

Debt Management

For many students, financing their education will require a long term commitment, repaying student loans for up to 10, 20, or even 25 years! Carefully considering all of your financial options during school and after graduation could significantly impact your student loan indebtedness.

Cardozo's Debt Management website is designed to help students navigate through the financial aid process from start to finish. This process usually begins during the admissions phase, before enrollment, and can last up to 25 years after graduation. It is imperative that you make wise choices about your finances...from making a sensible monthly living expense budget...to setting up the appropriate repayment plan for your student loans. No financial detail is too small! Making smart choices now could save you thousands of dollars over many years.

Please read through each section carefully. If you have any questions, please contact the Office of Student Finance.

Phone: 212-790-0392

Email: clfinaid@yu.edu

Personal Budget: Managing Your Money (During School and Afterwards)

The cost of obtaining a graduate education represents a substantial financial commitment. If you are like many students today, you may need to rely on loans to help pay for your education. In doing so, it is important to understand the serious nature of the financial obligation you are undertaking and what it will mean to you in the future. By taking a proactive approach and exercising prudent borrowing strategies, you can help ensure success in meeting your personal and professional objectives. Budget planning should be an important step in your borrowing strategy. It will help you determine how much you need to borrow and can insure that it is the minimum amount possible.

During School:

We recommend that you develop a personalized budget prior to starting law school. Your budget should include all of your expected expenses per academic year - for all three years! Financial aid is set up per academic year, but you can expect that your financial aid package will be similar from year to year (*as long as you meet all of the necessary criteria*).

Budget items to consider (per academic year):

- Tuition and fees
- Rent
- Food

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- Books
- Transportation
- Medical (health insurance)
- Supplies
- Miscellaneous

Budget items to consider (all three years):

Same as the items above, but please keep in mind that many costs and expenses increase from year to year!

Living on a Budget:

1. Determine how you expect to fund all of your expenses.

Do you plan on utilizing financial aid? If so, what types and how much:

- Federal student loans (Stafford, Graduate PLUS)
- Institutional Scholarships or Grants (were you awarded either of these by Cardozo?)
- Outside Scholarships (were you awarded a 3rd party scholarship by an outside agency)

Do you plan on paying out of pocket?

- Full or partial payment each semester
- Monthly payment plan
- Sources of out of pocket payments (personal, family, other, etc.)

2. Itemize all of your expected expenses.

3. Refer to Cardozo's current [Cost of Attendance](#) (COA) budget, which is designed as an estimated budget expense guide.

4. Will you have enough funding to cover all of your expected expenses?

5. Look for as many ways to trim, reduce, and eliminate potential (unnecessary) expected expenses.

- *Projected savings example:* Can you find cheaper rent? Do you plan on living with roommates? Cardozo's current COA budget rent ("room") estimate is \$1,300 per month. If your actual rent was less than our estimate, for example, \$800 per month, you would save \$500 per month, \$5,000 per academic year, and \$15,000 over three academic years! If you borrowed student loans to pay for your rent, you could potentially save over \$30,000 over a 25 year loan repayment!

6. Download our [Budget Worksheet](#)

7. Utilize this online [Calculator](#)

8. Visit [Tips on Saving Money](#)

Tips:

- Make smart budgetary choices.
- Try to maximize all potential avenues of free money (scholarships and grants). Apply for as many 3rd party scholarships as possible: www.fastweb.com
- If you expect to fund part or all of your education with student loans...borrow wisely! Only borrow what you (absolutely) need! Keep in mind the long term implications...what will be the size of your total student loan indebtedness? How long do you expect it will take you to pay down all of your loans? How much will your expected monthly loan payments cost? Refer to our "After School" section below.
- Keep accurate records!

After School:

If you borrow student loans to help fund your education, you will enter repayment about six months after graduation *(or after the “separation date” – not currently enrolled, or registered for less than 6 credits per semester).

It is important that you have a firm understanding of your total debt by the time you graduate. Review the Q & A below, and organize all of your data:

1. Q: How much total loan debt do I have?

A: Check your records, contact the Office of Student Finance, contact your loan lender(s), visit: www.nslds.ed.gov

2. Q: What types of loans did I borrow (federal Stafford, Graduate PLUS, YU Loans, Private loans, etc.)?

A: Check your records, contact the Office of Student Finance, contact your loan lender(s), visit: www.nslds.ed.gov

3. Q: How much loan debt do I have with each loan type?

A: Check your records, contact the Office of Student Finance, contact your loan lender(s), visit: www.nslds.ed.gov

4. Q: What are my repayment options?

A: Visit “Repayment Options” within the Debt Management section of Cardozo’s Office of Student Finance website, contact the Office of Student Finance directly, contact your loan lender(s), complete and attend the Exit Counseling sessions, visit several of the financial aid websites which are located in the Helpful Links section at www.cardozo.yu.edu/studentfinance.

5. Q: How much will I be able to afford to repay on a monthly basis?

A: Same as answer #4, also visit www.finaid.org/calculators

6. Q: What if I can not make my monthly payments?

A: Same as answer #4, also visit “Default Prevention” within the Debt Management section of Cardozo’s Office of Student Finance website.

7. Q: Will I be eligible for any assistance to help pay and possibly reduce my loan repayments?

A: Same as answer #4, visit these websites:

www.studentaid.ed.gov (general repayment info, including the following Income Driven Repayment plans: Income Based Repayment, Pay As You Earn, and Revised Pay As You Earn)

www.cardozo.yu.edu/lrap

www.equaljusticeworks.org

8. Q: How do I avoid defaulting on my loans?

A: Visit “Default Prevention” within the Debt Management section of Cardozo’s Office of Student Finance website, contact your loan lender(s)

9. Q: What are my rights and responsibilities?

A: Complete and attend the Exit Counseling sessions, contact your loan lender(s), visit the Repayment Options and Default Prevention sections of our Debt Management website, visit several of the financial aid websites which are located in the Helpful Links section at www.cardozo.yu.edu/studentfinance, contact the Office of Student Finance.

Before you graduate, you will be required to complete an online Exit Counseling session for your federal loans (and a paper Exit Counseling session for a YU Loan). The Exit Counseling session will review in detail your rights and responsibilities as a borrower, your various repayment options, default prevention, and other relevant and important loan information.

The Office of Student Finance will also host group Exit Counseling sessions prior to graduation. We strongly recommend attending these sessions. We also offer *one on one* Exit Counseling meetings. We invite you to contact us during your time at Cardozo and after you graduate to discuss and review any aspect of your financial aid.

It is important that you set up a student loan repayment option that you will be able to comfortably afford. It is necessary that you factor in your expected yearly/monthly income, and deduct other expected costs and living expenses.

Feel free to download our [Budget - Loan Repayment Worksheet](#)

After three years of paying for your law education, you may have amassed a substantial amount of student loan debt. Repayment of these loans will commence following graduation. It is important that you choose the appropriate repayment plan(s), and utilize all available forms of assistance.

Did you know...

- The Department of Education offers several Income Driven Repayment plans, which are designed to make student loan debt more manageable by reducing monthly payment amounts. These plans include two Income Based Repayment options, Pay As You Earn, and Revised Pay As You Earn.
- The Department of Education offers a Public Service Loan Forgiveness program for eligible federal student loan borrowers who work full-time in qualified public sector jobs for 10 years.
- Cardozo has a Loan Repayment Assistance Program to help qualified borrowers repay their loans.

Student loan borrowers who are having difficulty making their monthly payments after graduation, can contact their loan servicer(s) in order to apply an Income Driven Repayment plan option, deferment, or forbearance.

Please read below for details pertaining to these potential options and for a comprehensive layout of your loan repayment options.

Repayment Plans:

You will enter repayment on your student loans about six months after graduation *(or after the “separation date” – not currently enrolled, or registered for less than 6 credits per semester). During this six month grace period, you will need to set up a repayment plan with your loan lender. It is important that you have a record of all of your student loans (loan type

and amount borrowed) before you set up the repayment plan. The loan types and the amount that you borrowed will help you determine and ultimately choose the appropriate repayment plan(s).

Steps to Follow:

Before You Graduate

- Complete the mandatory online Exit Counseling with the Department of Education.
- Attend Cardozo's in-person group Exit Counseling session and one-on-one Exit Counseling meeting.
- Organize a complete list of all of your student loans (*Office of Student Finance can generate a loan summary, contact your servicer(s), visit: www.nslds.ed.gov*)

During the Grace Period

- Contact your loan servicer(s) to set up the appropriate repayment plan(s)
- Consolidate your federal loans if needed (please refer below to the Public Service Loan Forgiveness section)
- Contact the Office of Student Finance if you have any questions

Repayment Options:

The following options pertain to all federal student loans (Stafford, Graduate PLUS, Perkins*, Consolidation) in the FFELP and Direct Loan program. Please note: private/alternative student loans and institutional YU/Cardozo loans do not qualify for the following repayment plan options. **Perkins loans are subject to the following repayment options only if they are consolidated into a federal consolidation loan.*

Standard Repayment: Up to 10 years – fixed payments (same minimum monthly payments).

Extended Repayment: Up to 35 years – depending on the total amount borrowed – fixed payments (same monthly minimum payments).

Income Based Repayment (IBR): Repayment option implemented on July 1, 2009 ([CCRAA](http://www.ccr.gov)), designed to keep loan payments affordable with payment caps based on income and family size (not on student loan debt amount).

For most eligible borrowers, IBR loan payments will be less than 10% of their income - and even smaller for borrowers with low earnings.

- **IBR caps monthly payments at 15% of your monthly discretionary income.**
- **IBR will also forgive remaining debt, if any, after 25 years of qualifying payments.**

Qualifying for IBR:

- You must have enough federal debt relative to your income...considered "Partial Financial Hardship"
- A Partial Financial Hardship exists when the annual amount due on all of a borrower's eligible loans, as calculated under a standard 10-year repayment plan, exceeds 15 percent of "discretionary income."

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- If your eligible loan debt total is equal to or greater than your income, you should qualify for IBR.
- Eligibility is not contingent on job type.
- A married borrower may need to file his/her federal income tax returns as "married filing separately" to exclude spouse's income/tax into the IBR qualifying formula. By filing separately, you may lose other potential tax benefits that you may have otherwise been eligible for under a joint return. A married borrower whose spouse also has federal student loan debt **and** who files jointly, his/her lender(s) will factor in both spouses' federal loan debt **and** their joint income when calculating IBR payments. The borrower's IBR payment will be proportional to his/her debt amount. Please consult an accountant or tax preparation company for tax advice.

The following chart illustrates the monthly loan payments under Income Based Repayment for various family sizes and annual income (in 2009):

Income-Based Repayment (IBR) Monthly Loan Payment							
Annual AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$47	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$109	\$39	\$0	\$0	\$0	\$0	\$0
\$30,000	\$172	\$102	\$32	\$0	\$0	\$0	\$0
\$35,000	\$234	\$164	\$94	\$24	\$0	\$0	\$0
\$40,000	\$297	\$227	\$157	\$87	\$16	\$0	\$0
\$45,000	\$359	\$289	\$219	\$149	\$79	\$10	\$0
\$50,000	\$422	\$352	\$282	\$212	\$141	\$71	\$0
\$55,000	\$484	\$414	\$344	\$274	\$204	\$134	\$64
\$60,000	\$547	\$477	\$407	\$337	\$266	\$196	\$126
\$65,000	\$609	\$539	\$469	\$399	\$329	\$259	\$189
\$70,000	\$672	\$602	\$532	\$462	\$391	\$321	\$251
\$75,000	\$734	\$664	\$594	\$524	\$454	\$384	\$314
\$80,000	\$797	\$727	\$657	\$587	\$516	\$446	\$376
\$85,000	\$859	\$789	\$719	\$649	\$579	\$509	\$439
\$90,000	\$922	\$852	\$782	\$712	\$641	\$571	\$501
\$95,000	\$984	\$914	\$844	\$774	\$704	\$634	\$564
\$100,000	\$1,047	\$977	\$907	\$837	\$766	\$696	\$626

How does IBR compare to other repayment options?

Example #1

Standard 10 Year vs. IBR

Amounts Borrowed: \$61,500 Stafford + \$60,000 Grad PLUS = **\$121,500**

Under STANDARD

10 Year Stafford: **\$708** estimated monthly
10 Year Grad PLUS: **\$725** estimated monthly
Combined Estimated Monthly: **\$1433**

Under IBR

\$60,000 income, Family of 1
Estimated Monthly: **\$547**
Refer to the IBR chart above for other examples!
Standard: \$1433 / IBR: \$547

Example #2

Extended 25 Year vs. IBR

Amounts Borrowed: \$61,500 Stafford + \$60,000 Grad PLUS = **\$121,500**

Under EXTENDED

25 Year Stafford: **\$427** estimated monthly
25 Year Grad PLUS: **\$459** estimated monthly
Combined Estimated Monthly: **\$886**

Under IBR

\$80,000, Family of 3
Estimated Monthly: \$657
Refer to the IBR chart above for other examples!
Extended: \$886 / IBR: \$657

Potential Disadvantages of IBR:

- You may pay more interest—A reduced monthly payment in IBR generally means you'll be repaying your loan for a longer period of time, so you may pay more total interest over the life of the loan than you would under other repayment plans.
- **Unpaid interest is capitalized** (added to your loan principal balance) if you are determined to no longer have a "partial financial hardship", or if you choose to leave the IBR Plan.
- You may have to pay taxes on any loan amount that is forgiven after 25 years.

IBR Resources:

[IBR Worksheet](#) (click on this link to download worksheet)

For additional repayment information, please visit these websites:

www.studentaid.ed.gov - IBR

www.studentaid.ed.gov - Repayment Plans (compare plans)

www.finaid.org - Repayment Plans

www.equaljusticeworks.org – Student debt relief & IBR information

[Student Loan Expert](#): Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR and Public Service Loan Forgiveness).

Income Based Repayment Calculators:

www.studentaid.ed.gov

www.ibrinfo.org/calculator.php

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www.finaid.org/calculators - Variety of repayment calculators

www.finaid.org/calculators/ibr.phtml

Pay As You Earn Repayment Plan (PAYE): Implemented on December 21, 2012, PAYE is similar to IBR, basing monthly payments on income level, and offering loan forgiveness to eligible federal loan borrowers.

For most eligible borrowers, under PAYE, monthly payments will be less than 10% of their income - and even smaller for borrowers with low earnings.

- **PAYE caps monthly payments at 10% of your monthly discretionary income.** (Under IBR: 15%)
- **PAYE will also forgive remaining debt, if any, after 20 years of qualifying payments.** (Under IBR: 25 years)

Qualifying for PAYE:

- You must have enough federal debt relative to your income...considered "Partial Financial Hardship"
- A Partial Financial Hardship exists if the monthly amount you would be required to pay on your eligible federal student loans under a 10-year Standard Repayment Plan is higher than the monthly amount you would be required to repay under Pay As You Earn.
- If your eligible federal loan debt total is approximately equal to or greater than your income, you should qualify for PAYE.
- Eligibility is not contingent on job type.
- **You must not owe a balance on a federal loan as of October 1, 2007**
- **You must have received a disbursement of a federal Direct loan on or after October 1, 2011.**
- A married borrower may need to file his/her federal income tax returns as "married filing separately" to exclude spouse's income/tax into the PAYE qualifying formula. By filing separately, you may lose other potential tax benefits that you may have otherwise been eligible for under a joint return. A married borrower whose spouse also has federal student loan debt **and** who files jointly, his/her lender(s) will factor in both spouses' federal loan debt **and** their joint income when calculating PAYE payments. The borrower's PAYE payment will be proportional to his/her debt amount. Please consult an accountant or tax preparation company for tax advice.
- Your payment amount may increase or decrease each year based on your income and family size. Once you've initially qualified for PAYE, you may continue to make payments under the plan even if you no longer have a partial financial hardship.

The following chart illustrates the monthly loan payments under PAYE for various family sizes and annual income (in 2012):

Pay As You Earn (PAYE) Monthly Loan Payment							
Annual AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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\$20,000	\$27	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$69	\$19	\$0	\$0	\$0	\$0	\$0
\$30,000	\$110	\$61	\$11	\$0	\$0	\$0	\$0
\$35,000	\$152	\$103	\$53	\$0	\$0	\$0	\$0
\$40,000	\$194	\$144	\$95	\$45	\$0	\$0	\$0
\$45,000	\$235	\$186	\$136	\$87	\$37	\$0	\$0
\$50,000	\$277	\$228	\$178	\$129	\$79	\$30	\$0
\$55,000	\$319	\$269	\$220	\$170	\$121	\$71	\$33
\$60,000	\$360	\$311	\$261	\$212	\$162	\$113	\$95
\$65,000	\$402	\$353	\$303	\$254	\$204	\$155	\$105

How does PAYE compare to other repayment options?

Example #1

Standard 10 Year vs. PAYE

Amounts Borrowed: \$61,500 Stafford + \$60,000 Grad PLUS = **\$121,500**

Under STANDARD

10 Year Stafford: **\$708** estimated monthly

10 Year Grad PLUS: **\$725** estimated monthly

Combined Estimated Monthly: **\$1433**

Under PAYE

\$60,000 income, Family of 1

Estimated Monthly: **\$360**

Refer to the PAYE chart above for other examples!

Standard: \$1433 / PAYE: \$360

Example #2

Extended 25 Year vs. PAYE

Amounts Borrowed: \$61,500 Stafford + \$60,000 Grad PLUS = **\$121,500**

Under EXTENDED

25 Year Stafford: **\$427** estimated monthly

25 Year Grad PLUS: **\$459** estimated monthly

Combined Estimated Monthly: **\$886**

Under PAYE

\$80,000, Family of 3

Estimated Monthly: **\$428**

Refer to the PAYE chart above for other examples!

Extended: \$886 / PAYE: \$428

Example #3

Standard 10 Year vs. Extended 30 Year vs. IBR vs. PAYE

Amounts Borrowed: \$61,500 Stafford + \$60,000 Grad PLUS = **\$121,500**

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Under STANDARD

10 Year Stafford: **\$708** estimated monthly
10 Year Grad PLUS: **\$725** estimated monthly
Combined Estimated Monthly: **\$1433**

Under EXTENDED

30 Year Stafford: **\$401** estimated monthly
30 Year Grad PLUS: **\$436** estimated monthly
Combined Estimated Monthly: **\$837**

Under IBR

\$60,000 income, Family of 1
Estimated Monthly: **\$547**

Under PAYE

\$60,000 income, Family of 1
Estimated Monthly: **\$360**

Standard: \$1433 / Extended: \$837 / IBR: \$547 / PAYE: \$360

Potential Disadvantages of PAYE:

- You may pay more interest—A reduced monthly payment in PAYE generally means you'll be repaying your loan for a longer period of time, so you may pay more total interest over the life of the loan than you would under other repayment plans.
- **Unpaid interest is capitalized** (added to your loan principal balance) if you are determined to no longer have a "partial financial hardship", or if you choose to leave the PAYE Plan.
- You may have to pay taxes on any loan amount that is forgiven after 20 years.

PAYE Resources:

www.studentaid.ed.gov - PAYE

www.studentaid.ed.gov - PAYE Calculator

www.studentaid.ed.gov - PAYE Info Sheet

[Student Loan Expert](#): Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR, PAYE, and Public Service Loan Forgiveness).

Income Based Repayment for New Borrowers: Implemented on July 1, 2014, IBR for New Borrowers has the same repayment / forgiveness structure as Pay As You Earn (PAYE).

- Payments are based on income level (caps payment at 10% of discretionary income)
- Loan forgiveness is taxable (after 20 years)

IBR for New Borrowers plan is available for the following eligible students:

- New borrowers on or after July 1, 2014, who have no outstanding balance on a federal Direct Loan or FFEL loan when the borrower received a Direct Loan on or after July 1, 2014!

Since IBR for New Borrowers has the same repayment structure as PAYE, please review the PAYE chart and comparison examples in the above PAYE section.

www.studentaid.ed.gov - IBR for New Borrowers

www.studentaid.ed.gov - IBR for New Borrowers Calculator

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Student Loan Expert: Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR, PAYE, REPAYE, and Public Service Loan Forgiveness).

Revised Pay As You Earn: Implemented on October 27, 2015, REPAYE is available to any eligible federal loan borrower regardless of debt or income levels.

- Payments are based on income level (caps payment at 10% of discretionary income)
- Loan forgiveness is taxable (after 25 years)

Since REPAYE has the same repayment structure as PAYE, please review the PAYE chart and comparison examples in the above PAYE section.

www.studentaid.ed.gov - REPAYE

www.studentaid.ed.gov - REPAYE

Student Loan Expert: Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR, PAYE, REPAYE, and Public Service Loan Forgiveness).

Loan Forgiveness:

On September 27, 2007, the College Cost Reduction and Access Act ([CCRAA](#)) was signed into law. Many provisions of the Act were designed to help students manage their student loan debt by offering repayment reduction options (IBR) and potential **loan forgiveness**.

Public Service Loan Forgiveness:

PSLF was designed to discharge any remaining federal student loan debt after 10 years of full-time employment in public service, while making qualifying on-time monthly payments.

Qualifying for PSLF:

Loan Types:

All federal loans (Stafford, Graduate PLUS, Consolidation loans). ***Please Note:***

Private/Alternative loans and institutional YU/Cardozo loans do not qualify!

Loan Programs:

* Direct Loans – YES

* FFEL (bank lenders) – NO

All qualified federal loans have to be in the Direct Loan program! Federal loans borrowed through the FFEL program (bank lenders), will need to be consolidated into the Direct Loan program.

Please visit: www.loanconsolidation.ed.gov to consolidate any qualified FFEL program loans into Direct Loans.

Repayment Plans:

Income Based Repayment (IBR), Pay As You Earn (PAYE), Income Contingent Repayment (ICR), or Standard Repayment. Extended and Graduated Repayment Plans do not qualify.

Payment Terms:

120 on-time payments (12 payments per year for 10 years), while employed full-time in a qualifying public service job.

Employment:

- Government

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- *local, State, Federal, and Tribal governments government organizations, agencies, and entities*
- *but **not** service as a member of the U.S.*
- *Congress*
- 501(c)(3) Non-profit
- AmeriCorps Positions
- Peace Corps
- “Public Service Organizations”
 - *The organization provides specific listed services including “public interest law services” and*
 - *gets at least some government funding and is not “a business organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities...”*

Must be employed “full-time”!

Working in qualifying employment in one or more jobs for the greater of...

- An annual average of at least 30 hours per week, or
- For a contractual or employment period of at least 8 months, an average of 30 hours per week, or
- Unless the qualifying employment is with two or more employers, the number of hours the employer considers full-time.

How Does this Actually Work?

- As long as you meet all of the PSLF required criteria, all of your remaining federal loan debt (principle and interest!) will be 100% forgiven!
- **Key points:** Only federal student loans qualify, all of the federal loans have to be in Direct Loans and in a qualifying repayment plan (IBR or PAYE are recommended), you must make 120 on-time payments (12 payments per year for 10 years) while employed “full-time” in a qualifying public service job.
- Make sure you understand the specificity of all of the requirements. Not complying with even one requirement would make you ineligible.
- Please keep very accurate records of all of your federal loan payments, all of your employment records (paystubs, proof of full-time employment, [DOE's Employment Certification Form](#), etc.), and any and all documents from Direct Loans.

PSLF Resources:

studentaid.ed.gov - PSLF information

studentaid.ed.gov - DOE's PSLF Employment Certification Form

www.finaid.org/loans/publicservice.phtml - PSLF information

www.equaljusticeworks.org – student debt relief & PSLF information

[Student Loan Expert](#): Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR and Public Service Loan Forgiveness).

www.loanconsolidation.ed.gov - Direct Loan Consolidation

Additional Opportunities for Loan Forgiveness:

Feel free to visit these websites other Loan Forgiveness options:

www.finaid.org/loans/forgiveness.phtml

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State LRAPS

www.hesc.com (District Attorney and Indigent Legal Services Attorney Loan Forgiveness Program)

[John R. Justice Student Loan Repayment Program](#)

[Federal Agency Employee Repayment Program](#)

Loan Repayment Assistance Program (LRAP):

Cardozo's LRAP is designed to help Cardozo's graduates who have chosen to pursue careers in public service by providing "forgivable loans" to assist them in overcoming their educational debt. Recipients of this award use these funds to help pay down their student loans.

Program Information:

- LRAP is administered by Cardozo's Center for Public Service Law, which is part of Career Services.
- Graduates may apply to the Program within five years of graduation!
- Graduates must reapply annually and can continue to receive funding pending continuing eligibility.
- Eligible Employment: A full-time "law related" job which is of a public service nature (ex. legal aid, public defender's office, district attorney's office, legal services offices, governmental agencies, private non-profit organizations dedicated to public interest law, international human rights organizations, and clinical law teaching jobs).
- LRAP awards are made in the form of a forgivable loan. Recipients will sign a promissory note and must retain eligibility for 1 year in order to have the loan forgiven!
- The purpose of allocating the award as a forgivable loan (as opposed to a stipend), is to take advantage of federal tax benefits! Stipends are reported as "income" ...forgivable loans are not!

AS OF 2011 (Please note: these figures are subject to change)

- Income Requirement: Earning \$63K or less in their first year of employment.
- Debt Burden: \$60K or more!
- Size of annual awards (range): \$1,000 - \$11,000

Website: www.cardozo.yu.edu/lrap

Default Prevention

Defaulting on a student loan occurs when...

- You do not repay the loan as agreed
- You fail to meet your other responsibilities as stated in the promissory note(s)

Consequences of Default:

- U.S. Department of Education can declare that the entire balance and accrued interest on your loan is *due* immediately
- Wages can be garnished
- Eligibility for deferments will be lost

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- Eligibility for federal student assistance will be lost
- Account can be turned over for collection
- IRS can withhold federal/state income tax refunds
- Total debt can be increased by late fees, additional interest, court costs, collection fees, attorney's fees, and other costs
- Federal government can take legal action against you
- Credit rating can be damaged for at least seven years
- Eligibility to obtain/maintain professional license(s) can be lost

Managing your Loans – How to Prevent Defaulting on Your Loans:

- Meet all of your borrower responsibilities
- Understand loan terms and conditions
- Do not ignore mail from loan holder/servicer(s)
- Promptly report ANY and ALL changes to loan holder/servicer(s)
- Request deferments/forbearance (*as needed*)
- Keep accurate, well-organized records
- Make payments on time
 - This will enhance your chances to qualify for on-time benefits
 - This will help you maintain or improve credit record
- When paying more than is due:
 - Verify where payment should be mailed
 - Apply additional payment to principal, if permitted
 - Include written explanation
 - Confirm payment was applied as intended with loan holder/servicer or by checking next billing statement

What if You Can Not Make Your Monthly Payment(s)?

Please contact your lender(s) if you can not make even one monthly payment! If your payment is going to be delayed, or if it is going to be less than the minimum requirement, you will also need to contact your loan lender(s).

If you can not make your loan payments for reasons pertaining to potential economic hardship, you may be able to set up a [deferment](#) or [forbearance](#) by contacting your lender(s) directly!

Deferment / Forbearance – temporary postponement or reduction of payments

- Qualifying for Deferment: In-School (degree seeking program enrolled at least 6 credits per semester), Unemployment, Military, Economic Hardship.
- Qualifying for Forbearance: If you are not eligible for Deferment, you might qualify for Forbearance if you are experiencing financial difficulty. Unlike deferment, whether your loans are subsidized or unsubsidized, interest accrues, and you're responsible for repaying it! Your loan holder can grant forbearance in intervals of up to 12 months at a time for up to 3 years. You have to apply to your loan servicer for forbearance, and you **must** continue to make payments until you've been notified your forbearance has been granted.

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Actively entering into deferment or forbearance with your lender(s) will help prevent you from entering into default.

If your monthly loan payments are too high, you may be able to adjust your repayment plan(s). You may qualify for [Income Based Repayment](#), [Pay As You Earn](#), or for a longer extended repayment option...which might help lower your monthly payment. Please explore all of your potential options. Contact your loan lender(s) if you have any questions.

Resources

Loan Postponement

Information: www.studentaid.ed.gov/PORTALSWebApp/students/english/difficulty.jsp

Helpful Default Prevention Tips:

www.finaid.org/loans/troublerepayingdebt.phtml

www.studentaid.ed.gov/repay-loans/default/avoid

Default Information:

www.studentaid.ed.gov/repay-loans/default

www.finaid.org/loans/default.phtml

Debt Management and Default Prevention:

www.hesc.com/content.nsf/ca/Debt_Management

www.consumerfinance.gov/students/defaultoptions/#ques1

[Student Loan Borrower Assistance](#): National Consumer Law Center's Student Loan Borrower Assistance Project is a resource for borrowers, their families, and advocates representing student loan borrowers. This site is for people who already have student loans and want to know more about their options and rights.

Websites and Resources

These online resources provide a variety of financial aid, student loan, and debt management assistance:

Budgeting:

- Cardozo's [Cost of Attendance](#) Budget
- [Budget Worksheet](#)
- [Budget - Loan Repayment Worksheet](#)
- Financial Awareness Counseling: www.studentloans.gov/myDirectLoan/financialAwarenessCounselingLanding.action
- Budget Calculator: www.finaid.org/calculators/studentbudget.phtml
- Financial Aid Calculators: www.finaid.org/calculators

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Repayment:

- Federal loan repayment options: www.studentaid.ed.gov/repay-loans/understand/plans
- Federal loan repayment guide: www.studentaid.ed.gov/repay-loans
- National Student Loan Data System: www.nsls.ed.gov
- Direct Loan Consolidation www.loanconsolidation.ed.gov
- Income Based Repayment: www.studentaid.ed.gov
- Income Based Repayment Calculators:
www.studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp
www.finaid.org/calculators/ibr.phtml
- Pay As You Earn: www.studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn
- Pay As You Earn Calculators: www.studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn/calculator www.finaid.org/calculators/ibr10.phtml
- Student Debt Relief: www.equaljusticeworks.org
- **Student Loan Expert:** Heather Jarvis - Educational resources and training for student loan borrowers (updates, webinars, and much more on IBR and Public Service Loan Forgiveness).
- Public Service Loan Forgiveness: www.studentaid.ed.gov
- Loan Forgiveness: www.finaid.org/loans/forgiveness.phtml
- **State LRAPs**
- www.hesc.com (District Attorney and Indigent Legal Services Attorney Loan Forgiveness Program)
- **John R. Justice Student Loan Repayment Program**
- **Federal Agency Employee Repayment Program**
- Cardozo's Loan Repayment Assistance Program (LRAP): www.cardozo.yu.edu/lrap

Default Prevention:

- Loan Postponement Information: www.studentaid.ed.gov/repay-loans/deferment-forbearance
- Helpful Default Prevention
Tips: www.finaid.org/loans/troublerepayingdebt.phtml www.studentaid.ed.gov/repay-loans/default/avoid
- Default Information: www.studentaid.ed.gov/repay-loans/default www.finaid.org/loans/default.phtml
- Debt Management and Default Prevention: www.hesc.com/content.nsf/ca/Debt_Managementwww.consumerfinance.gov/students/defaultoptions/#ques1
- **Student Loan Borrower Assistance:** National Consumer Law Center's Student Loan Borrower Assistance Project is a resource for borrowers, their families, and advocates representing student loan borrowers. This site is for people who already have student loans and want to know more about their options and rights.