What’s your plan?

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Founder and President, PG Presents, LLC  
Independent Student Loan Consulting  
Miller SOM “Lunch and Learn”, June 26, 2019

What’s your plan?
• Aggressive?
• Cautious?
• PSLF?
• Service?

“Every Student Every Year”

• “Lunch and Learn” workshops  
• Personal consultations  
• Repayment modules  
• Workshops your senior year  
• Listserv for seniors  
• PDF workshop slides and materials on the OSFA website

Workshop topics

• Married borrowers and repayment  
• Repayment calculators  
• Working with loan servicers  
• Tracking payments for PSLF  
• Student Loan
Today’s items

• Learn from the Class of 2019
• Know your “GAP” and how that impacts your strategy
• HEA* and proposed changes
• What’s up with PSLF**

Class of 2019 questions

• To consolidate or not
• PAYE versus REPAYE
• Married borrowers and spousal income
• Enrolling in Public Service Loan Forgiveness (PSLF)

Your first decision

• Postpone payments during training, including fellowship, or ...
• Start making regularly scheduled payments

Preserve your options*

• Public sector after training
  – Stay with income plan and retire debt with PSLF
• Private sector after training
  – Stay with income plan and overpay (depending on GAP) to retire debt by end of term
  – Refinance with private lender at lower rate

* Higher Education Assistance Act
** Public Service Loan Forgiveness

* Options after completion of training
Know your GAP*

- The bigger the gap
  - Time driven plans unlikely
  - PSLF should likely be a consideration
  - Term forgiveness may present challenge
- The smaller the gap
  - Time driven plans possible
  - PSLF consideration if, lengthy program
  - Term forgiveness not likely an issue

* Difference between debt and income, in training and later

Proposals

- Sanders to propose canceling entire $1.6 trillion in U.S. student loan debt, escalating Democratic policy battle
- The Trump administration proposes eliminating Public Service Loan Forgiveness
- Elizabeth Warren wants to cancel all student loans, critics wonder if that’s the right solution

Changes

- HEA* late being renewed, unlikely any time soon
- Debt on candidates’ radar, passage usually a challenge
- When looking for changes, look for phrases “new loans” or “new borrowers”, and trigger dates

* Higher Education Act

Interest rates*

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>Direct Unsubsidized max rate</th>
<th>Direct PLUS (Grad PLUS) max rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019.2020</td>
<td>6.08%</td>
<td>7.08%</td>
</tr>
<tr>
<td>2018.2019</td>
<td>6.59%</td>
<td>7.59%</td>
</tr>
<tr>
<td>2017.2018</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>2016.2017</td>
<td>5.31%</td>
<td>6.31%</td>
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<tr>
<td>2015.2016</td>
<td>5.84%</td>
<td>6.84%</td>
</tr>
</tbody>
</table>

* Rates on new loans disbursed on or after July 1 of year indicated, fixed for life of loan
PSLF*

- Don’t make it complicated
- Qualifying is simple, but tracking a bit more complicated
- Number of approvals should increase in next few years
- Help reduce the “noise” on PSLF

PSLF eligibility

1. Make 120 timely, scheduled payments with eligible plan*
2. On eligible loans (Direct Loans from government)
3. While working FT for eligible employer**

PSLF denial reasons*

<table>
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<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wrong payment plans</td>
<td>53%</td>
</tr>
<tr>
<td>Missing information</td>
<td>25%</td>
</tr>
<tr>
<td>Wrong loans</td>
<td>16%</td>
</tr>
<tr>
<td>Employment dates</td>
<td>2%</td>
</tr>
<tr>
<td>Employer not eligible</td>
<td>2%</td>
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My two cents worth

- You’re going to do in medicine what you want, regardless of PSLF
- Unless good reason not to, start paying with minimum payments in training to preserve PSLF option
- Consider enrolling, you’re not committing to anything
- You’d never apply until you’ve qualified

* Public Service Loan Forgiveness Program Data, May 2019, USED
Assumptions

- $200,000, Class of 2019
  - $162,000 Direct Unsub, $38,000 Grad PLUS
- Applicable rates based on year taken
- 6 month window prior to repayment
- No aggressive payments
- Single, family size of 1 throughout
- PGY-1 stipend of $55,974*
- $180,000 starting salary after training*
- No gaps in renewal of income plans, no gaps in payments

* Moderate stipend and salary increases each year

$200,000*

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<th>Total Amount Paid</th>
<th>PSLF Paid Out/Forgiven</th>
<th>Term Forgiveness</th>
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</thead>
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<tr>
<td>Standard 10 years</td>
<td>$2,560</td>
<td>$307,249</td>
<td>Nothing to forgive</td>
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<tr>
<td>Extended 25 years</td>
<td>$1,495</td>
<td>$448,550</td>
<td>Not eligible</td>
<td>Nothing to forgive</td>
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<tr>
<td>REPAYE 24 years</td>
<td>$311 to $2,488</td>
<td>$466,884</td>
<td>$135,639/$217,897</td>
<td>$0 (balance paid before end of term)</td>
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<td>PAYE 20 years</td>
<td>$311 to $2,199</td>
<td>$466,076</td>
<td>$135,639/$233,859</td>
<td>$118,082 (taxable)</td>
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* 3 year residency

$200,000*

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<td>REPAYE 25 years</td>
<td>$311 to $2,329</td>
<td>$434,203</td>
<td>$93,842/$247,114</td>
<td>$75,320 (taxable)</td>
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<tr>
<td>PAYE 20 years</td>
<td>$311 to $1,994</td>
<td>$302,744</td>
<td>$93,842/$275,799</td>
<td>$204,087 (taxable)</td>
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* 6 year residency

Questions

* 3 year residency

* 6 year residency