



# HARVARD UNIVERSITY EMPLOYEES CREDIT UNION

Student Loan Repayment & Refinancing

# Today's Presenter

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*Community Engagement Specialist*





# Today's Webinar

## Reducing Background Noise

We've muted all attendees to help with audio quality.

## Using the "Questions" Feature

Submit questions at any point. Let's test it!

## Presentation & Recording

This presentation is being recorded and will be posted on our YouTube channel to re-watch.

## Post-Workshop Survey

Take our post-workshop survey and let us know how we did.

# The Credit Union Difference



## **Better Value**

As a not-for-profit, HUECU puts members first in the form of better rates on savings and loans, lower & fewer fees, and more free services and perks.

## **Better Service**

Credit unions consistently outperform banks in metrics of customer service and satisfaction. You have a name not just an account number here.

## **Better Business Model**

The member controlled co-op model is always focused on operating in the best interests of our members.

## **Better For the Community**

Your money stays local when you bank with HUECU. We give back to our community by offering financial education programs and support for local charitable organizations.

# Steps To Student Loan **Repayment**

1

## **Your Student Loans**

Understand what types of loans you have.

2

## **Repayment Options**

Know what your repayment options are.

3

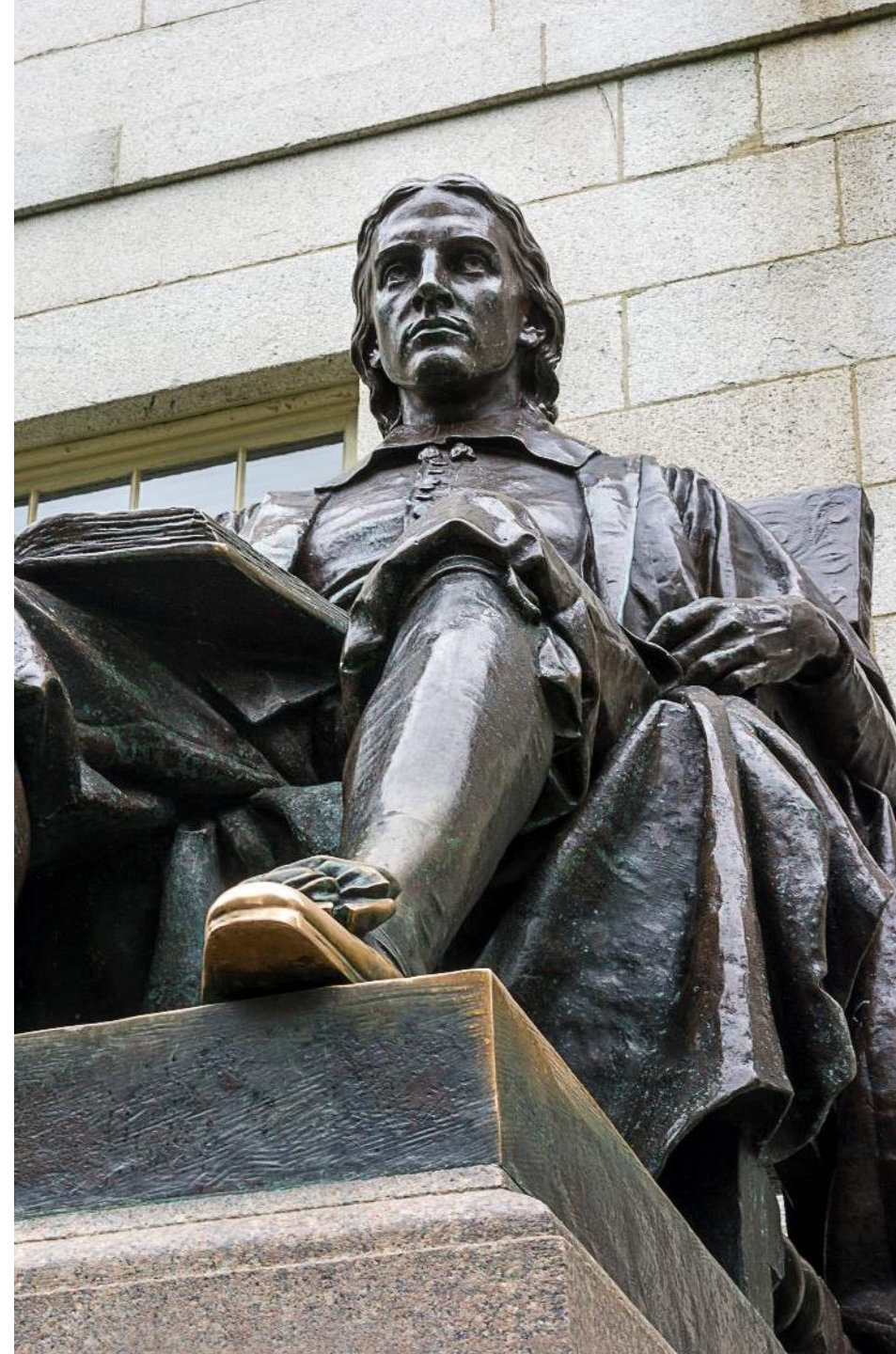
## **Research**

Research your federal forgiveness and discharge options.

4

## **Refinancing Options**

Consider if refinancing is an option for you.





# STEP 1

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Understand your loans.

# Types of Student Loans

1

## Federal

Direct subsidized and unsubsidized, Perkins and PLUS (parent and graduate).

2

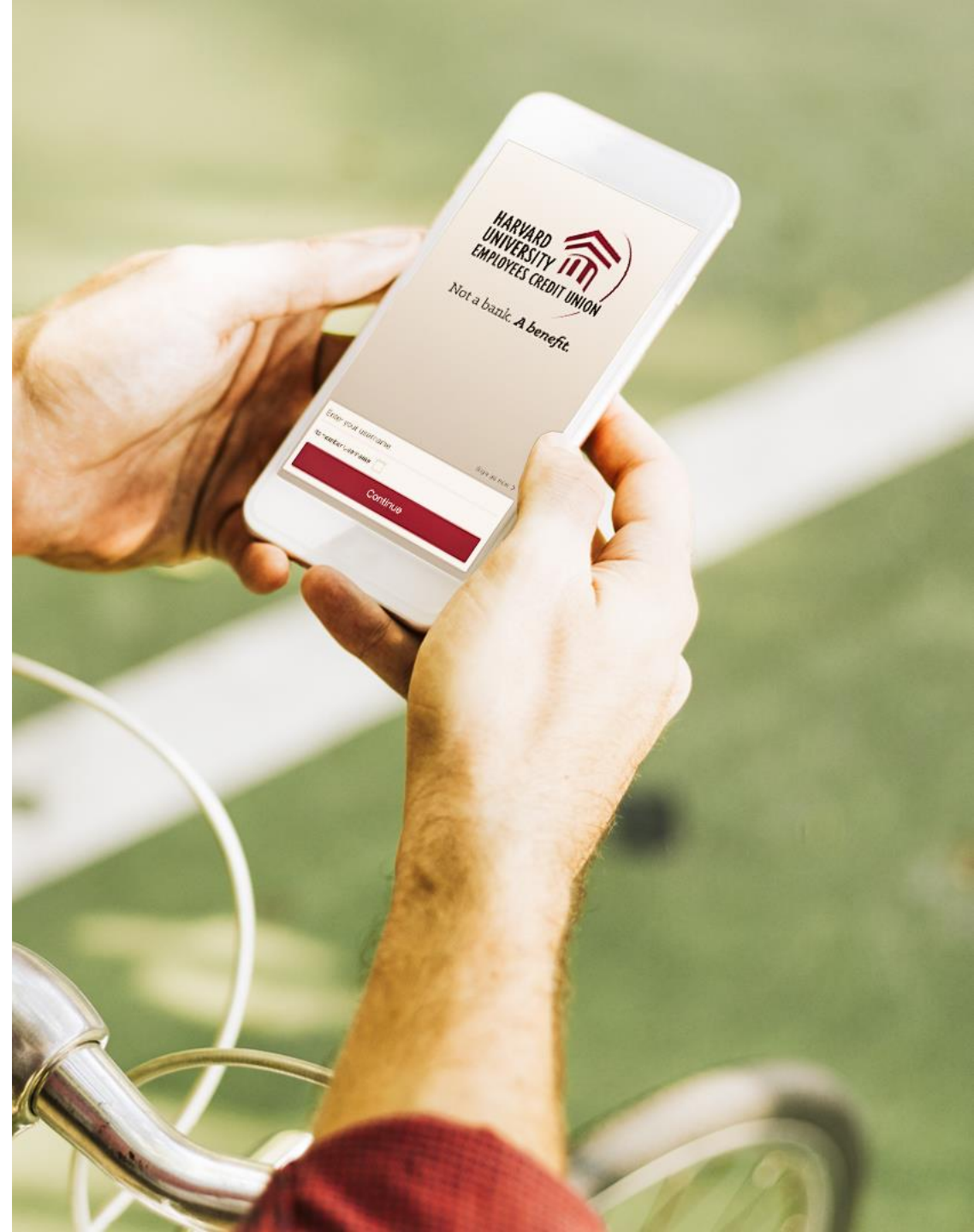
## State

Varies by state.

3

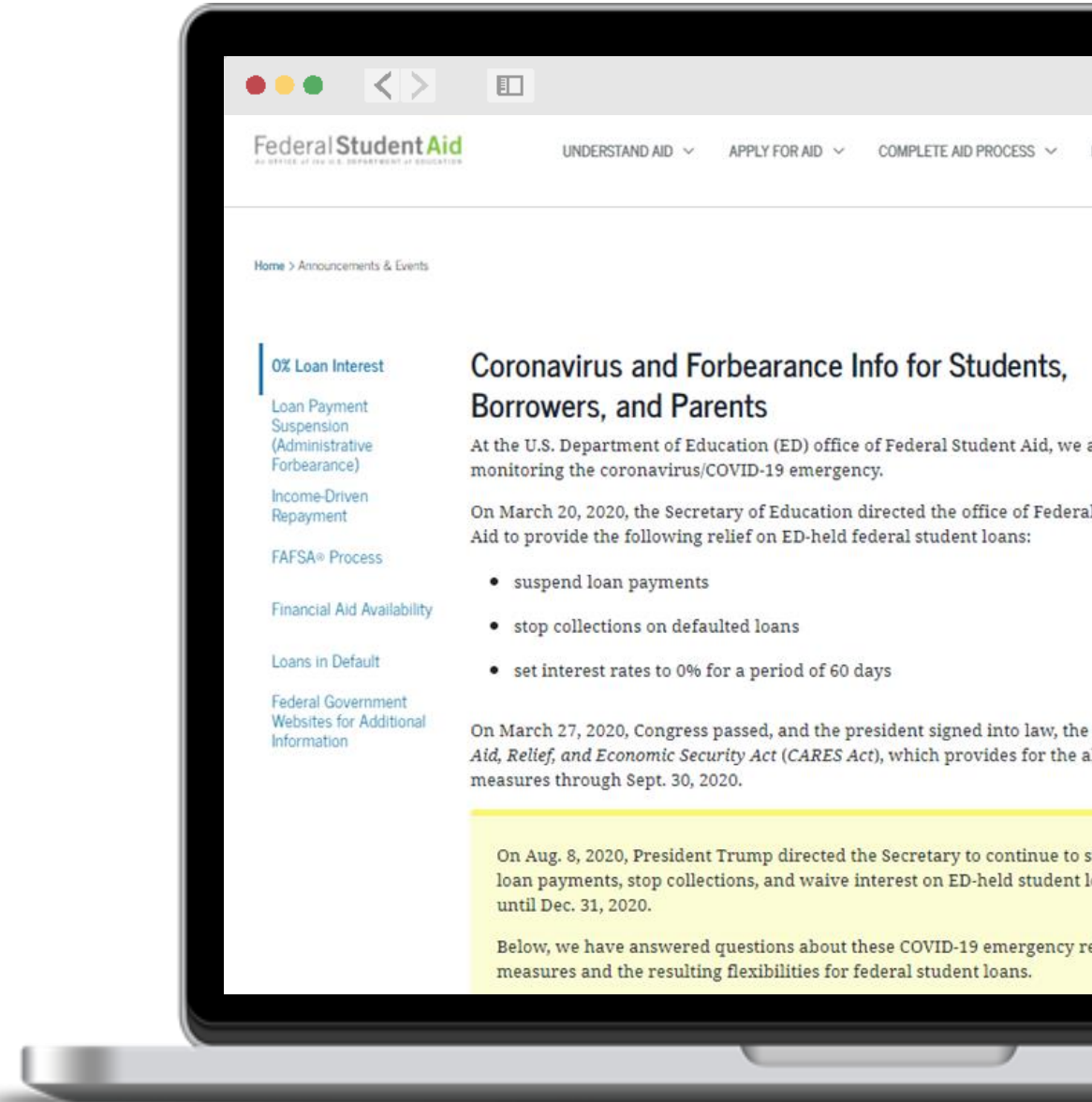
## Private

Offered by credit unions, banks, universities/schools and private companies.



# STUDENTAID.GOV

[studentaid.gov/announcements-events/coronavirus](https://studentaid.gov/announcements-events/coronavirus)



Home > Announcements & Events

## 0% Loan Interest

Loan Payment  
Suspension  
(Administrative  
Forbearance)

Income-Driven  
Repayment

FAFSA® Process

Financial Aid Availability

Loans in Default

Federal Government  
Websites for Additional  
Information

## Coronavirus and Forbearance Info for Students, Borrowers, and Parents

At the U.S. Department of Education (ED) office of Federal Student Aid, we are monitoring the coronavirus/COVID-19 emergency.

On March 20, 2020, the Secretary of Education directed the office of Federal Student Aid to provide the following relief on ED-held federal student loans:

- suspend loan payments
- stop collections on defaulted loans
- set interest rates to 0% for a period of 60 days

On March 27, 2020, Congress passed, and the president signed into law, the *Aid, Relief, and Economic Security Act (CARES Act)*, which provides for the above measures through Sept. 30, 2020.

On Aug. 8, 2020, President Trump directed the Secretary to continue to suspend loan payments, stop collections, and waive interest on ED-held student loans until Dec. 31, 2020.

Below, we have answered questions about these COVID-19 emergency relief measures and the resulting flexibilities for federal student loans.



# Federal Direct Subsidized and Unsubsidized **Loans**

## Formerly Stafford Loans

Federal loans have changed, you might see Stafford or Direct Loans.

## No Credit Check

The student is borrower, no credit check required.

## Subsidized

Subsidized loans are only available to undergraduates.



## Deferment

You can defer while enrolled at least half-time.

## Grace Period

After graduating you have a 6 month grace period before payments start.

## Rates

Your rates are based off when you borrowed the loan.

# Federal Plus & Graduate Plus Loan

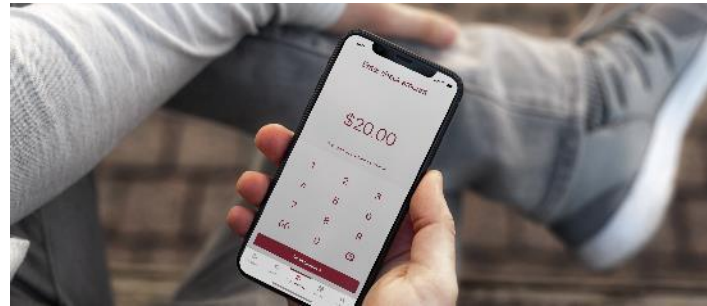
	PLUS	GRADUATE PLUS
BORROWER	Parent (student must complete FAFSA)	Student
GRACE PERIOD	None, but can request deferment	6 months
INTEREST RATE	Varies, depending on when loan was disbursed	
LENDER	Department of Education	

# Private Student Loans



## Lender Options

Borrowed through bank, credit union, private company.



## Terms Vary Based On Lender

You can shop around for interest rates. Grace periods may differ from lender to lender as well as repayment terms.



## Potential Benefits

Co-signer release options. Interest Rate reduction with auto-pay.

# Know The Details



AMOUNTS



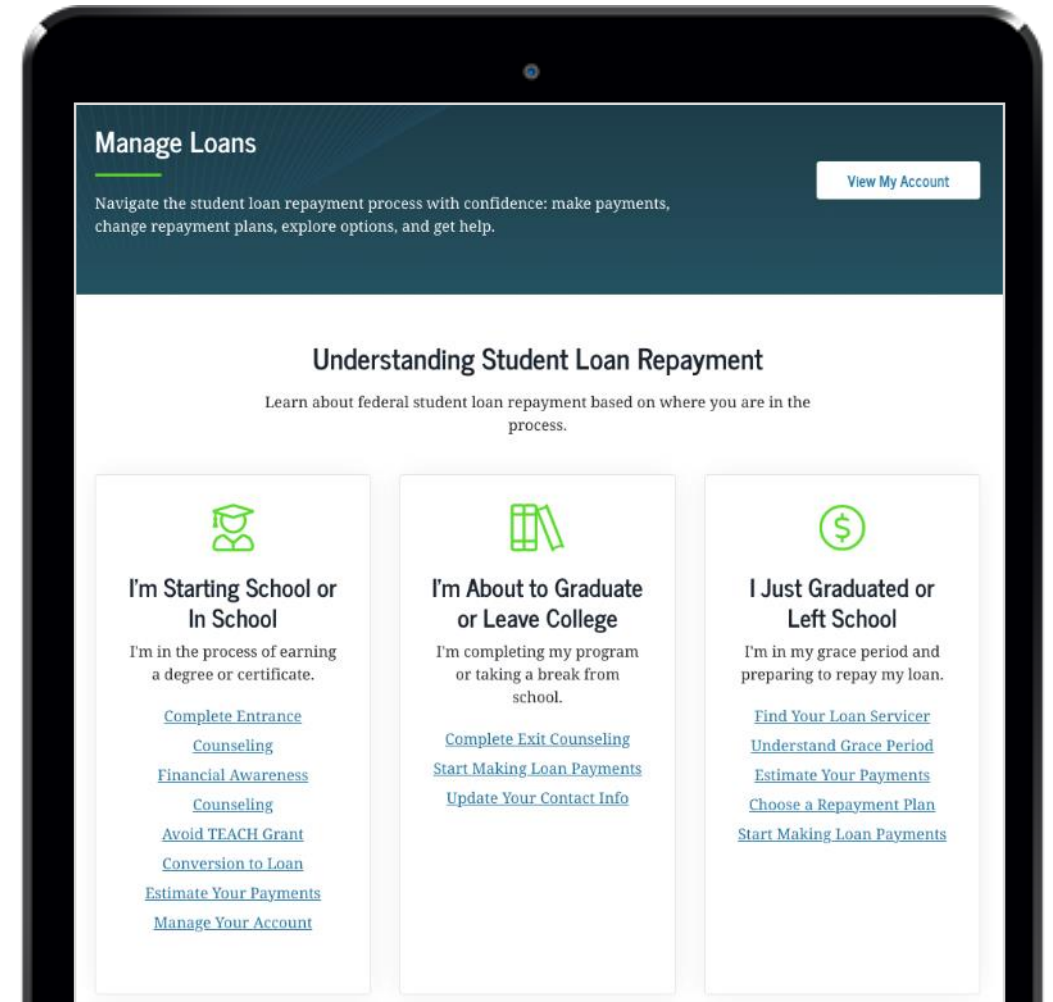
RATES



TERMS

More information on Federal Loans

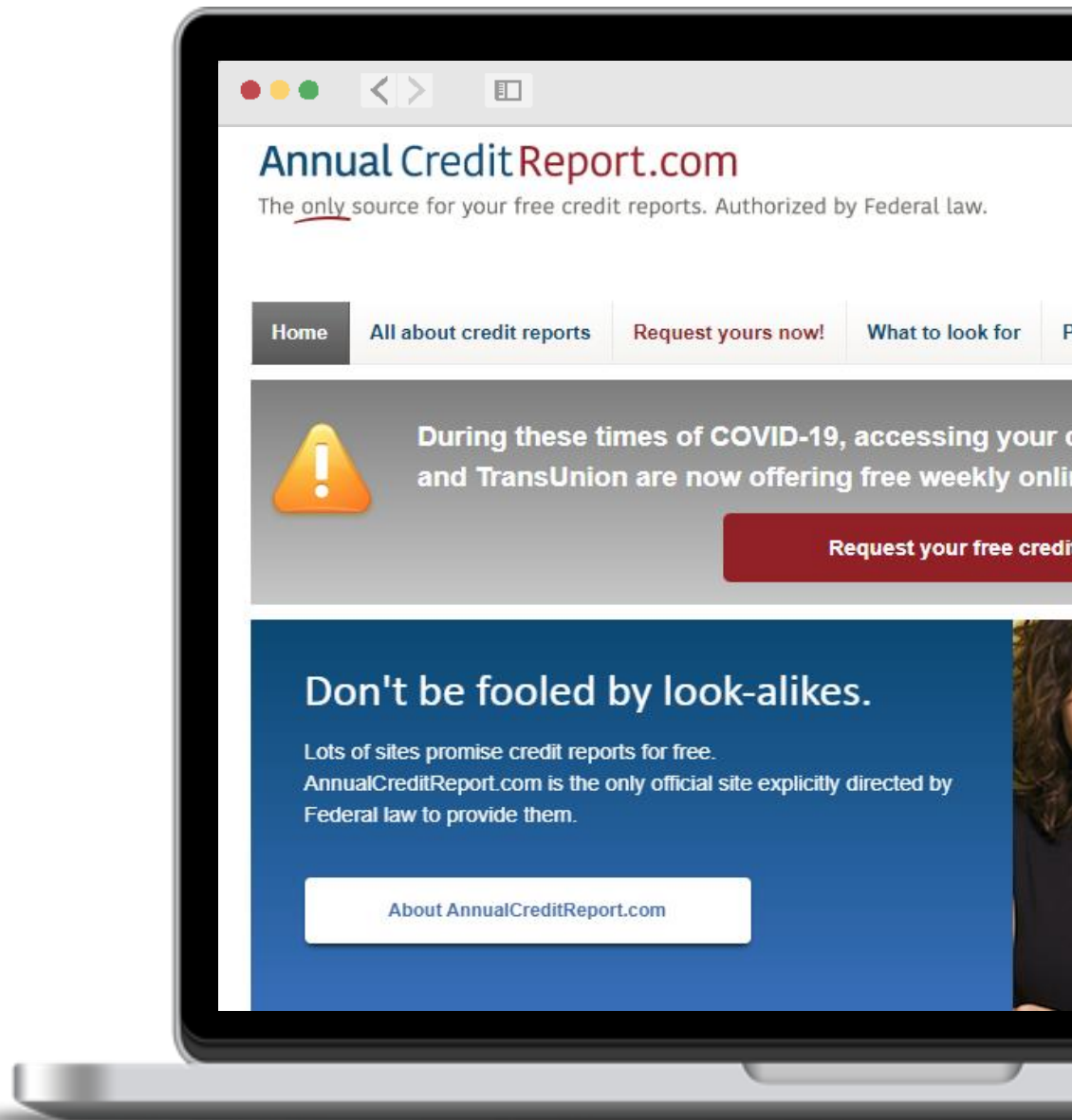
## STUDENTAID.GOV



# Free Credit Report

Receive a free weekly copy of report from each of 3 bureaus until April 2022.

## ANNUALCREDITREPORT.COM





# STEP 2

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Know Your  
Repayment Options

# Federal Repayment Options



## Basic Repayment Plans

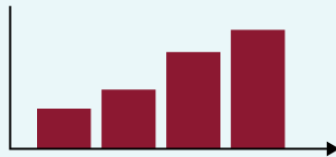
Traditional plans for paying off federal student loans.



STANDARD

10

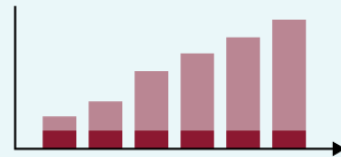
YEARS



GRADUATED

10

YEARS



EXTENDED

25

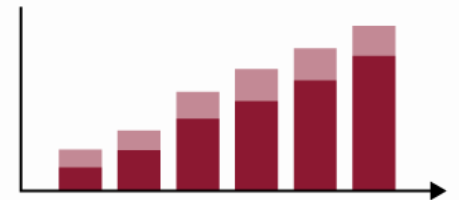
YEARS



## Income-Driven Plans

Plans that are sensitive to post-grad income.

- ✓ INCOME-BASED
- ✓ PAY AS YOU EARN
- ✓ INCOME-CONTINGENT
- ✓ REVISED AS YOU EARN
- ✓ INCOME-SENSITIVE



20-25

YEARS

# Deferment and Forbearance

Contact your federal and private loan servicer if you are unable to make payments. There are options to help you.



## Federal Deferment

Allows you to pause payments under certain conditions such as enrolled at least half-time in school.



## Forbearance

If you don't qualify for deferment, allows you to temporarily postpone repayment.



# What Happens If I Missed **Payments?**



## **Future Borrowing**

May affect ability to borrow future federal loans.



## **Higher Bills**

It may increase the amount you need to repay.



## **Credit Score**

Negatively impacts credit report.



## **Government Intervention**

Government may garnish wages, tax refunds, social security benefits and other income.



# STEP 3

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Research Your Federal Forgiveness  
and Discharge Options

# Forgiveness & Discharge Options

[studentaid.gov/manage-loans/forgiveness-cancellation](https://studentaid.gov/manage-loans/forgiveness-cancellation)

- ✓ Closed School Discharge
- ✓ Discharge Due To Death
- ✓ Teacher Loan Forgiveness
- ✓ Unpaid Refund Discharge
- ✓ Perkins Loan Cancellation and Discharge
- ✓ Borrower Defense Discharge
- ✓ Total and Permanent Disability Discharge



# Public Service Loan Forgiveness (PSLF)

[studentaid.gov/manage-loans/forgiveness-cancellation/public-service](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service)



## Monthly Payments

Forgives remaining balance on Direct Loans after you have made **120 qualifying** monthly payments.



## Repayment Plan

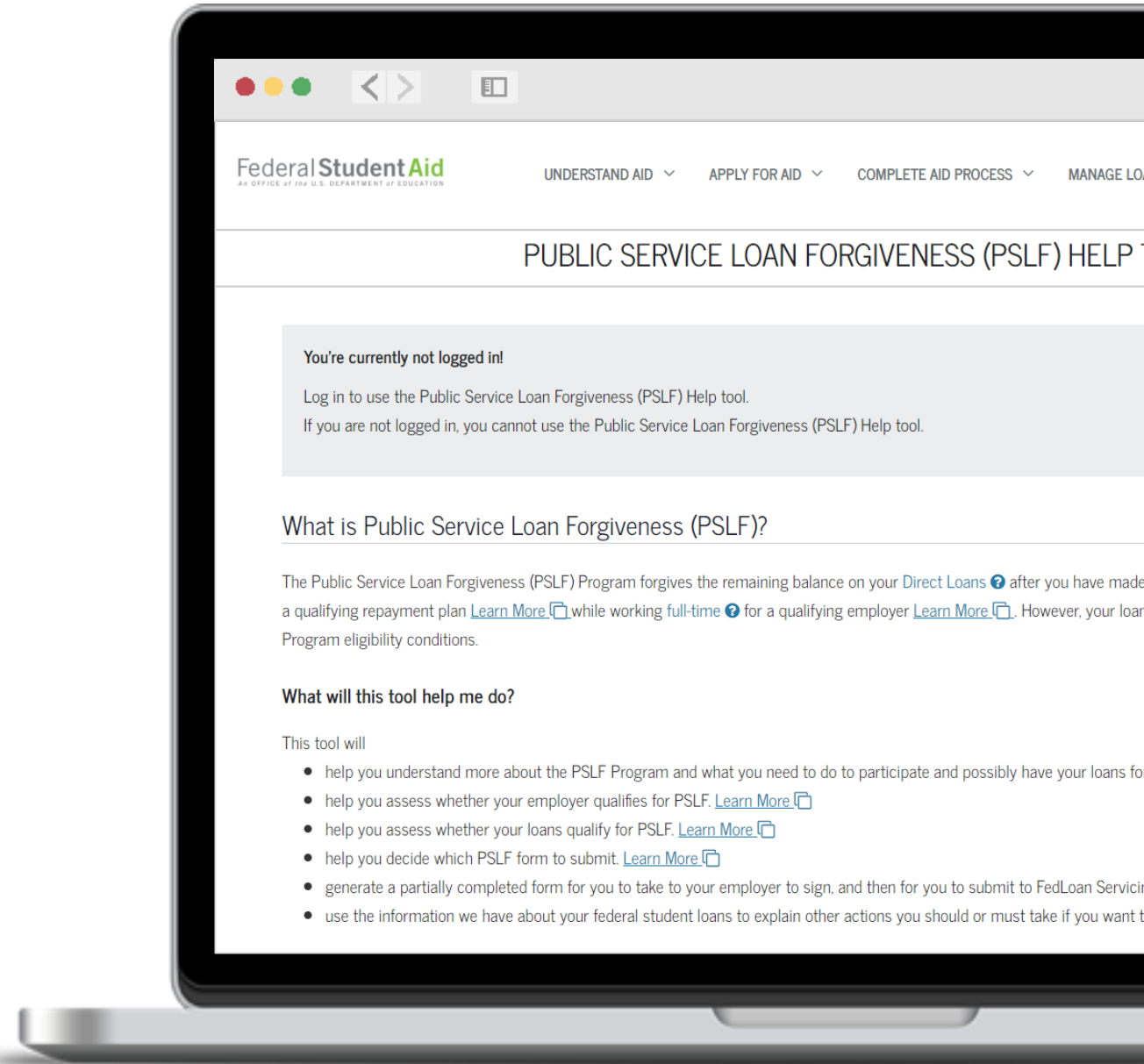
Forgiveness is only granted under a **qualifying repayment** plan.



## Full-Time Employer

You must be **working full-time** for a **qualifying employer**.

# STUDENTAID.GOV/PSLF





# STEP 4

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Consider Refinancing



# What to Consider Before Refinancing

*\*Some lenders offer interest rate discounts for automatic loan payments.*



## Increased Rate

Based off credit score.



## Benefits

May lose benefits associated with original loans.



## Repayment Term

Typically begins right away.





# GreenPath

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GreenPath Financial Wellness offers free credit, budget and COVID-19 counseling.

**[HUECU.ORG/GREENPATH](https://huecu.org/greenpath)**

# Repayment Strategy

	AMOUNT	INTEREST RATE	MONTHLY PAYMENT	LOAN TERM (MONTH)	TOTAL INTEREST PAID
CURRENT LOAN	\$40,000	8.5%	\$552	103 (8.6 years)	\$16,314*
NEW RATE & TERM	\$40,000	5.5%	\$434	120 (10 years)	\$12,093
NEW RATE & ORIGINAL PAYMENT	\$40,000	5.5%	\$552	89 (7.4 years)	\$8,726
NEW RATE & INCREASED PAYMENT	\$40,000	5.5%	\$575	84 (7 years)	\$8,280

*\*Does not include interest you previously paid*

# STUDENT LOAN REPAYMENT

## 1 KNOW YOUR STUDENT LOANS

- THE NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
  - Will give you details of your federal loans, including servicer information. [www.nsls.ed.gov](http://www.nsls.ed.gov)
- ANNUAL CREDIT REPORT
  - Private, state and federal student loans reported under your credit history will be on your credit report, including any loans you cosigned. [www.annualcreditreport.com](http://www.annualcreditreport.com)
- FEDERAL LOANS
  - The U.S. Department of Education website explains the types of federal loans, repayment and forgiveness options available. [www.studentaid.gov](http://www.studentaid.gov)

## 2 CALCULATE YOUR LOAN COST

Use your loan balance, interest rate and monthly payment amount to determine the total interest you will pay and your remaining months in repayment. Increasing your monthly payment, can save you interest and time.

STUDENT LOAN	BORROWER(S)	AMOUNT OWED	INTEREST RATE	FIXED, VARIABLE OR HYBRID	MONTHLY PAYMENT	INTEREST PAID	REMAINING PAYMENTS
Loan A	Student	\$10,000	5.0%	Fixed	\$100	\$2,963	130
Loan A - increased monthly payment	Student	\$10,000	5.0%	Fixed	\$150	\$1,740	79

## 3 COMPARE REPAYMENT STRATEGIES

- PUBLIC SERVICE FORGIVENESS
  - Some borrowers may qualify to have their federal loans forgiven. [www.studentaid.gov/publicservice](http://www.studentaid.gov/publicservice)
- FEDERAL CONSOLIDATION
  - Estimate your federal loan repayment options, and learn more about federal consolidation. [www.studentaid.gov](http://www.studentaid.gov)
- FEDERAL EDUCATION CREDITS OR DEDUCTIONS
  - Some borrowers may be eligible for federal educational credits or deductions, such as the student loan interest deduction. Some states may offer state specific educational deductions or credits. [www.irs.gov](http://www.irs.gov)
- REFINANCE WITH HUECU
  - Depending on your current interest rate and term, refinancing may save you money (interest) and time. [www.huecu.org/student-loans](http://www.huecu.org/student-loans)



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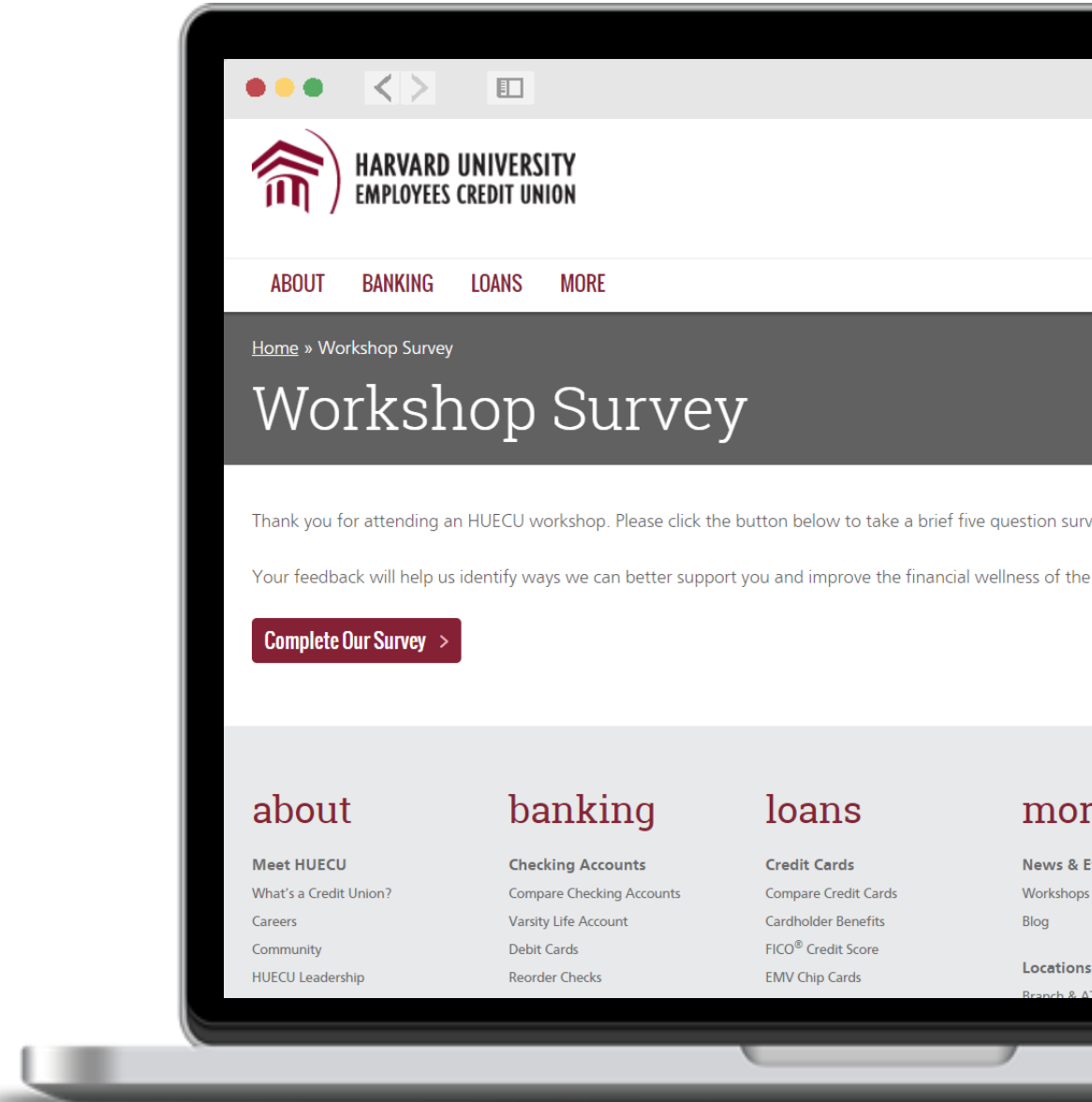
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# Survey Says

Be sure to let us know what you thought of this webinar in our online survey.

**HUECU.ORG/SURVEY**



# Next Steps

1

## Do Your Homework

Complete your student loan repayment chart.

2

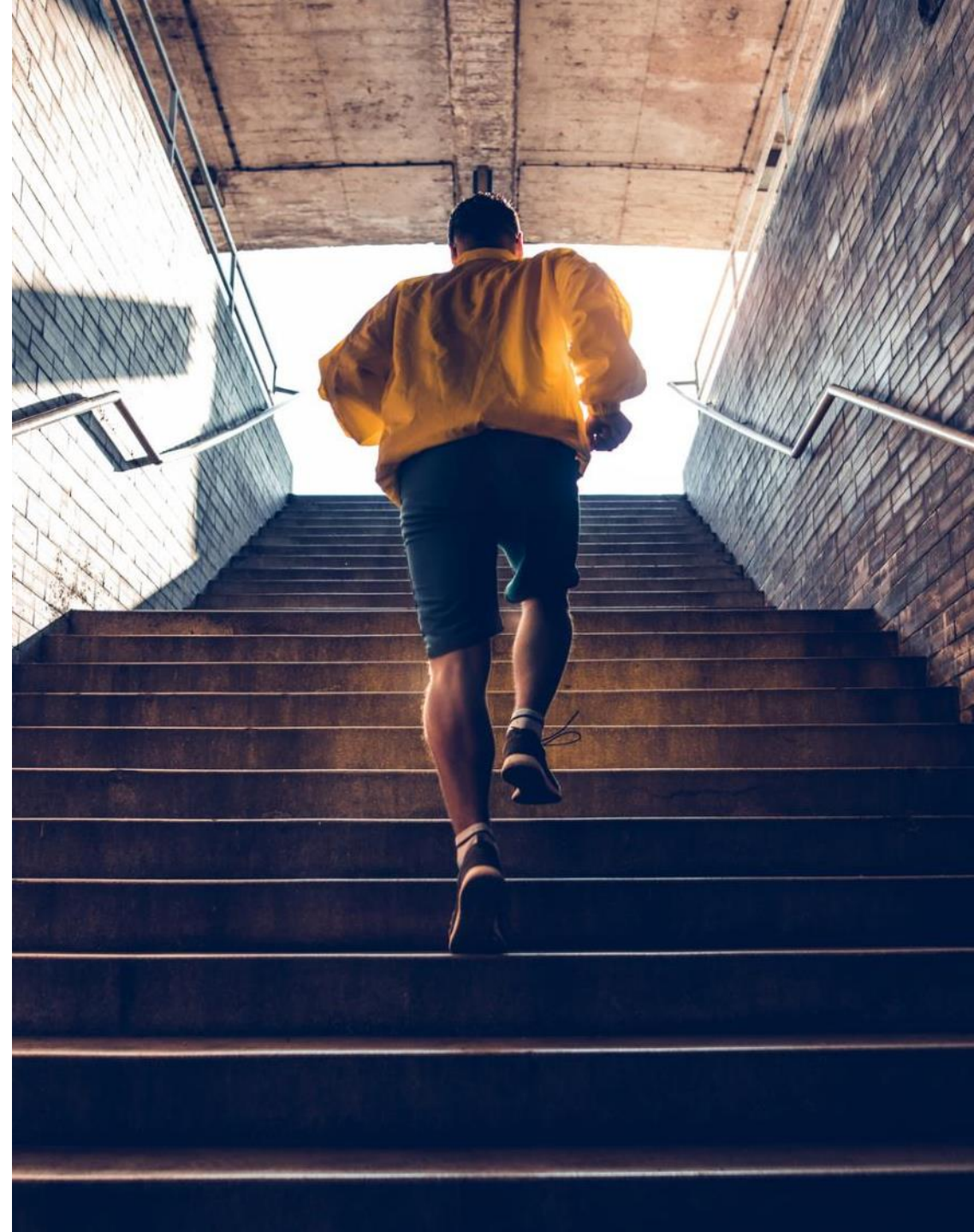
## Research

Research loan forgiveness options.

3

## Crunch The Numbers

Calculate refinancing savings.



# Disclaimer

This presentation is a general overview of principles you may want to consider. Only you can decide what is best for you. This presentation is educational in nature and is not intended to be, and should not be construed as tax, legal or investment advice. You should always consult a certified advisor for advice on your specific situation. The examples used in this presentation are for illustrative purposes only.

# Keep in Touch



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