FIRST-YEAR LOAN COUNSELING

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Learning About Loans

• TODAY
  – Group session with general information about loan terms and conditions

• INDIVIDUAL FOLLOW-UP APPOINTMENTS
  – REQUIRED!!
  – Review of your individual financial aid award and loan debt
Today’s Agenda

- Loan Terms and Conditions
- What happens now?
  - Electronic Loan Signing
  - Refund Requests
  - Deferring Pre-HMS Loans
- What happens after Graduation?
  - Internship & Residency Options
  - Sample Loan Repayment Scenarios
- Preparing a Budget
- Credit Reports
Types of Loans

- Subsidized vs. Unsubsidized
- Fixed Rate vs. Variable
- Federal, Institutional, Private
Subsidized Loans

• Definition: Interest does not accrue during in-school, grace, and periods of qualified deferment

• Types of subsidized loans at HMS
  – Federal Direct Subsidized Ford/Stafford Loan*
  – Federal Perkins Loan
  – HMS Revolving Loan
  – HMS Wolfson Loan
  – Loan for Disadvantaged Students

* 2011-12 only
Unsubsidized Loans

- **Definition:** Interest begins to accrue at the time of disbursement

- **Types of unsubsidized loans at HMS**
  - Federal Direct Unsubsidized Ford/Stafford Loan
  - Federal Grad PLUS Loan
  - Other Private/Alternative Loans
• **Definition:** Unpaid accrued interest on unsubsidized loans is added to the original amount borrowed (i.e. principal balance), thereby increasing your total indebtedness.

• **Unsubsidized Ford/Stafford Loan:**
  - first capitalization typically occurs six months after borrower leaves school
  - borrowers receive quarterly interest statements
  - borrowers have the option to pay interest prior to capitalization
Federal Direct Ford/Stafford Loan

- **Interest Rate:** fixed, 6.8%
- **Grace Period:** 6 months
- **Borrowing Limits:**
  - Up to $8,500 in 2011-12 will be subsidized for eligible students, the remainder is unsubsidized. Subsidized program eliminated after 2011-12 (i.e., all Ford/Stafford loans will be unsubsidized)
• Loans will be managed by one of five servicers
• Servicer randomly selected:
  – ACS Education Services
  – Federal Loan Servicing (PHEAA)
  – Great Lakes Educational Loan Servicer, Inc.
  – Nelnet
  – Sallie Mae
Federal Perkins Loan

- **Interest Rate**: fixed, 5%
- **Grace Period**: 9 months
- **Borrowing Limits**:
  - $5,000/year annual borrowing limit*
  - Subsidized

**Note**: Annual amounts subject to change depending upon availability of funding
Loan for Disadvantaged Students (LDS)

- Awarded to students from disadvantaged backgrounds as defined by the U.S. Department of Health and Human Services

- Interest Rate: fixed, 5%

- Grace Period: 12 months after graduation and through residency

- Borrowing Limits:
  - Currently replaces Unit Loan*
  - Subsidized

Note: Annual amounts subject to change depending upon availability of funding
Harvard Loans

- **HMS Revolving Loan**
  - **Interest Rate:** fixed, 5%
  - **Grace Period:** 6 months
  - **Subsidized**

- **HMS Wolfson Loan**
  - **Interest Rate:** prime +1%, fixed at 2 months prior to end of grace period, max rate of 7%
  - **Grace Period:** up to 60 months (during residency)
  - **Subsidized**
Other Loans

• Federal DIRECT Grad PLUS
• Other Private Loans

• Terms and conditions to be discussed during individual appointments
Customer Service

Federal Direct Ford/Stafford Loans:

- Direct Loan Servicing Center

PO Box 5609
Greenville, TX 74503
1-800-848-0979

Your account number is your social security number.

Federal Perkins, LDS and Harvard Loans:

- Harvard Student Loan Office

1033 Mass Ave
Cambridge, MA 02138
1-800-315-7192

Your account number is your Harvard University ID number.
National Student Loan Data System (NSLDS)

- U.S. Dept of Education’s central database for Stafford/Ford, PLUS and Perkins loans
- Allows borrowers to track loan balances and identify servicers of loans
- Federal PIN required to access site: www.nslds.ed.gov
To Do List

• Loan Signing – Master Promissory Note(s)
• AAMC Online Entrance Counseling
• AAMC Medloans Organizer and Calculator
• Individual Loan Counseling w/ HMS Financial Aid Officer
• Refund Requests
• Deferral of pre-HMS student loans
• HMS Scholarship Information Survey
Loan Signing

- Sign your award letter and return to the Financial Aid Office (if you haven’t already)

- Federal Direct Ford/Stafford Loans Master Promissory Note
  [https://studentloans.gov](https://studentloans.gov)

- Federal Perkins, HMS Revolving, HMS Wolfson, LDS Promissory Notes
  [https://www.ecsi.net/promk4](https://www.ecsi.net/promk4)

- Financial Aid Office will email you when the loan signing process is available to complete

See Financial Aid Newsletter for detailed instructions. You will need to have your FAFSA PIN number handy in order to complete this process.
Truth In Lending Act (TILA)

• US federal law designed to protect consumers in credit transactions
• Includes all non-Title IV educational loans (i.e., HMS institutional and federal LDS loans)
• Disclosure of terms in 3 statements (w/award letter and at prom note signing)
• Disclosure statement indicates maximum possible amount a student can borrow in loan program; this DOES NOT mean the amount you are borrowing and/or IS NOT necessarily the amount you are eligible to borrow!
AAMC Online Entrance Counseling

• Provides everything you are required by law to know about federal loans
• Recommends strategies to successfully manage your $$ as a student
• Available at www.aamc.org/first “Financial Literacy 101”
• Allow 40-45 minutes to complete
• PRINT OUT Counseling Completion Certificate and bring to your individual loan entrance interview session
AAMC Medloans Organizer and Calculator

• Organizer and Calculator is a secure and personalized, one-stop online loan management resource tool

• Available at [www.aamc.org/first](http://www.aamc.org/first)

• Enter your 2011-12 (and previous, if any) loan information in the Medloans Organizer and Calculator

• PRINT OUT summary of your loans (by academic year) and bring to your individual loan entrance interview session
Individual Loan Counseling

• REQUIRED!
• Review of your individual financial aid award and loan debt
  – Keep a file with all your fin aid docs
• Appointments begin September 6th
• Call or email Lillian Johnson to schedule an appointment:  432-0449 or financial_aid@hms.harvard.edu
If your disbursed financial aid exceeds your total term bill charges, you are entitled to a refund of the credit balance.

Go to the HMS Financial Aid web-site and complete a Refund Request Form, available at: [http://www.hms.harvard.edu/finaid](http://www.hms.harvard.edu/finaid)

Click on the ‘Forms & Calendar’ link.

No refunds processed until individual loan counseling appointment has occurred and Master Promissory Note(s) is/are signed!

Refunds will become available by end of September.

NOTE: You must fill out a Refund Request Form for EACH semester!

- Note: HST RAship can affect loan/term bill balance.
Pre-HMS Loans

• Contact your lender(s) to see if your loans feature an in-school deferment provision.
• Depending on the lender, you may need to file a written deferment request as often as every six months. Registrar’s Office confirms enrollment.
• If your prior loans have never entered active repayment, they typically will retain their full grace periods once you leave HMS. Check with your lenders for details.
• Prior Federal Direct Loans are automatically deferred once a new Direct Ford/Stafford Loan is processed. We suggest that you call the Direct Loan Servicing Center to confirm.
HMS Restricted Fund Information Sheet

• Survey sent to all HMS students in September
• Enables HMS Financial Aid Office to assign HMS Scholarship awards to appropriate funds
• Completion Required of ALL students (not just those on scholarship)
• Office of Resource Development (ORD) may request bio info/thank you note from HMS scholarship recipients

Failure to comply with these requests may result in forfeiture of your HMS Scholarship!
After Graduation…

- Internship/Residency
  - Deferment
  - Forbearance
- Repayment Plans
- Sample Repayment Scenarios
- Loan Forgiveness Programs
Forbearance & Deferment

- **Forbearance**: An arrangement to postpone or reduce a borrower’s monthly payment amount for a limited and specified period, or to extend the repayment period. The borrower is charged interest during forbearance.

- Most educational loans are eligible for forbearance during part or all of internship & residency.

- **Deferment**: the temporary postponement of loan payments. During deferment interest does not accrue on subsidized loans.

- Stafford/Ford, Perkins, Wolfson, and LDS loans offer deferment under certain conditions. If eligible, you may receive limited deferment during internship & residency training.
FEDERAL FORD/STAFFORD LOAN

- Standard: fixed amount for 10 years
- Extended: fixed amount extended over 12 to 25 years
- Graduated: 10 years to repay, however, the payment amount increases gradually over the life of the loan
- Income Contingent/Income Based: monthly payment is based on the borrower’s adjusted gross income. Maximum repayment period is 25 years.
  - Public Service Loan Forgiveness
FEDERAL LDS
FEDERAL PERKINS
HMS REVOLVING
HMS WOLFSON

- Standard: fixed amount for 10 years

All educational loans can be prepaid without penalty.
• Interest Rate of 6.80% on all Ford/Stafford Loans after graduation
• 4 yrs of internship/residency with interest capitalized
• Starting Salary of $140,000
• Standard 10 year repayment
Sample Unit Loan Borrower

- **Total Borrowed**: $98,000
  - $8,500 Federal Subsidized Stafford
  - $25,500 Federal Unsubsidized Stafford
  - $20,000 Federal Perkins
  - $44,000 HMS Revolving Loan

- **Repayment Begins July 2019**
  - Monthly Net Income: $8,167
  - Monthly Loan Payments: $1,341
  - $1.64 repaid for each $1 borrowed
Sample Ford/Stafford-Only Borrower

• Total Borrowed: $181,980
  - $8,500 Federal Stafford
  - $173,498 Federal Unsubsidized Stafford

• Repayment Begins July 2019
  - Monthly Net Income: $8,167
  - Monthly Loan Payments: $3,006
  - $1.98 repaid for each $1 borrowed
Loan Repayment Programs

• HMS Loan Forgiveness Programs
  – Presidential Scholars Public Service Initiative
  – AbundanceFound Global Health Program
  – Loan Repayment Assistance Program

• State/National Loan Repayment Programs

• Description of Programs Available at
  www.hms.harvard.edu/finaid

(funding for HMS loan forgiveness programs currently available through 2015)
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<thead>
<tr>
<th>Resource</th>
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<tr>
<td>Financial Aid Information Page</td>
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<td><a href="http://www.collegeboard.com">www.collegeboard.com</a></td>
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<tr>
<td>Loan Forgiveness Programs</td>
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<td>Association of American Medical Colleges</td>
<td><a href="http://www.aamc.org/first">www.aamc.org/first</a></td>
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<td>(Entrance Counseling and MedLoans Organizer)</td>
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<td>Direct Loan Servicing On-Line</td>
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HMS First Year Budget

Tuition and Fees: $51,043
Books and Supplies: $2,142 or $2,892
Room and Board: $13,170
Miscellaneous Expenses: $4,400
Transportation: $1,410
Loan Fees: $85

Total Budget: $72,250 or $73,000
QUESTIONS?