Student Loan Update
Welcome to the Duke University School of Medicine Class of 2019!

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August 3, 2015

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Items for discussion

• Some comments on cost
• Educational debt and your student loan portfolio
• What residents are doing
• Update on possible changes
• What you should be doing now

Financial aid budget*

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Tuition and fees</td>
<td>$ 57,690</td>
</tr>
<tr>
<td>Books &amp; supplies</td>
<td>$ 1,400</td>
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<tr>
<td>Room and board</td>
<td>$ 17,304</td>
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<tr>
<td>Transportation</td>
<td>$ 2,280</td>
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<tr>
<td>Miscellaneous</td>
<td>$ 4,560</td>
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<tr>
<td>Loan fees</td>
<td>$ 504</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$ 83,738</td>
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* Source: School of Medicine Financial Aid Office
Reducing costs

- Control what you can control in your COA
- Never borrow more than you really need
- Don’t assume you need full COA
- Consider paying interest prior to capitalization

Good news

- Duke SOM graduates well below national debt averages
- Easier than ever to track loans
- You can fund entire COA* with federal student loans
- Never a penalty for aggressive repayment under any plan
- You can postpone in residency**

* Cost of Attendance (annual Financial Aid Budget)
** Federal loans (terms on private loans vary)

Not so good news

- Most loans are unsubsidized, and interest will capitalize
- Interest rates are relatively high, rates change on new loans each year, and maximums are high
- Changes likely to Income-Driven Repayment plans and forgiveness programs
Your portfolio

- Federal Direct Unsubsidized (Stafford)*
- Federal Direct PLUS (Grad PLUS)*
- Campus-based
  - Federal Perkins Loans*, Primary Care Loans (PCL), Loans for Disadvantaged Students (LDS)
- Private loans

* Referenced on NSLDS at www.NSLDS.ed.gov

Direct Unsubsidized*

- $40,500 per year
- Fixed interest rate**
  - 5.84% disbursed on or after July 1, 2015
- 6 month Grace period
- Currently multiple repayment and postponement options
- Currently eligible for forgiveness

* Often still referred to as Direct Unsubsidized Stafford Loan
** Reset for new Stafford Loans each July 1, then fixed for life of loan

Direct PLUS (Grad PLUS)

- Up to COA less other aid
- Fixed interest rate*
  - 6.84% disbursed on or after July 1, 2015
- 6 month Post-Enrollment Deferment
- Currently multiple repayment and postponement options
- Currently eligible for forgiveness

* Reset for new Grad PLUS Loans each July 1, then fixed for life of loan
Private loans

- Usually annual and cumulative limits
- Variable or fixed rates
- **Limited repayment and postponement options**
- Not eligible for IDR* or forgiveness
- Cosigner may be required
- Watch private loans from college

* Income Driven Repayment plans like IBR and PAYE

Private loan questions

- Interest rates and capitalization frequency
- Repayment terms
- Postponement options
- Cosigner requirements and cosigner release provisions

Repayment plans*

- Standard 10 year (level payments)
- Extended 25 year (unconsolidated)
- Graduated (scheduled increases)
- Income-driven repayment plans
  - Income Based Repayment (IBR)
  - Pay As You Earn (PAYE)

* Stafford, Grad PLUS, Federal Consolidation
Repayment at $162,000*

- Standard 10 year
  - $2,090 per month for 10 years
  - $250,713 total repayment
- Extended 25 year
  - $1,233 per month for 25 years
  - $369,701 total repayment
- Income Based Repayment (IBR)
  - $415 to $2,090 per month**
- Pay As You Earn (PAYE)
  - $277 to $1,932 per month**

* Sub and Unsubsidized Stafford, applicable rates; $51,250 stipend, family size of 1
** Borrower must renew eligibility annually; payment likely to change each year

Forgiveness programs

- Income Based Repayment (IBR) after 25 years*
- Pay As You Earn (PAYE) after 20 years*
- Public Service Loan Forgiveness, assuming borrower meets eligibility requirements**

* Forgiveness amount taxable under current law
** Forgiveness amount NOT taxable under current law

Repayment strategies

- Secure lowest possible payment
  - Never overpay when PSLF* on table, or
  - Overpay on most expensive loan
- Postpone payments with Forbearance and deal with repayment later
- Secure loan repayment assistance through state, federal, or other service commitment programs**

* Public Service Loan Forgiveness
** National Health Service Corps, armed forces, NIH as examples
Heads up on changes

- Changes to Income-Driven Repayment plans not favorable to graduate and professional students
- Possible elimination of taxation provision on repayment forgiveness
- Possible cap of $57,500 on PSLF*

* Public Service Loan Forgiveness

Your TO DO items

- $2,012 is the number to beat
- Use calculators and update repayment estimates each time you borrow
- Keep in touch with Financial Aid Office regarding changes while in school
- Use caution with private loans
- Talk with colleagues (especially residents) about how they are handling their debt

Congratulations!
Good Luck!

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