

BE \$MART!

BE \$TRATEGIC!

**Borrow the Minimum You Need
in Law School**

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What are your goals?

To succeed in achieving your goals ...

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- ❑ Study hard
- ❑ Borrow the minimum
- ❑ Manage your finances carefully
- ❑ Repay all that you borrow



How are you paying for this investment in yourself?

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Savings

Part-time job

**Money from
family**

Scholarships

Loans

Federal student loans are unique ...

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Low risk form of credit

- ❑ Flexible repayment options including income-driven payment plans
- ❑ Payment relief options
 - ❑ Deferment
 - ❑ Forbearance
 - ❑ Adjustments to monthly payment

IMPORTANT NOTE: You should never have to miss a payment or default on your federal student loans if you take charge of repayment!

How did you decide how much to borrow?

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Did you?:

- Borrow amount indicated on your Financial Aid Award notice?
- Borrow maximum amount possible?
- Estimate your budget and borrow only what you needed?
- Borrow less than you think you need in hopes of living more cheaply?

Why borrow the minimum?

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... because when you borrow loans you are spending your **FUTURE INCOME!**

To borrow the minimum ...

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- ❑ “BYOB”
- ❑ “SOS”
- ❑ Think “FREE”
- ❑ Evaluate “opportunity costs”

What is your budget?

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Is it:

- Cost of Attendance (COA)?
- Your resources vs. your expenses?
- A spending plan?



IMPORTANT NOTE: Does your budget include all your anticipated costs during summer vacation periods and for getting licensed in your chosen profession? – *It should!*

Cost of Attendance (COA)

“Student Expense Budget”

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- ❑ Calculated by Financial Aid Staff
- ❑ Includes both fixed educational costs and living expenses for academic year
- ❑ Total financial aid cannot exceed COA
- ❑ Not prescriptive and NOT your budget

COA Elements
Tuition
Fees
Books and Supplies
Housing
Food
Transportation
Clothing
Misc. Personal Expenses

”Building Your Own Budget”

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2013-2014 Expense <i>(9 months)</i>	COA In-State	COA Out-of-State	Your Expenses
Tuition and fees	\$18,740	\$36,410	\$
Books and supplies	\$1,768	\$1,768	\$
Housing	\$12,028 <i>(\$1,336/month)</i>	\$12,028 <i>(\$1,336/month)</i>	\$
Utilities			\$
Food			\$
Transportation	\$1,128 <i>(\$125/month)</i>	\$1,128 <i>(\$125/month)</i>	\$
Miscellaneous personal	\$2,610 <i>(\$290/month)</i>	\$2,610 <i>(\$290/month)</i>	\$
TOTAL	\$36,274 <i>(L/E= \$1,751/mo.)</i>	\$53,944 <i>(L/E= \$1,751/mo.)</i>	\$

Sticking with your budget ...

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- ❑ Track your spending
- ❑ Buy with cash
- ❑ Pay yourself monthly
- ❑ Test yourself; try the “Big Chill”
- ❑ Use online tools, e.g., [mint.com](https://www.mint.com)

Don't run out of funds!

Take charge of your spending ...

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- ❑ Managing the financial transition to law school can be challenging—particularly if you previously worked full-time
- ❑ Financial aid funds are disbursed once each term—it's like getting paid once every 4 months
- ❑ Consider opening a savings account to hold your financial aid refund and “pay yourself” weekly, bi-weekly or monthly
- ❑ Contact the financial aid staff immediately if you are having financial challenges



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How can you “Save On Spending?”

Reality Check

How are you spending your money?

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- ❑ Do you share the cost of housing with a roommate?
 - ❑ Living with a roommate could reduce your housing costs by at least \$300/month—think about it for next year and beyond!
- ❑ Do you buy food/beverages at school?
 - ❑ Could save at least \$5/day (\$1,250/year) by bringing them from home.
- ❑ Do you subscribe to cable/premium channels and other bundled services?
 - ❑ If so, do you really have time to enjoy all the services you're buying?
- ❑ Do you have a gym/health club membership?
 - ❑ Does UGA offer free recreation facilities to students?
- ❑ Do you have multiple computing/telecommunication devices?
 - ❑ How much are you paying for the extra services?
- ❑ Do you shop for new clothes, eat out in restaurants, take vacations or make weekend trips to get away, go to sporting events, etc.?
 - ❑ Chances are you do, just be mindful that what you spend on these things could be saved for future expenses such as bar exam costs.

Remember to evaluate the “opportunity cost” of your spending choices—it will impact what you can afford once you graduate and beyond!

Opportunity Cost

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- ❑ It's about trade-offs
- ❑ You have scarce resources
 - ❑ Time
 - ❑ Money
- ❑ Ask yourself:
 - ❑ “If I did not “spend” my time/ money on this now, what else could I use it for—and would that be better for me?”

Do the little things count?

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Can you spend \$5 less per day?

How much will you save?

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A. \$33

B. \$51

C. \$71



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Managing Your Loans

Managing Your Loans

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- ❑ Understand loan terms
- ❑ Know how to contact your loan servicer (s)
- ❑ Don't ignore mail from loan servicer(s)
- ❑ Promptly report changes in address, etc.,
- ❑ Establish online access to your account with your loan servicer(s)
- ❑ Meet all other borrower responsibilities
- ❑ Request deferments/forbearance if needed to postpone repayment
- ❑ Repay all you borrow

What do you need to know?

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For each loan in your portfolio:

- Type of loan
- Interest rate
- Amount owed
- Who to repay
- When repayment begins

NSLDS.ed.gov

“Financial Aid Review”—A Useful Resource

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To access, enter:

- SSN
- First two letters of your last name
- Birthdate
- Dept. of Ed PIN

Duplicate PIN available at:

PIN.ed.gov



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](#)

“NEW” Interest Rate

Federal Direct Unsubsidized Loans

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Rate Structure	
<i>(effective for loans first disbursed 7/1/2013)</i>	
Variable rate that becomes FIXED	Rate equals: “High yield on 10-year Treasury note” + 3.60%
	Rate is capped at 9.50%
Calculated Rates	
Date of 1 st Disbursement	Rate
July 1, 2013-June 30, 2014	5.41%
July 1, 2014-June 30, 2015	TBD
July 1, 2015-June 30, 2016	TBD

“NEW” Interest Rate Federal Grad PLUS Loans

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Rate Structure <i>(effective for loans first disbursed 7/1/2013)</i>	
Variable rate that becomes FIXED	Rate equals: “High yield on 10-year Treasury note” + 4.60%
	Rate is capped at 10.50%
Calculated Rates	
Date of 1 st Disbursement	Rate
July 1, 2013-June 30, 2014	6.41%
July 1, 2014-June 30, 2015	TBD
July 1, 2015-June 30, 2016	TBD

What is a loan servicer?

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- ❑ Servicer is company managing your loans for your lender
- ❑ Servicer is assigned by your lender—you do not get to choose your loan servicer
- ❑ Know how to contact your loan servicer(s) by phone and on their website—you should sign-up to get access to your account online
- ❑ All your Direct Loans ultimately will be serviced by a SINGLE servicer so that you have:
 - ❑ SINGLE point of contact
 - ❑ SINGLE monthly bill
 - ❑ SINGLE monthly payment
- ❑ Contact servicer to:
 - ❑ Ask questions
 - ❑ Update contact information
 - ❑ Request payment relief
 - ❑ Make payments

Who is your servicer?

- ❑ Direct Loans initially are assigned to one of the following four ED servicers:

Servicer	Website	Phone Number
FedLoan Servicing	myfedloan.org	(800) 699-2908
Great Lakes	mygreatlakes.org	(800) 236-4300
Nelnet	nelnet.com	(888) 486-4722
Sallie Mae	salliemae.com	(800) 722-1300

- ❑ ED may transfer your Direct Loans to another servicer in the future—you will be notified!
- ❑ Check “loan detail” screen on [NSLDS.ed.gov](https://www.nsls.ed.gov) to verify contact information for your loan servicer(s)

Loan Repayment Options

Direct Unsub, Grad PLUS & Consolidation Loans

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Options	Payment Structure	Payment Period
Standard	Fixed	10 years
Graduated	Tiered	10 years
Extended	Fixed or tiered	25 years
Pay As You Earn (PAYE) <i>(Direct only)</i>	Adjusted annually based on: <ul style="list-style-type: none"> - Household AGI - Household size - Poverty guideline - State of residence <i>10% of annual "Discretionary Income"</i>	20 years
Income Based (IBR)	Adjusted annually based on: <ul style="list-style-type: none"> - Household AGI - Household size - Poverty guideline - State of residence <i>15% of annual "Discretionary Income"</i>	25 years
Income-Contingent (ICR) <i>(Direct only)</i>	Adjusted annually based on: <ul style="list-style-type: none"> - Household AGI - Household size - Total amount of Direct Loans <i>Approx. 20% of discretionary income</i>	25 years

Estimate Your Monthly Payment “Repayment Estimator” at: StudentLoans.gov

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To “SIGN IN” enter:

- SSN
- First two letters of your last name
- Birthdate
- Dept. of Ed PIN

Duplicate PIN
available at:

PIN.ed.gov

The screenshot shows the StudentLoans.gov website. At the top left is the logo for the U.S. Department of Education with the text "START HERE GO FURTHER FEDERAL STUDENT AID". At the top right is the "StudentLoans.gov" logo with "English | Español" below it. A navigation bar contains links for "My Account", "Learn More", "Tools and Resources", "Managing Repayment", "FAQs", and "Contact Us".

The main content area features a "Manage My Direct Loan" section with a "Sign In" button and a list of services: Complete Counseling, Sign Master Promissory Note, Complete PLUS Request Process, Endorse Direct PLUS Loan, and IBR/Pay As You Earn/ICR Repayment Plan Request. Below this is a "Learn More" section with links to various aid programs and loan information. To the right is a "Tools and Resources" section with links to FAFSA, counseling, loan consolidation, and financial aid history. Further right is a "Managing Repayment" section with links to repaying loans, calculators, discharge, forgiveness, and loan servicers. A banner image of four students is also visible.

Did you know?

You can return unused loan funds!

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If you return loan funds within 120 days of disbursement:

- ❑ Total amount owed is reduced
- ❑ Interest and fees charged on loan amount returned are reversed

Contact the financial aid staff for more information

For more information ...

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- ❑ Financial aid staff
- ❑ Loan servicer
- ❑ StudentAid.ed.gov
- ❑ StudentLoans.gov
- ❑ StudentAid.ed.gov/publicservice
- ❑ NSLDS.ed.gov
- ❑ AnnualCreditReport.com

YOU CAN BE \$SMART AND \$STRATEGIC!

**Remember to consider the
“opportunity cost” of borrowing**