



FEDERAL STUDENT LOAN PAYMENTS RESUME SOON – TIME TO REFINANCE?

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WHAT IS STUDENT LOAN REFINANCING?

Refinancing is the process of taking out a single new loan to pay off your old ones.

- Federal and private student loans may be included
- May have a new lender/servicer
- New terms – lower interest rate and shorter term
 - Borrower gets to choose
- Calculated savings over the life of your loan



REFINANCE

Federal Consolidation

Refinancing is different than federal consolidation programs, which simply combine existing federal loans into one monthly payment. Your total payment amount and total interest will likely remain the same when consolidating.

DISCUSSION TOPICS

- Take Stock
 - Federal Student Loans
 - Private Student Loans
- Important Updates
- Historically Low Rates
- Is Refinance Right for Me?
- Calculate Your Savings



TAKE STOCK: FEDERAL STUDENT LOANS

Find information about your loans:

- You'll need your FSA ID
- Log in or create an account at <https://studentaid.gov>



What you should know about your loans:

- Current balance and repayment term
- Interest rate
- Subsidized or unsubsidized
- Monthly payment
- Servicer contact information

Benefits

- Additional deferment after graduation (subsidized loans may not accrue interest)
- Loan cancellation for death and disability
- Forgiveness programs for teaching and public service
- Repayment options including income based
- Consolidation and refinance options
- Default rehabilitation

FEDERAL LOAN BENEFITS

If you have federal loans and anticipate needing or qualifying for federal loan benefits, these will not transfer to a private loan.

- **Public Service Loan Forgiveness:** Those who work full-time in qualified public service jobs may qualify to have remaining loan balance forgiven after 120 payments.
- **Teacher Loan Forgiveness:** Those who teach in full-time designated schools or educational service agencies that serve low-income families may qualify up to \$17,500 in forgiveness after 5 years of making payments.
- **Income Based Repayment:** Those who anticipate or are experiencing financial hardship as defined by the federal government, may qualify to have monthly payments capped at 15% of discretionary income. Then, any remaining balance is forgiven after making 25 years of eligible payments.
- **Pay as You Earn:** Those with high federal debt relative to their income may qualify to have monthly payments capped at 10% of discretionary income. Then, any remaining balance is forgiven after 20 years.

Therefore, a federal consolidation may be best. Or a combination of federal consolidation and private consolidation.

FEDERAL CONSOLIDATION SOLUTION

No origination, processing
or disbursement fees

Flexible terms up to 30
years

Fixed rate: weighted
average of loans
consolidated

Federal Student loans
only

No co-signer

0.25% rate discount
w/ACH

No credit or income
verified

TAKE STOCK: PRIVATE STUDENT LOANS

Find information about your loans:

- Universities financial aid office
- Annualcreditreport.com
- Experian – Equifax – Trans Union

[AnnualCreditReport.com](https://www.annualcreditreport.com)

The only source for your free credit reports. Authorized by Federal law.

What you should know about your loans:

- Current balance and repayment term
- Interest rate
- Subsidized or unsubsidized
- Monthly payment
- Servicer contact information

Benefits

- Varies by lender
- Co-signer release
- Interest reduction for automatic payments
- Forbearance options
- Graduated repayment options
- Refinance options

STUDENT LOAN (PRIVATE LOAN) REFINANCE

Usually no origination,
processing or
disbursement fees

Terms: 5, 10, 15 years

Fixed or Variable rate

Federal Student loans,
Private Student Loans,
Institutional

Co-signer may be needed

0.25% rate discount
w/ACH

Underwriting Criteria

UPDATE: CARES ACT

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- This became law in March 2020
- This law provided relief on Ed-owned federal student loans; suspension of loan payments, stopped collections of defaulted loans, and set the interest rate to 0%.
- ***This was scheduled to expire on September 30th, 2021, however it will now expire on May 1st, 2022***

0% Interest from
3/13/20 – 5/1/22 on
eligible Fed Loans

Administrative
Forbearance automatic
for eligible Fed Loans

Payments made go
directly towards
principal

For more information, please visit
<https://studentaid.gov/coronavirus>

Please Note

Some FFEL Program and HEAL loans are owned by commercial lenders, and some Perkins Loans are owned by the institution you attended. These loans are not eligible for this benefit at this time, but you can contact your servicer to ask about what benefits may be available.

UPDATE: PSLF LIMITED WAIVER OPPORTUNITY

The Public Service Loan Forgiveness (PSLF) Program

- This program forgives the remaining balance on Direct Loans after a graduate has made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.
- On October 6, 2021, the Dept of Education announced a change to PSLF program rules for a limited time as a result of the COVID-19 national emergency.
- ***Now, for a limited period of time, borrowers may receive credit for the past payments made on loans that would otherwise not qualify for PSLF.***

For more information, please visit
<https://studentaid.gov/pslf-waiver>

What PSLF requirements are waived?

Previous Requirements

- Repay under an IDR plan
- Make 120 qualifying payments

Waived Changes

- Past payments under any plan count
- Past ineligible loan payments may count toward 120 total payments

UPDATE: FEDERAL LOAN SERVICERS

A **loan servicer** is a company that processes your student loan payments and serves as a primary contact for any questions related to your student loan.

The following servicers will stop servicing federal student loans:

- Navient
- Granite State
- Cornerstone
- FedLoans (a/k/a PHEEA)

New Servicer's Names:

- MOHELA
- Navient*
- Edfinancial
- NelNet

**Navient to transfer servicing to Maximus (Aidvantage) by yr end 2022*

UPDATE: FEDERAL LOAN SERVICERS

Find which company is servicing your student loan <https://studentaid.gov>

How Do I Prepare For The Servicer Change?

- Understand your student loan type (Federal or Private), ***only federal student loans are affected***
- Continue to make payments to current servicer until you receive notice, Dept of Ed will notify in writing
- Once you get a new servicer, update autopay information
- Make sure to update information that affects your income-driven repayment plan

RATES ARE HISTORICALLY LOW

You might want to refinance if:

- You're paying a high interest rate on your loans
- Your federal loans don't qualify for payment benefits
- You have multiple private student loans and/or higher rate federal loans
- You have a good credit history or a strong co-signer



CHOOSING WHERE TO REFINANCE

What to Ask:

- Interest rate and Fees
- Repayment terms
- Application process
- Member service

Benefits to Look For:

- Cash back
- Delayed payments/interest



For more information, please visit
<https://www.cuselect.com/>

Why choose a credit union?

Credit unions are not-for-profit organizations focused on serving their communities. As member-owned cooperatives, they have your best interests in mind.

When you choose your credit union to refinance, you'll enjoy:

- Great rates
- Low fees
- Convenient repayment terms
- A life-long relationship with a lender you can trust

LOAN CALCULATORS – DO THE MATH

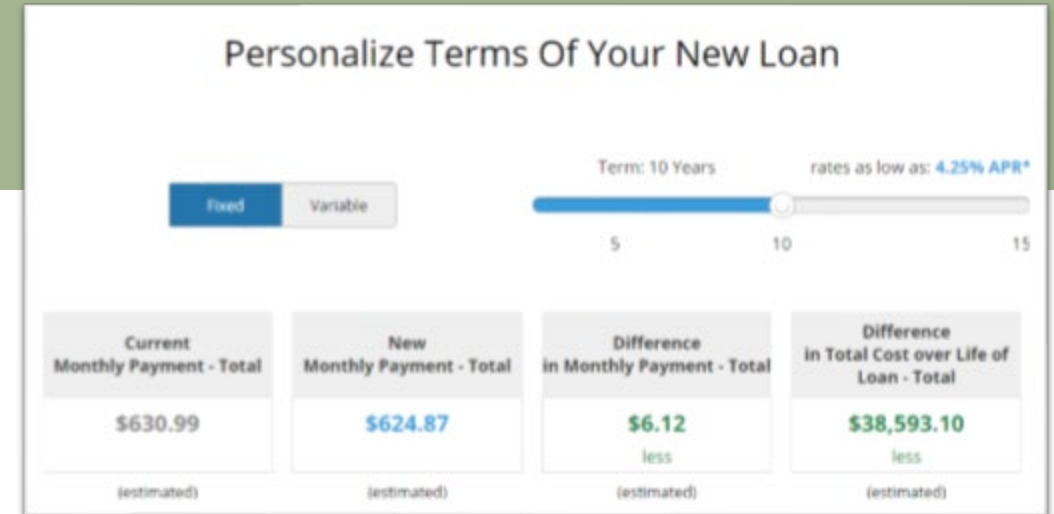
Current Loans:

- Balance – \$61,000 (\$41,000 and \$20,000)
- Rates – 9% and 9.5%
- Term – 180 months
- Monthly Payment – \$630.99

New Loan Opportunities:

- Rate – 4.25%
- Term – 120 months
- New Payment - \$624.87
- **Difference - \$6.12**
- **Savings - \$38,593.10**
- Rate – 4.75%
- Term – 180 months
- New Payment - \$474.48
- **Difference - \$156.51**
- **Savings - \$28,171.43**

(All rates, terms and calculations are estimated)



<https://www.studentchoice.org/student-loan-refinance/calculator/>

EXAMPLE 1

Current Loans

- Three federal direct unsubsidized loans: \$27,640
- Two federal parent PLUS loans: \$67,207
 - **Interest Rates:** 6.8% - 7.9%
 - **10-year Term:** 8 years remaining
 - **Monthly Payment:** \$1,311
 - **Total Interest:** \$30,998

Borrower's Main Objectives

- Lower interest rates and term
- Take over responsibility of federal PLUS loans

New Loan

- **Interest Rate:** 3.45% variable
- **5-year Term**
- **Monthly Payment:** \$1,723
- **Total Interest:** \$8,552

Total Savings: \$22,446

EXAMPLE 2

Current Loans

- Six federal direct subsidized and unsubsidized loans: \$23,460
 - **Interest Rates:** 3.6% - 5.23% (fixed)
 - **10-year Term:** 9 years remaining
- Three private student loans: \$32,330
 - **Interest Rates:** 3.25% - 4.6% (variable)
 - **15-year Term:** 14 years remaining

Borrower's Main Objectives

- Enrolling in graduate school next academic year

Did NOT Refinance

- Both federal and private loans may be deferred in graduate school
- Federal subsidized loan may not accrue interest while in deferment
- Private loans have low interest rate and manageable monthly payment
- Option to refinance after graduate school

THANK YOU FOR ATTENDING!

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- Credit Union Student Choice

Please contact us with any additional questions:

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