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
• 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

* Note: Federal Direct Ford/Stafford Loans are no longer subsidized for graduate students whose year begins after July 1, 2012.
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
  - HUECU Private Loan
  - Other Private/Alternative Loans
Capitalization of Interest

- **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 $44,944 (or cost of attendance minus other aid) for first year HMS students
Federal Direct Ford/Stafford & PLUS Loans

- Loans will be managed by one of several servicers
- Servicer randomly selected:
  - Aspire Resources, Inc.
  - CornerStone
  - Dept. of Education Student Loan Servicing Center (ACS)
  - ESA/Edfinancial
  - Federal Loan Servicing (PHEAA)
  - Granite State - GSMR
  - Great Lakes Educational Loan Services, Inc.
  - MOHELA
  - Nelnet
  - OSLA Servicing
  - Sallie Mae

*Denotes current list of servicers as of 8/12
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**
    (for all first year students)

- **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
- Harvard University Employees Credit Union (HUECU) Private Loan
- Other Private Loans

- Terms and conditions to be discussed during individual appointments
Federal Direct Ford/Stafford Loans:

- Direct Loan Servicing Center
  PO Box 5609
  Greenville, TX 75403
  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
- Federal Perkins, HMS Revolving, HMS Wolfson, LDS Promissory Notes
  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.
• 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!
• 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
Organizer and Calculator is a secure and personalized, one-stop online loan management resource tool. Available at www.aamc.org/first. Enter your 2012-13 (and previous, if any) loan information in the Medloans Organizer and Calculator. Allow 20-30 minutes to complete. 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
Living Expense Refunds

- 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.
- Sign up for direct deposit of your refund check!
- 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** (prior to 2012-13), 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
Repayment Options

FEDERAL LDS
FEDERAL PERKINS
HMS REVOLVING
HMS WOLFSON

- Standard: fixed amount for 10 years

All educational loans can be prepaid without penalty.
Sample Repayment Profiles: Assumptions

- 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**: $107,800
  - $75,400 Federal Unsubsidized Stafford
  - $20,000 Federal Perkins
  - $12,400 HMS Revolving Loan

- **Repayment Begins July 2020**
  - Monthly Net Income: $8,167
  - Monthly Loan Payments: $1,664
  - $1.85 repaid for each $1 borrowed
Sample Ford/Stafford-Only Borrower

- Total Borrowed: $181,999
  - $181,997 Federal Unsubsidized Stafford
- Repayment Begins July 2020
  - Monthly Net Income: $8,167
  - Monthly Loan Payments: $3,039
  - $2.00 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](http://www.hms.harvard.edu/finaid)

(Note: funding for HMS loan forgiveness programs currently available through 2015; it is uncertain whether these programs will be renewed beyond this time)
Financial Aid Resources on the Web

Financial Aid Information Page
www.finaid.org

College Board
www.collegeboard.com

US Department of Education
www.ed.gov

Loan Forgiveness Programs
www.hms.harvard.edu/finaid

IRS Publication 970 – Tax Benefits for Students
www.irs.gov

Association of American Medical Colleges
www.aamc.org/first
(Entrance Counseling and MedLoans Organizer)

Direct Loan Servicing On-Line
www.studentloans.gov

William D. Ford Federal Direct Loan
www.ed.gov/directloan

Department of Education Student Guide
www.ed.gov/studentguide
HMS First Year Budget

Tuition and Fees: $53,496
Books and Supplies: $2,154 or $2,904
Room and Board: $13,640
Miscellaneous Expenses: $4,565
Transportation: $1,410
Loan Fees: $85

Total Budget: $75,350 or $76,100
QUESTIONS?