



# STUDENT FINANCE INFORMATION SESSION

FALL 2019

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CARDOZO SCHOOL OF LAW

# TOPICS

- Overview of the Office of Student Finance
  - Financial Aid
  - Student Accounts
- Financial Aid Process
- Student Loans
- Repayment Options
- Budgeting
- Q & A

# Contact Information

- Located on the 10<sup>th</sup> floor: Suite 1024
- **Email:** [clфинаid@yu.edu](mailto:clфинаid@yu.edu)
- **Phone:** 212-790-0392
- **Fax:** 212-790-0366
- **Website:** [www.cardozo.yu.edu/studentfinance](http://www.cardozo.yu.edu/studentfinance)
- **Hours:** M-Th (9am-5:30pm) / F (9am-2:30pm)
- Email us, call, drop by, etc. No appointment is necessary.

# Office of Student Finance

We are comprised of two sections:

- **Financial Aid:** we evaluate your FAFSA, process all of your student loans, put together your financial aid packages - which could include all types of aid: loans, grants, scholarships, 3rd party scholarships, etc.
- **Student Accounts:** is the Bursar - we bill you, collect payments for your tuition and fees, generate student refunds. Payment plan options available.

# Student Accounts...

## Paying Out of Pocket?

- **Fall '19 tuition due date: Aug 12<sup>th</sup>**
- Payment Plan
- All arrangements should be made with Student Finance **before** the start of each semester!

# Student Accounts...

## Health Insurance

- Automatic Enrollment
- Can Waive Coverage
- **Fall '19 Waiver Deadline: October 24<sup>th</sup>**
  - Insurance Broker: Gallagher
  - **[www.gallagherstudent.com/yeshiva](http://www.gallagherstudent.com/yeshiva)**

# Student Finance...

**[www.yu.edu/myyu](http://www.yu.edu/myyu)**

- Semester Invoice
- Financial Aid Account
- Make online payments
- Set up Direct Deposit

# Financial Aid Process

1. **FAFSA – must be filed every academic year!**
  - **[www.fafsa.gov](http://www.fafsa.gov)**
  - Available October 1st
  - Priority Deadline: April 15<sup>th</sup>
2. **New financial aid package every academic year!**

Set up prior to the start of the academic year.
3. **We'll send you a financial aid award notification email (visit MYYU).**

Award will detail your financial aid eligibility.



# Financial Aid Process

4. You'll need to accept and/or apply for the appropriate aid. Each student loan type (Stafford, Graduate PLUS, Cardozo) has specific instructions.
5. Your financial aid will post to your account, paying off any internal charges (tuition and fees) for that semester.
6. **If your aid does not cover your internal charges in full, you will be responsible for covering the difference.**
7. **If you have an excess of aid (more aid than tuition and fees), a refund will be generated for you for the difference.**

# Financial Aid Process

8. Financial aid should post to your account by the first week of the semester.
9. Refunds are generated starting the first week of the semester!
11. Aid is appropriately split per academic year.

Fall Entering Class (6 semesters):

- 2019-20 academic year (1L)  
Fall '19 & Spring '20
- 2020-21 academic year (2L)  
Fall '20 & Spring '21
- 2021-22 academic year (3L)  
Fall '21 & Spring '22

# Refunds

- **Direct Deposit**

- If you expect to receive a financial aid refund in excess of your term bill, enrolling in direct deposit will accelerate the availability of your funds.
- One-time enrollment (do not have to re-enroll each semester or academic year).
- Visit: [www.cardozo.yu.edu/directdeposit](http://www.cardozo.yu.edu/directdeposit)

- **Paper Check**

- Students who do not enroll in Direct Deposit will receive a paper check.
- Mailed to your permanent address in Banner.

# Student Loans

# Federal Stafford Loan

## Unsubsidized

- Approval based on FAFSA filing
- 6 month grace period after graduation
- Interest starts accruing at a fixed rate once the loan is disbursed.
- Interest rate:
  - **6.08% (7/1/19 – 6/30/20)**

# Federal Graduate PLUS Loan

- Approval is based on a credit check.
- 6 month grace period after graduation
- Interest starts accruing once the loan is disbursed.
- Interest rate:
  - **7.08% (7/1/19 – 6/30/20)**

# Federal Student Loan Interest Rates

- Interest rates are set every July 1<sup>st</sup>, and are fixed for that year (until June 30<sup>th</sup>).
- Loans disbursed during that year will retain the fixed interest rate for the life of the loan.

## July 1, 2015 – June 30, 2016

- Stafford: **5.84%** (down from 6.21%)
- Graduate PLUS: **6.84%** (down from 7.21%)

## July 1, 2016 – June 30, 2017

- Stafford: **5.31%** (down from 5.84%)
- Graduate PLUS: **6.31%** (down from 6.84%)

## July 1, 2017 – June 30, 2018

- Stafford: **6.0%** (up from 5.31%)
- Graduate: **7.0%** (up from 6.31%)

## July 1, 2018 – June 30, 2019

- Stafford: **6.595%** (up from 6.0%)
- Graduate: **7.595%** (up from 7.0%)

## July 1, 2019 – June 30, 2020

- Stafford: **6.08%** (down from 6.595%)
- Graduate: **7.08%** (down from 7.595%)

# Cardozo Loan

- Interest free while you are in school
- Interest will start accruing at a fixed 5% once you enter repayment
- Repayment will begin about 9 months after graduation
- Cardozo loan is an institutional loan (not a federal loan)



# Private/Alternative Loans

- Interest rates vary by lender
- Interest rates may fluctuate or be fixed
- Interest starts accruing once the loan is disbursed
- Are not federal loans!
- A “Bar Loan” is private.

# Loan Amounts & Eligibility

- **Stafford**: \$20,500 per academic year.
- **Graduate PLUS & Private**: Maximum amount a student can receive per academic year is based on the COA less any other aid. Eligibility is based on a credit check approval.
- **Cardozo/YU Loan**: Eligibility is based on “need”. Limited budget.

**What happens to your student loans while you are in school?**

# While in school...

- All student loans will be deferred. No loan payments are required. Eligibility for deferment is contingent on maintaining an enrollment of at least 6 credits per semester (“half-time”)!
- No interest will accrue on any (previous) subsidized Stafford loan or any institutional Cardozo/YU loan.
- Interest will start accruing once the loan is disbursed on all unsubsidized Stafford loans, Graduate PLUS loans, and private loans.

# While in school...

## **Paying Student Loan Interest:**

- You will have the option of paying the accrued interest on your unsubsidized Stafford and Grad PLUS while in school. You will need to arrange this directly with your servicer.
- Benefit of paying the accrued interest while in school is to avoid capitalization.
- **What is capitalization?**

Capitalization is a process whereby a lender adds unpaid interest to the principal balance of a loan right before you enter repayment. You are responsible for paying the interest due on an unsubsidized Stafford & Grad PLUS from the date the lender disburses the loan until the loan is paid in full.

# While in school...

- Keep organized records of your student loans.
- Save all of your financial aid paperwork that you receive from Cardozo and your loan servicer(s).
- Before you graduate, you will need to complete a mandatory online Exit Counseling session.

**What happens to your student loans after you graduate?**

# After you graduate...

- 6 month grace period for Stafford & Graduate PLUS loans.
- 9 month grace period for Cardozo/YU loan.



# After you graduate...

- You will need to set up a repayment plan with your loan servicer(s) BEFORE you enter repayment (during your grace period).
- Determining a repayment option will depend on the loan type(s), how much you borrowed, your future salary, and with whom you are or will be employed (public interest, government, corporate, private practice, etc.)

*After you graduate...*

# **Repayment Options**

# Stafford & Graduate PLUS

- **Standard:** 10 years – fixed payments (same minimum monthly payments – 120 payments).
- **Extended:** up to 25-30 years – fixed or graduated payments. Must have over \$30,000 in loan debt to qualify.
- **Graduated:** up to 25-30 years – payments are lower at first and then increase usually every two years.
- **Income Driven Repayment:**
  - Income Based Repayment
  - Income Based Repayment (For New Borrowers)
  - Pay As You Earn
  - Revised Pay As You Earn

# Stafford & Graduate PLUS

<b>IDR PLAN</b>	<b>% Of Discretionary Income</b>	<b>Forgiveness</b>	<b>Eligibility</b>	<b>Additional Eligibility Criteria</b>
<b>IBR</b>	<b>15%</b>	<b>25 years</b>	<b>Partial Financial Hardship</b>	
<b>IBR for New Borrowers</b>	<b>10%</b>	<b>20 Years</b>	<b>Partial Financial Hardship</b>	1 <sup>st</sup> Federal DL loan on or after 7/1/14
<b>PAYE</b>	<b>10%</b>	<b>20 Years</b>	<b>Partial Financial Hardship</b>	No prior federal loan debt prior to 10/1/07  One federal DL loan on or after 10/1/11
<b>REPAYE</b>	<b>10%</b>	<b>25 Years</b>	<b>Any borrower with eligible federal student loans</b>	

# Repayment Facts...

- Amount of your monthly loan payment will depend on:
  - Total amount owed
  - Interest rate
  - Repayment plan chosen
  - Length of repayment period
  - Income (IBR & PAYE & REPAYE)

# STANDARD 10 YEAR vs. EXTENDED 25 YEAR vs. IBR vs. PAYE COMPARISON CHART

**\$121,500**

## Standard 10 Year Stafford

- ❑ \$61,500 amount borrowed
- ❑ **\$708** estimated monthly

## Standard 10 Year Grad PLUS

- ❑ \$60,000 amount borrowed
- ❑ **\$725** estimated monthly

## Combined Estimated Monthly

- ❑ **\$1,433**

## Extended 25 Year Stafford

- ❑ \$61,500 amount borrowed
- ❑ **\$427** estimated monthly

## Extended 25 Year Grad PLUS

- ❑ \$60,000 amount borrowed
- ❑ **\$459** estimated monthly

## Combined Estimated Monthly

- ❑ **\$886**

## IBR #1

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

## PAYE & IBR #2 & REPAYE

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

IDR → PSLF

IDR plans are also designed to help students make affordable payments while on the **Public Service Loan Forgiveness (PSLF)** track!

# Public Service Loan Forgiveness

- Will forgive remaining federal loan debt after 10 years of eligible employment and qualifying loan payments.
- This program is for people with federal student loans who work in a wide range of "public service" jobs, including jobs in government and nonprofit 501(c)(3) organizations.



# Public Service Loan Forgiveness

- Must make 120 on-time payments (12 payments per year for 10 years) while employed “full-time” in a public service job.
- Does not have to be 10 consecutive years!
- IDR is recommended
- **ALL federal loans have to be in the Direct Loan program!**

# IBR & PSLF Example

**Eligible Debt: \$115,000**

**Starting Salary: \$50,000**

**Monthly Payment Year 1: \$430**

**Monthly Payment Year 10: \$635**

***Total Paid: \$63,220***

***Total Forgiven: \$129,980***

# Tax Implication on Loan Forgiveness!?

- IBR & REPAYE: 25 year forgiveness  
*TAXABLE!*
- PAYE & IBR (FNB): 20 year forgiveness  
*TAXABLE!*
- PSLF: 10 year forgiveness  
*NOT TAXABLE!*

# Loan Repayment Assistance Program “LRAP”

- Cardozo’s institutional program
- Graduates working full-time in public service
- Can apply up to 6 years after graduation

**[www.cardozo.yu.edu/lrap](http://www.cardozo.yu.edu/lrap)**

# Repayment Options & Terms

- **Deferment:** temporary postponement of payments
  - In-School
  - Unemployment
  - Military
  - Economic Hardship (tied to income, federal loan balance, interest rates). Example: working full time and federal education debt is at least 20% of your monthly income. Up to one year at a time, three years maximum
- **Forbearance:** temporary postponement or reduction of payments (no subsidy, ALL loans accrue interest)
- **Discharge:** death, permanent disability

# Repayment Options & Terms

## Pre-Payment

NO PENALTY TO PREPAY!

If you have the financial means, you can pay down your loans quicker, more aggressively, with no penalty!

Please note: if you are on a specific repayment plan (IBR) and/or on track with the Public Service Loan Forgiveness, pre-payment may not be a prudent option.

## Default Prevention

**DO NOT  
DEFAULT ON YOUR  
STUDENT LOANS!**

# Default Prevention

Default occurs when:

- You do not repay a loan as agreed.
- You fail to meet your other responsibilities as stated in the promissory note.



# Default Prevention

## 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
- 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

# Default Prevention

## Managing Your Loans – Helpful Tips:

- Meet all your borrower responsibilities
- Understand loan terms and conditions
- Do not ignore mail from loan holder/servicer(s)
- Promptly report changes to loan holder/servicer(s)
- Request deferments/forbearance (*as needed*)
- Keep accurate, well-organized records

# Default Prevention

## **Managing Your Loans – Helpful Tips:**

- Make payments on time
  - Enhances your chance to qualify for on-time benefits
  - Helps 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

# U.S. Department of Education

## *Office of the Ombudsman*

- Serves as mediator between you & loan holder/servicer to settle disputes that arise regarding your federal student loan(s).
- Toll-free telephone: 877-557-2575
- Website: [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)

# Changes to Federal Loan Programs?!?

- Continual proposed changes:
  - Executive (president's annual budget proposal)
  - Legislation in congress
- Current **proposed** changes by President & House Republicans:
  - Elimination of Stafford & Grad PLUS, reduction of IDR options, cancelation of PLSF.
  - Creation of new federal loan (ONE Loan).
- If changes are signed into law & implemented – would **NOT** affect current federal loan borrowers! Current federal loan programs would still be available to current federal loan borrowers!

# Cardozo's Financial Aid Newsletter



- Monthly newsletter emailed to student body
- Provide a wide range of relevant financial aid related content, with an emphasis on student loans, and may include federal policy and regulatory updates, re-circulated articles, blogs, editorials, opinion pieces, tips, advice, suggested best practices, and other pertinent information and updates. We will also include institutional updates when applicable

## Budgeting Tips

**Borrow  
Wisely!**

# Budgeting Tips...

- Build Your Own Budget
  - Make it a budget you can afford.
  - Minimize/eliminate all unnecessary expenses.
  - Look for ways to reduce spending.
- Only borrow what you (absolutely) need!
- Manage your loans responsibly.
- Develop and maintain good credit.



# Budgeting Tips...

- Cardozo's COA budget is designed as a guide.
- If you can borrow less than what is estimated on Cardozo's COA budget...you may save yourself thousands of dollars (plus interest)!
- A notable expense for most students is rent. Think of ways of reducing your rent...
  - Live with roommates!?
  - Live in less expensive areas/neighborhoods!?

# Budgeting Tips...

- Cardozo's rent ("room") estimate is \$1,400 per month.
- If you lived with roommates in Brooklyn, and your rent was \$900 per month...you would save...
  - \$5,000 per year (10 month rent budget)
  - \$15,000 over three years!
  - \$34,000 over 25 years!

# **BORROW WISELY!**

visit:

**[www.cardozo.yu.edu/debtmanagement](http://www.cardozo.yu.edu/debtmanagement)**

Budgeting, repayment, loan forgiveness, default prevention, helpful websites and resources

# Helpful Websites

- [www.studentaid.ed.gov](http://www.studentaid.ed.gov)
- [www.nslds.ed.gov](http://www.nslds.ed.gov) (National Student Loan Data System)
- [www.cardozo.yu.edu/debtmanagement](http://www.cardozo.yu.edu/debtmanagement)
- [www.finaid.org](http://www.finaid.org)
- [www.finaid.org/calculators](http://www.finaid.org/calculators)
- [www.askheatherjarvis.com](http://www.askheatherjarvis.com)
- [www.equaljusticeworks.org](http://www.equaljusticeworks.org)

**Please feel free to contact the  
Office of Student Finance  
if you have any questions.**

**212-790-0392**

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**Room 1024**

**QUESTIONS?**