

Lighten the Pressure on Your Lawyers with Student Loan Debt:

NALP's Step-by-Step Guide for Law Firms



HEATHER JARVIS
Student Loan Expert

... AT THE RATE
I'M GOING,
MY STUDENT
LOANS SHOULD
BE PAID OFF IN
3 YEARS...



THAT'S GREAT,
DAD...



WATT
HANDELSMAN
NEW YORK

Today's Plan

- Unique concerns for lawyers with student loans
- Trends in student debt
- Assessing the situation
 - Which loans are which and why it matters
- Establishing specific goals
 - Financial goals that make sense for student loan borrowers (and those that make less sense)
- Developing a plan to reach those goals
- Ask Heather

Outstanding student loan debt is now over **\$1 trillion**.

An average of **\$26,600**, up five-percent from the previous year.

About **two-thirds** of the Class of 2011 borrowed student loans.

\$10.6 billion, \$6.3 billion more than in 2000 (adjusted for inflation).

Just under **one million** families borrowed a Parent PLUS loan last year, nearly twice as many as in 2000.

A typical law student borrows \$75,728 to attend a public law school, or \$124,950 to attend a private one.

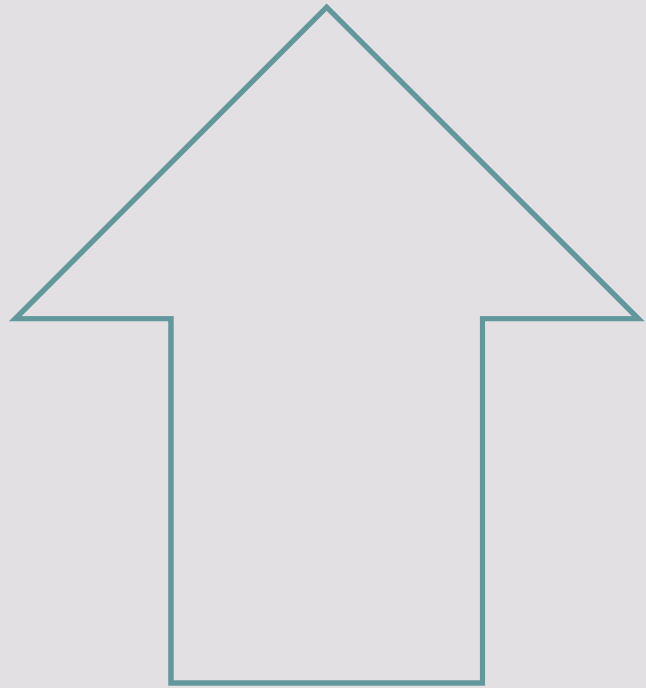
ABA Section on Legal Education, Class of 2011

Principles of Financial Planning

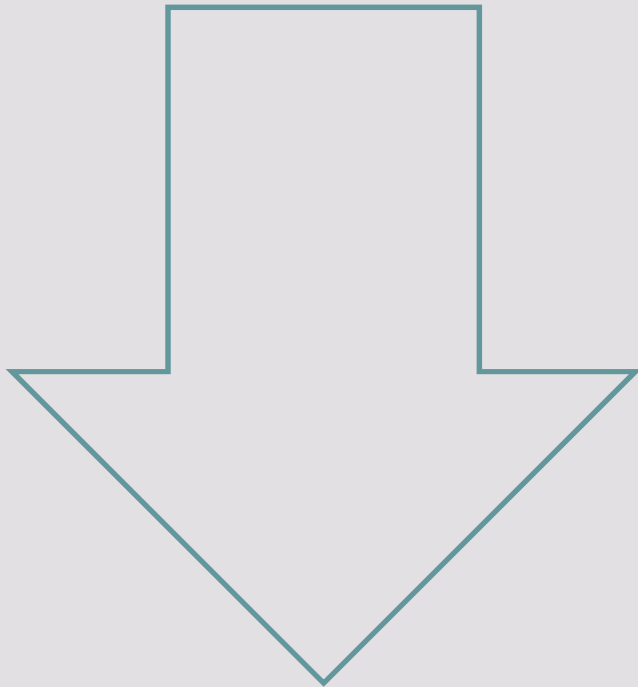
- Begin by assessing the current situation
- Establish specific goals
- Develop a plan to reach those goals

Assessing the current situation





Federal
student
loans



Private
student
loans

Commercial, private, alternative loans

ick



annualcreditreport.com

FREE Annual Credit Reports

AnnualCreditReport.com is the **ONLY** authorized source to get your free annual credit report under federal law.





www.nslds.ed.gov

National Student Loan Data System for Students - Mozilla Firefox

File Edit View History Bookmarks Yahoo! Tools Help

http://www.nslds.ed.gov/nslds_SA/

Student Aid on the Web Direct Consolidation Loans - Welcome!! IBRInfo : Updates National Student Loan Data Syst...

 **START HERE
GO FURTHER**
FEDERAL STUDENT AID™

National Student Loan Data System (NSLDS) for Students

Financial Aid Review Glossary of Terms Browser Information/Setup FAQs Contact Us

[Hurricane Assistance](#)



NSLDS STUDENT ACCESS
National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[FINANCIAL AID REVIEW](#)

FOIA | Privacy | Security | Notices WhiteHouse.gov | USA.gov | ED.gov

Start Search Desktop 2 Microsoft... Presentations Windows S... Timesheets Getting your s... Career Scena... New York Ct... West Virginia... money song l... Document1 - ... National S... Career Scena... 2:12 PM

FFEL



**Federal
Direct**



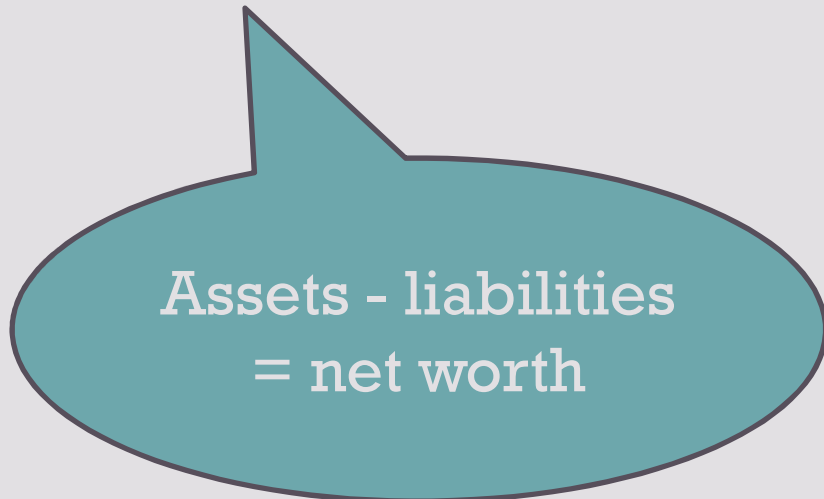
**Federal
Student
Loans**

Specific Goals for Student Loan Borrowers

1. Protection from the impact of unfortunate events
2. Minimizing the cost of debt
3. Focus on steps that build net worth



Known as “risk management”



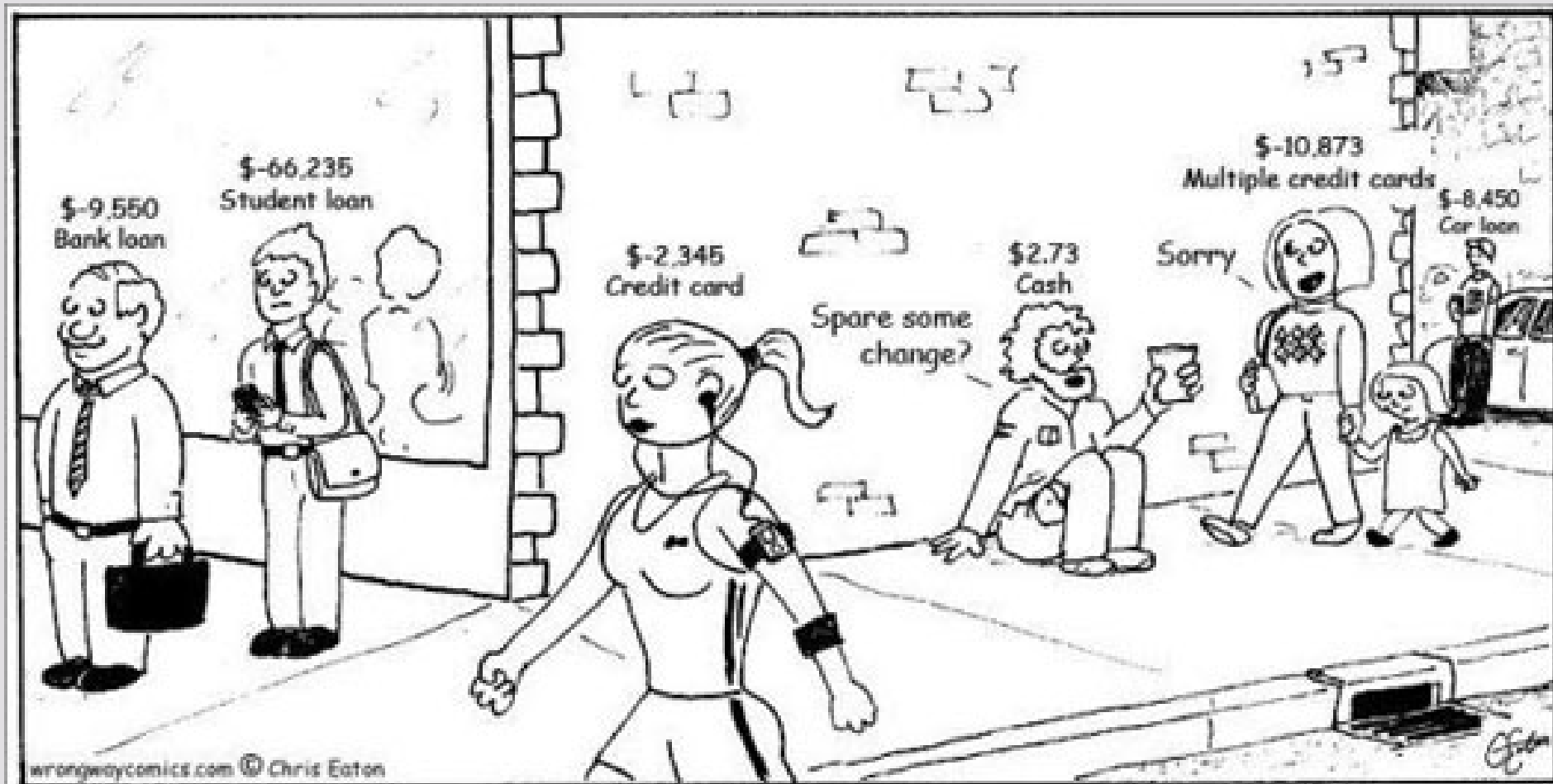
Assets - liabilities
= net worth

Manage Risk

Protection from the impact of
unfortunate events

What to do with earnings

Focus on net worth



Net Worth

Credit: Chris Eaton wrongwaycomics.com
via Caveatbetter

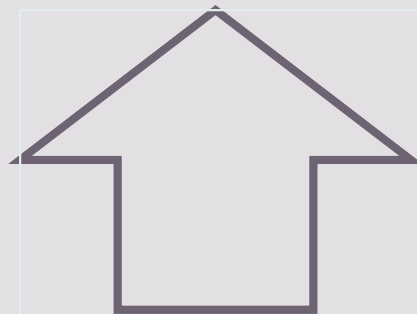
Minimize the cost of debt

Consolidation, repayment plan
selection, interest rates



Pay less
each month

Pay more
over time



Pay more
each month

Pay less
over time

It costs money to borrow money

Total Cost of Loans (over 10, 15, 20 and 25 Years)

Debt	10	15	20	25
\$100,000	\$138,096	\$159,783	\$183,201	\$208,222

http://loanconsolidation.ed.gov/

The screenshot shows the 'Direct Consolidation Loan - Borrower Services' page in a Mozilla Firefox browser. The address bar displays 'https://loanconsolidation.ed.gov/AppEntry/apply-online/appindex.jsp'. The page features a navigation bar with links to 'CONSOLIDATION HOME', 'APPLICATION HOME', 'FORMS & PUBLICATIONS', 'FAQs', and 'CONTACT US'. Below this, there's a 'Borrower Services' section with a 'Federal Direct Consolidation Loans Information Center' header. The main content area is divided into three numbered steps: 1. Before Beginning, 2. Apply Online, and 3. Follow-up. Each step contains detailed instructions and links for borrowers. A left sidebar provides additional resources and a language toggle for English and Spanish. The bottom of the browser window shows a Windows taskbar with various open applications and the system clock at 12:23 PM.

Borrower Services
Federal Direct Consolidation Loans Information Center

Welcome Applicants!

You may be able to combine your existing Federal education loans into one new consolidated loan that offers several advantages. Click on "Borrower Info" topics to the left for more information about advantages of consolidation.

Here you will find what borrowers need to know about Direct Consolidation Loans. If you don't find it here, [Ask Us](#).

New Income-Based Repayment (IBR) Plan Available!

If you would like eligibility information or to take advantage of this repayment option, [Click Here](#) for more information.

Before Beginning 1

Get organized!

To help you decide if you want to consolidate and/or to simplify the application process, gather and read required documents and other information ahead of time.

- [Application and Promissory Note, Introductory Letter, and Instructions](#)
- What [Web Tips](#) are Essential For Completing The Online Application
- [What Do You Need to Fill Out This Application?](#)
- Check The [Current Interest Rates](#)
- [What's New and Security](#)
- Want to Sign Your Promissory Note Online (E-sign)? [Apply For a PIN!](#)

Apply Online 2

Complete the application!

The process asks about you, your financial information, your spouse, references and more.

- [Apply Online and E-sign Your Promissory Note](#)
- [Apply Online and Print, Sign, and Mail Your Promissory Note](#)
- [Retrieve an In Progress Saved Application](#) (Not Submitted)
- The online application process is the most efficient way to apply, but you could alternatively select 'Forms & Publications' from the top menu to download blank forms to print, complete, sign, and mail.

Follow-up 3

Post-Application Activities!

You can check the status of your application, retrieve your submitted E-signed Promissory Note, application data, and other information.

- [What Happens After I Apply?](#)
- [View Your Application Status](#)
- [Retrieve Your Submitted E-signed Promissory Note and Other Consolidation Application Documents](#)
- [Add Loans to Your Consolidation](#)
- [Apply For a PIN](#) if you don't have one yet

BORROWER INFO

- Should I Consolidate?
- How Do I Benefit?
- Am I Eligible?
- What Loans Can I Consolidate?
- How Do I Apply?
- How Do I Update or Correct My Application?
- What is the Status of My Application?
- What are My Rights and Responsibilities?

ADDITIONAL RESOURCES

- Direct Loan Servicing
- NSLDS
- ED.GOV
- Online Calculator
- PIN Request & Information
- Students.Gov

English Español

Type of loan: Federal Loans Offer Many Repayment Options

Standard

Graduated

Extended

Income-Sensitive

“Alternative”

Income-Contingent

Income-Based

Pay As You Earn

Repayment options depend upon type of loan and type of borrower

Type of loan

Federal vs. private

FFEL vs. Direct

Consolidation loan or not

Parent PLUS or not

Type of borrower

Borrowing dates

Balance

Debt to income ratio

Parent or student borrower (or both?)

So-called “Standard” Repayment Plan

Equal fixed monthly payments

\$50 monthly minimum

5-10 year repayment term

BUT 10-30 year “standard” repayment term for consolidation loans

Graduated Repayment Plan

Payments start low(ish) and increase every two years

Minimum payment is accrued interest

5-10 year repayment term

Or 10-30 year repayment term for Consolidation Loans

Length of repayment term for “standard” & graduated repayment plans

If the Total Education Indebtedness is		Maximum Number of Monthly Payments
At Least	Less Than	
\$7,500	\$7,500	120 (10 years)
\$10,000	\$10,000	144 (12 years)
\$20,000	\$20,000	180 (15 years)
\$40,000	\$40,000	240 (20 years)
\$60,000	\$60,000	300 (25 years)
		360 (30 years)

Extended Repayment Plan

No outstanding balance on a FFEL or Direct Program loan on or before October 7, 1998

Must have more than \$30,000 in outstanding FFEL or Direct Loans

Choice of fixed or graduated monthly payments

Minimum payment of \$50 for Fixed Extended

Maximum repayment period is 25 years

Who should consider choosing income-driven repayment

Government and
nonprofit employees

High-debt
graduate and
professional
borrowers

Borrowers with low
income as compared
to debt (instead of
deferment or
forbearances)

Income driven repayment plans

Monthly
payments are
calculated
based on:

Adjusted Gross Income

Family Size

Partial Financial Hardship

Required debt to income ratio in order to
qualify to choose IBR or PAYE

Partial Financial Hardship: IBR example

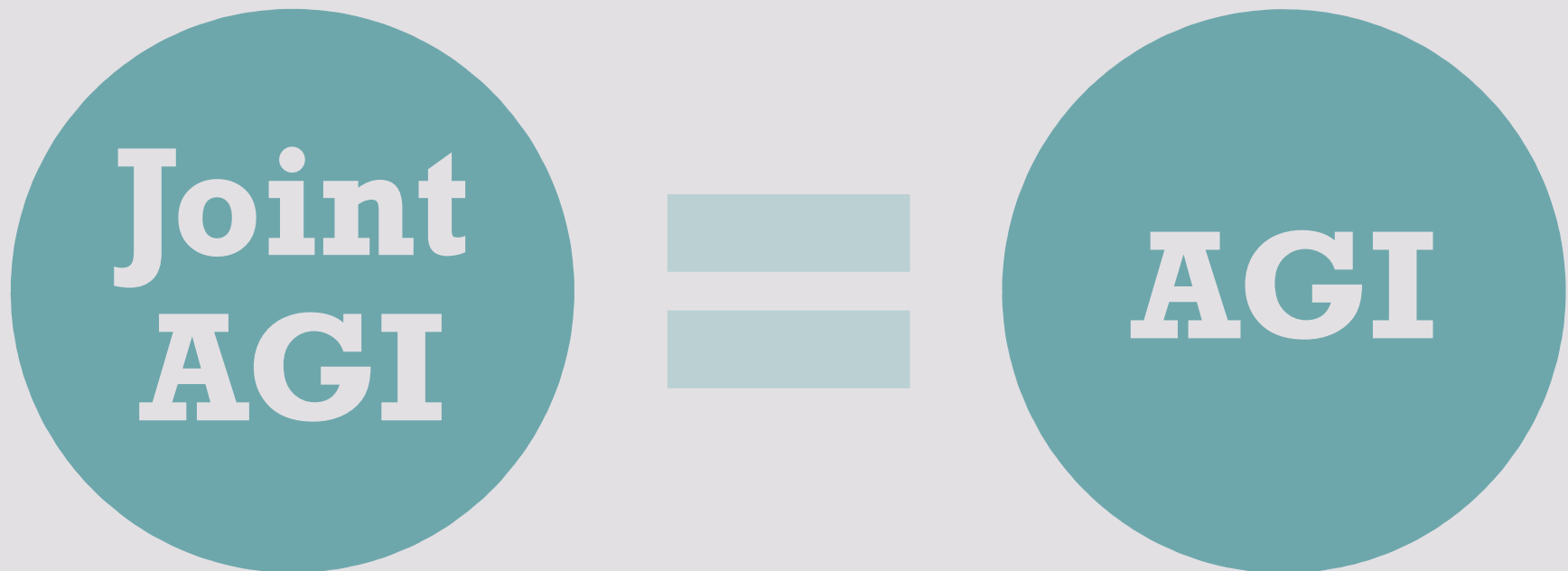
Eligible Loans	AGI		
	Family size = 1	Family size = 2	Family size = 3
\$100,000	\$108,399	\$114,129	\$119,859
\$110,000	\$117,606	\$123,336	\$129,066
\$120,000	\$126,812	\$132,542	\$138,272
\$130,000	\$136,019	\$141,749	\$147,479
\$140,000	\$145,225	\$150,955	\$156,685
\$150,000	\$154,431	\$160,161	\$165,891
\$160,000	\$163,638	\$169,368	\$175,098

PAYE more generous than IBR

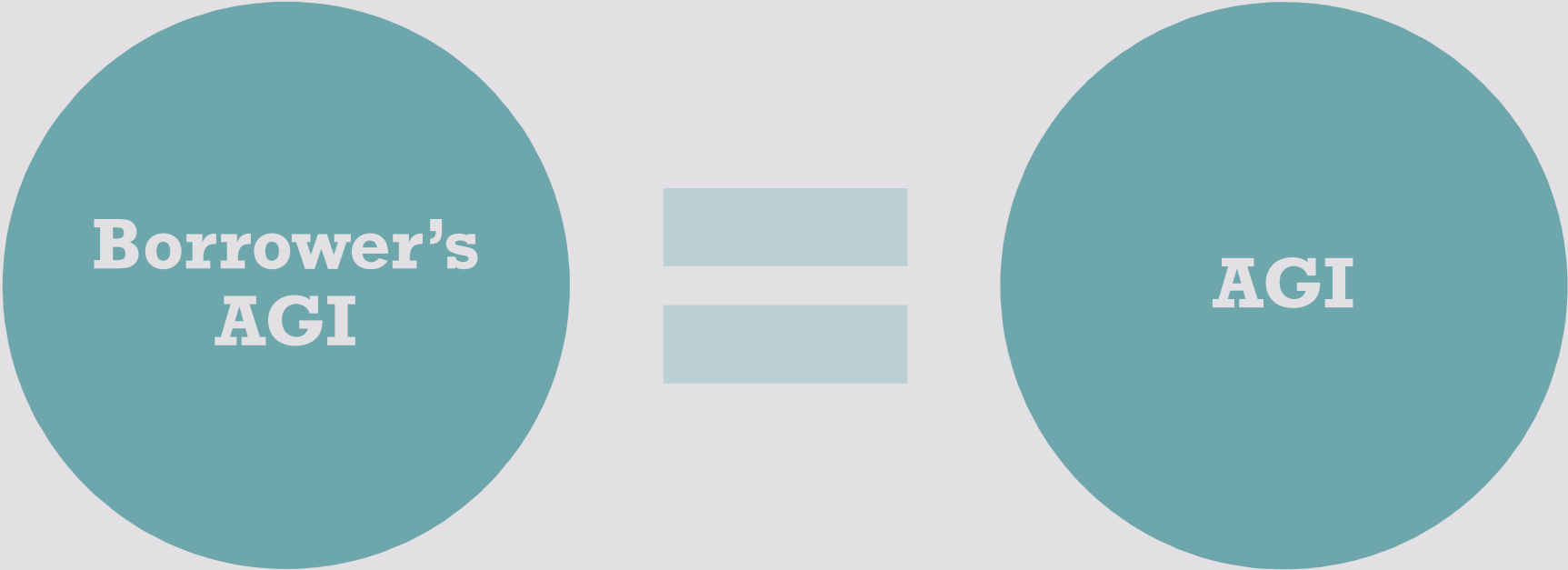
But PAYE only available for “new borrowers”:

- No balance on a federal loan on October 1, 2007
- Borrowed a federal loan on or after October 1, 2011

Married filing jointly



Individual or married filing separately tax filing status



**Borrower's
AGI**

The diagram consists of two teal circles connected by an equals sign. The left circle contains the text 'Borrower's AGI' and the right circle contains the text 'AGI'. The equals sign is formed by two horizontal teal bars.

AGI

Interest and capitalization

IBR

3 year subsidy

No capitalization unless no PFH or leaves IBR

No limit on amount of capitalization

PAYE

3 year subsidy

No capitalization unless no PFH or leaves PAYE

10% cap on interest capitalization

Four Steps Every Law Firm Can Take to Lighten the Pressure on Your Lawyers with Student Debt

1. Encourage attorneys to fully examine their particular circumstances.
2. Promote strategies that minimize loan costs.
3. Provide financial planning programming that addresses the unique concerns of student loan borrowers.
4. Distribute NALP's Guide.

Step-by-Step Student Loan Guide for Law Firms Employers:

**A Collection of Tools You Can
Use Immediately to Lighten
the Pressure on Your Lawyers
with Student Loan Debt**

Appendix of Materials for Attorneys with Student Loans

1. U.S. Department of Education's Fact Sheets
2. Direct Consolidation Loan Application Package
3. Essential Tools for Student Loan Borrowers

Closing Thoughts

- Help us help you
- Distribute NALP's tools
- Sign up for Heather's mailing list
- Facebook/studentloanexpert

askheatherjarvis.com

HEATHER JARVIS
Student Loan Expert

EDUCATIONAL RESOURCES AND TRAINING
FOR STUDENT LOAN BORROWERS & THE PEOPLE WHO LOVE THEM

HOME

WEBINARS

TOOLS

FORUM

EVENTS

BLOG

ABOUT

CONTACT

TOOLS

Student loan borrowers have important decisions to make. These tools will help you understand your options and manage your student loans.

Essential Tools for Student Loan Borrowers

[Public Service Loan Forgiveness in 5 Easy Steps](#)

[The Right Kind of Job for Public Service Loan Forgiveness](#)

[The Right Kind of Loans for Public Service Loan Forgiveness](#)

[The Right Kind of Payments for Public Service Loan Forgiveness](#)

[Borrower Action Plan: Public Service Loan Forgiveness](#)

[Heather's Public Service Loan Forgiveness Slideshow](#)

CONNECT WITH HEATHER



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Heather's Favorite Sites

It takes a village! Heather works closely with many of the following organizations and businesses.

[Student Loan Borrower Assistance.org](#) is brought to us by the great and powerful [National Consumer Law Center](#). This content rich site provides free information about repayment options, avoiding and getting out of default, and dealing with collections agencies.

[GL Advisor](#) offers a unique service designed to help students and professional graduates lower the cost of student loan debt and save time so they can focus on their career. GL Advisor provides student debt management assistance, financial planning, tax preparation services and professional investment advice. Heather recommends starting with GL Advisor's **FREE personalized student debt assessment** and complimentary one-on-one consultation.