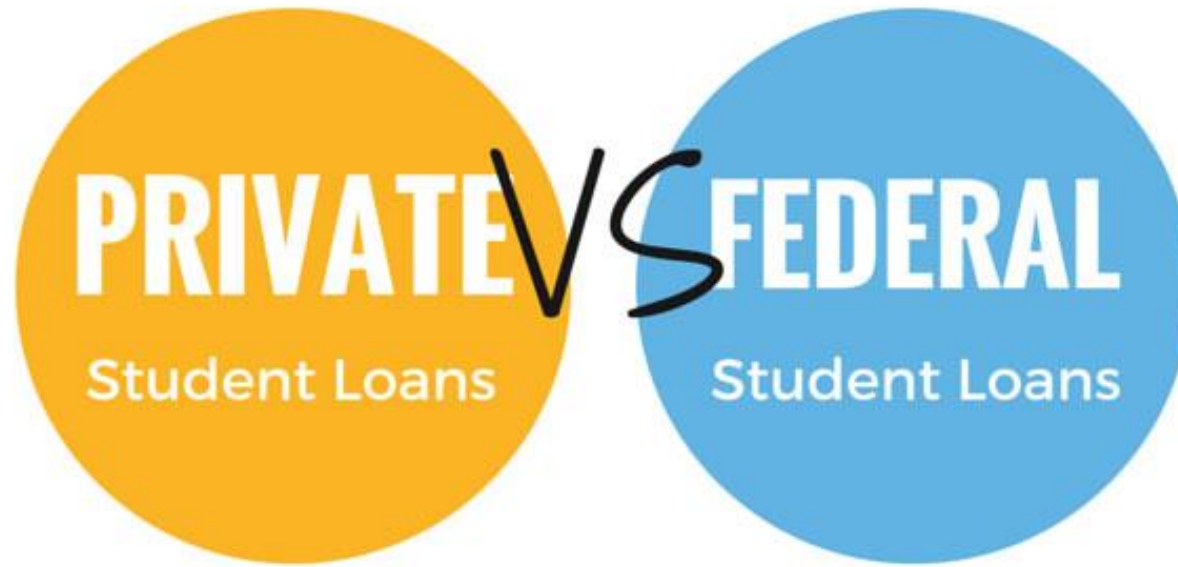
According to AmericanProgress.com

June 2019

- ▶ About 43 million adult Americans—roughly 1/6 of the U.S. population older than age 18 – currently carry a federal student loan and owe **\$1.5 trillion in federal student loan debt.**
- ▶ Plus, an estimated **\$119 billion in student loans from private sources that are not backed by the government.**



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What Type of Student Loans Do You Have?



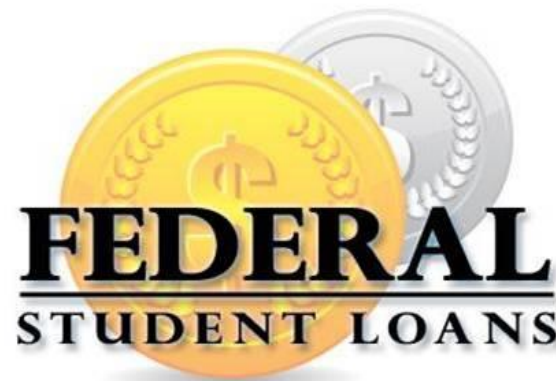
Private Student Loans

- ▶ Made by Banks, Credit Unions, and State-Based or State-Affiliated Organizations
- ▶ Terms and conditions are set by the Lender
- ▶ Generally more expensive than federal student loans



Federal Student Loans

- ▶ Made by the government
- ▶ Loan terms and conditions are set by Law
- ▶ Has many benefits not typically offered with private loans
- ▶ Direct Subsidized Loans and Direct Unsubsidized Loans
- ▶ Direct PLUS Loans (for graduate and professional students)
- ▶ Direct PLUS Loans (for parents)



Federal vs Private Student Loans

	FEDERAL LOANS	PRIVATE LOANS
Eligible for Income Driven Repayment Plans	YES	NO
Eligible for Public Service Loan Forgiveness	YES	NO
Eligible for Deferment or Forbearance	YES	Varies by Lender





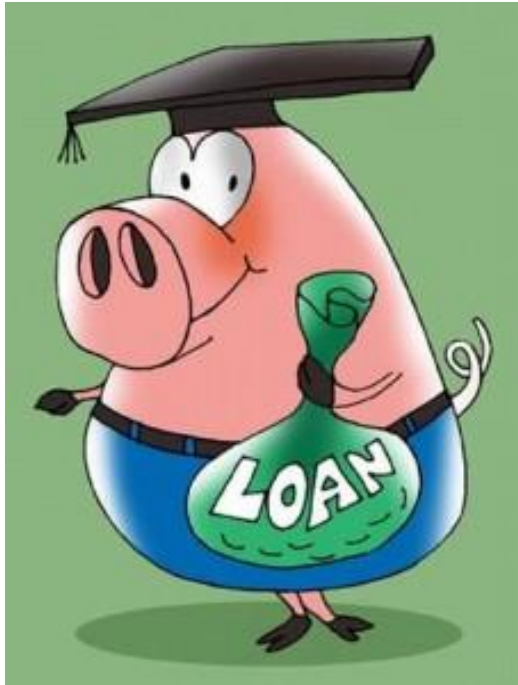
What If You Can't Afford To Pay The Student Loans?

Student Loan Repayment Options



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When Do You Have To Start Paying Student Loans?



- ▶ **Usually 6 Months grace period.**
 - ▶ *Payments start six months after graduation, drop out or drop below half-time status.*
- ▶ *Gives student a chance to find a job and begin earning an income.*
- ▶ Many private student loans require payments while attending school.
 - ▶ Some do allow to defer (put off) payments while in school.



Deferment vs Forbearance

	DEFERMENT	FORBEARANCE
Situations to apply	<ul style="list-style-type: none"> • At least half-time enrollment in school • Economic hardship • Unemployment • Active duty military service 	<ul style="list-style-type: none"> • Economic hardship • Temporary hardship • Natural disaster • Active duty military
Eligible Loans	<ul style="list-style-type: none"> • Direct loans • Some private loans, depending on the loan type and servicer 	<ul style="list-style-type: none"> • Direct loans • Some private loans, depending on the loan type and servicer
Interest	<ul style="list-style-type: none"> • Government pays interest that accrues on subsidized federal loans • Borrower pays interest that accrues for all other loans. 	<ul style="list-style-type: none"> • Borrower pays interest that accrues on all loan types.



Income Driven Repayment Plans for Federal Student Loans

REPAYMENT PLAN	PAYMENT	LOAN FORGIVENESS AFTER
Revised Pay As You Earn (REPAYE)	10 percent of your discretionary income	20 or 25 years of qualifying repayment
Pay As You Earn (PAYE)	Never more than 10 percent of your discretionary income	20 years of qualifying repayment
Income-Based Repayment (IBR)	Never more than 15 percent of your discretionary income	No more than 25 years of qualifying repayment
Income-Contingent Repayment (ICR)	Never more than 20 percent of your discretionary income	25 years of qualifying repayment



Public Service Loan Forgiveness Program

- ▶ Working full-time for a qualifying employer
 - ▶ government organization, a 501(c)(3) organization, or a not-for-profit organization that is not a 501(c)(3) organization that provides a qualifying public service as its primary purpose.
 - ▶ Includes AmeriCorps and Peace Corps volunteers.
 - ▶ Never includes a partisan political organization, a labor union, or a for-profit organization.
- ▶ After 120 (10 years) qualifying payments have been made under a qualifying repayment plan
- ▶ Forgives the remaining balance on your Direct Loans



Private Student Loans

- ▶ Do **NOT** qualify for income-driven repayment or student loan forgiveness programs
- ▶ Some private lenders may offer student loan repayment options that temporarily reduce payments.
- ▶ Call lender and ask about repayment options.





Who The Heck Is Calling Me About My Student Loans?

The difference between Sallie Mae and Navient



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Sallie Mae vs Navient



- ▶ Offers Private Loans
- ▶ Offers Competitive Rates
- ▶ Offers 3 Different Repayment Options
- ▶ Offers Search for over 3000 Scholarships

NAVIENT

- ▶ Services (Collection Agency)
Federal Loans for the Government
- ▶ Takes Federal student loan payments
- ▶ Collects on delinquent (past due) Federal student loan payments





What Are Some Alternatives To Student Loans?

How else can I pay for school?



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Work-Study

- ▶ Work-Study provides part-time jobs for undergraduate and graduate students with financial need, allowing them to earn money to help pay education expenses.
- ▶ Encourages community service work and work related to the student's course of study.



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Grants And Scholarship

- ▶ Called “Gift Aid”
- ▶ **Free Money** - Financial Aid that does not have to be repaid
- ▶ Grants are Need-Based
- ▶ Scholarships are Merit-Based
- ▶ Come from Federal Government, State Government, College or Career School or Private or Nonprofit Organization

**Free
Money!**



Search for Scholarships and Grants

Sallie Mae: Grad School
Scholarship Search



Sallie Mae: Under Grad
Scholarship Search



Department of Labor
Scholarship Search



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What Season Is This?

HINT: It's not the weather!



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It's FAFSA Season!!!

- ▶ **FREE APPLICATION for FEDERAL STUDENT AID**
- ▶ Federal Grants, Work-Study, and Loans
- ▶ Life cycle is 18 Months (Oct 1, 2019 - June 30, 2020). States have different deadlines.
- ▶ Many states and colleges use your FAFSA information. Some private financial aid providers may use your FAFSA information





What If You Get a Student Loan REFUND?

“Mo Money ... Mo Money ... NOT!”



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What is a Student Loan Refund?

- ▶ *NOT a true REFUND!*
- ▶ *Money left after total costs (tuition, fees, and books) are deducted from your student loan amount for the semester.*
- ▶ *This credit amount is given back to student in the form of a check or direct deposit.*
- ▶ *If the Money is NOT returned to the student loan creditor, the Student must repay the total amount of the loan, plus interest.*



Student Loan Resources

Scholarship / Grants Search

- ▶ [SallieMae.com](https://www.salliemae.com)
- ▶ [Fastweb.com](https://www.fastweb.com)
- ▶ [Scholarships.com](https://www.scholarships.com)

Student Loan Advocates

- ▶ The Student Loan Doctor LLC
[DoctorPleaseHelpMe.com](https://www.doctorpleasehelpme.com)
- ▶ Jay S. Fleischman, Esq
[StudentLoanShow.com](https://www.studentloanshow.com)

FAFSA Deadlines

- ▶ [Studentaid.ed.gov/sa/fafsa](https://studentaid.ed.gov/sa/fafsa)
- ▶ Federal Student Aid
October 1, 2019 - June 30, 2020
- ▶ State Student Aid
Varies by State



FINANCIAL JEOPARDY!

GAME TIME!!!



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How To Play Financial Jeopardy

- ▶ 3 categories with 3 clues (phrased in answer form).
- ▶ First team picks a category and dollar amount. Host reads the answer.
- ▶ Contestants respond in the form of a question. (What is a president? Who is President Barack Obama?)
- ▶ Correct response earns the dollar value and select the next clue.
- ▶ Incorrect response deducts the dollar value from the score and gives opportunity for other contestants to raise hand and respond.
- ▶ If no one gives a correct response, the host reads the correct response and contestant who gave a correct response to previous answer chooses the next category and dollar amount.



Double Jeopardy

- ▶ Only the team that selected that category/amount gets to play.
- ▶ Choose a dollar amount to wager, ranging from \$0 to the total accumulated.
- ▶ When the answer is read, you will have the usual amount of time to provide a question.
- ▶ If correct, you get the amount wagered; If incorrect, you lose that amount, and no one else gets the chance to try.



Final Jeopardy

- ▶ A category is announced by the host.
- ▶ Teams will each agree on and write down a wager, based on the category, of as little as \$0 or up to as much money as they have accumulated.
- ▶ The contestants have 30 seconds to write a response, again phrased in the form of a question.



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