



Student Loan Forgiveness

Understanding the Changes



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Helping families successfully navigate college search for 15 years

Help students identify right fit schools – Academic, Social, Financial

Reduce the stress between parents and kids during this journey

Agenda

- Current Loan Dismissal Proposal
- Public Service Loan Forgiveness
- Loan overview
- What debt looks like
- Helping your clients avoid debt

Student Loan Interest and Payment Suspension

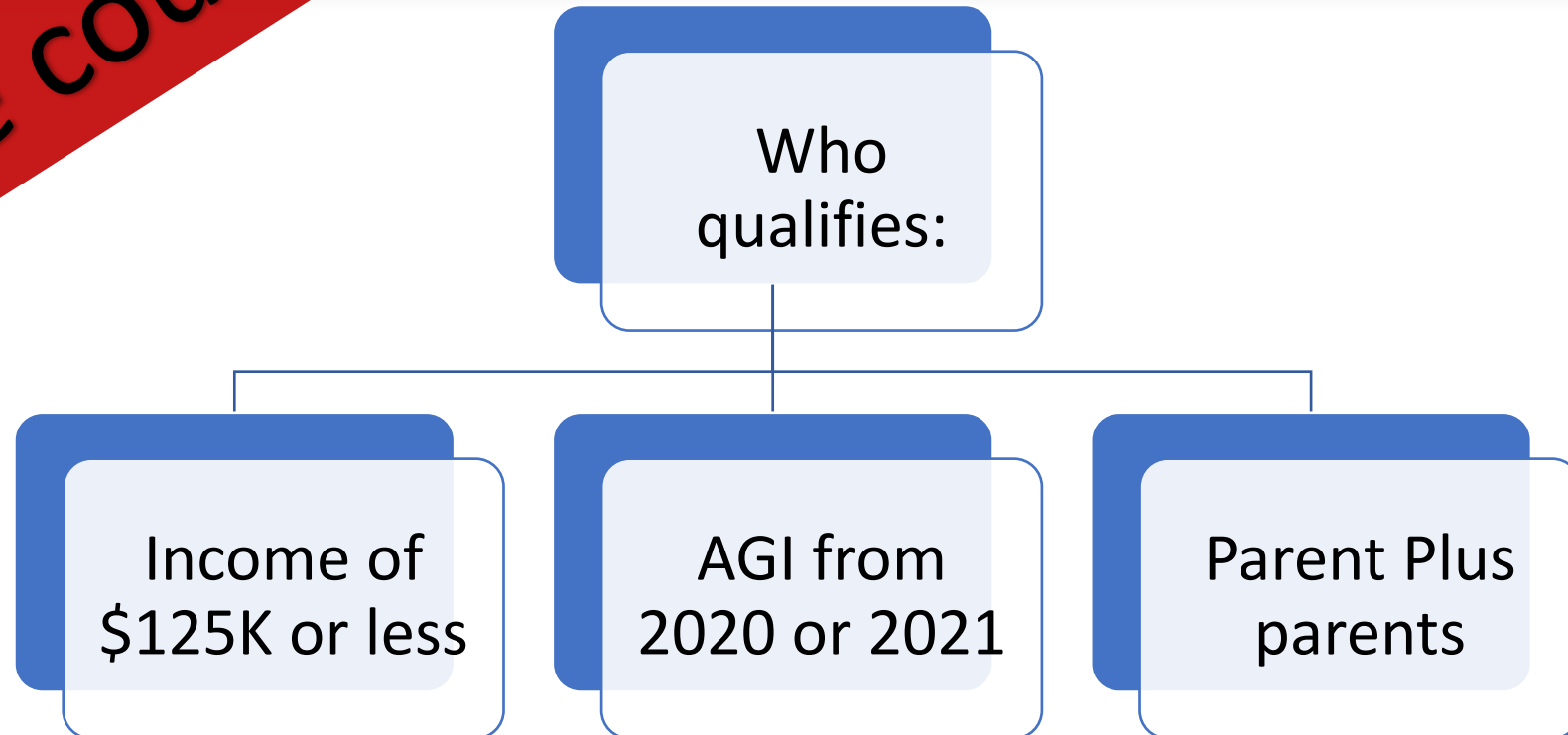


Interest and payment suspension will remain in place

Will stay that way until the debt relief order is resolved in the court system.

2022 Student Loan Dismissal Program

In the court system!



2022 Student Loan Dismissal Program

In the court system!

What is forgiven:

\$10,000 total
for individual

\$20,000 for
Pell Grant
recipients

Same rules
for parent
plus



All Federal loans qualify!

- Direct loan
- FFEL loan
- Perkins loan
- Grad and parent

Deadline for Application is Dec 31, 2023

4-6 weeks to execute

Application available at studentaid.gov

Public Service Loan Forgiveness History

Started in 2007 – 120 payments

First round of requesters happened
for the first time in 2017

Flood gates open and thousands
request

Only 1% get their loans forgiven

Clear that servicers/Dept of Ed (ED)
were not clear on terms, training, etc

Qualifications for PSLF & Waiver

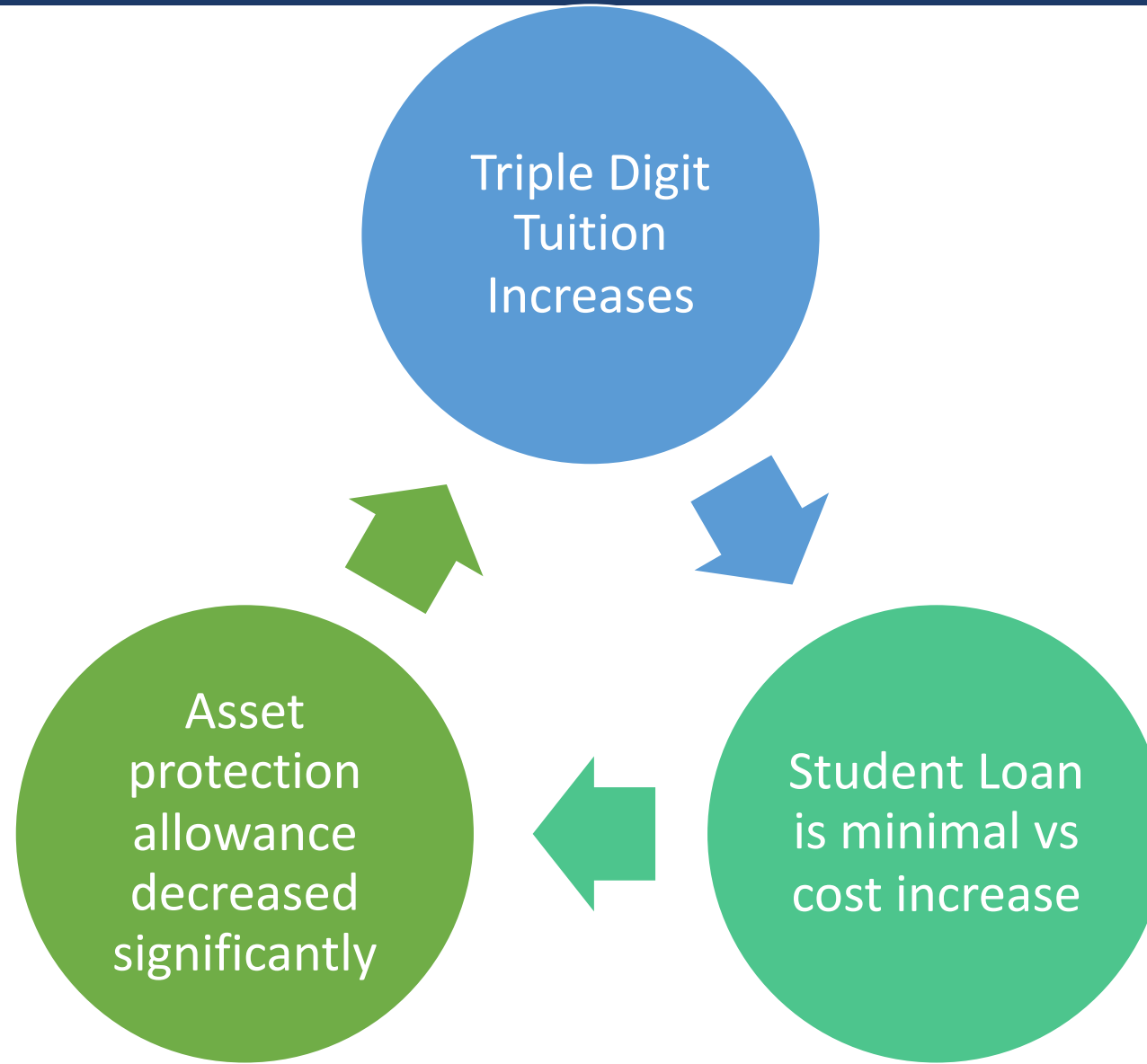
PSLF Qualifications:

- Income driven repayment plan
- 120 monthly payments
- Federal Direct only loans
- Work for a non-profit or government body
- AmeriCorps or Peace Corp
- There is no income limit or forgiveness limit

PSLF Waiver – *Ending Oct 31, 2022*

- Any payment made since Oct 2007 counts
- Regardless of loan type
- All other eligibility applies

Why is it harder for families to afford college?



- Subsidized- 4.99%
 - Interest does NOT accrue while in school
- Unsubsidized- 4.99%
 - Interest DOES accrue while in school
- Payment
 - Begins 6 months after graduation on both
- Loan Forgiveness available
 - Public service jobs (teacher, nonprofit, etc.)

Federal Direct
(Stafford)*

- <http://www.gocollege.com/financial-aid/student-loans/states/>
- Vary by state significantly
- MN Self Loan – 6.35% fixed. Variable also available
 - Requires co-signature
 - Limited to \$20K total

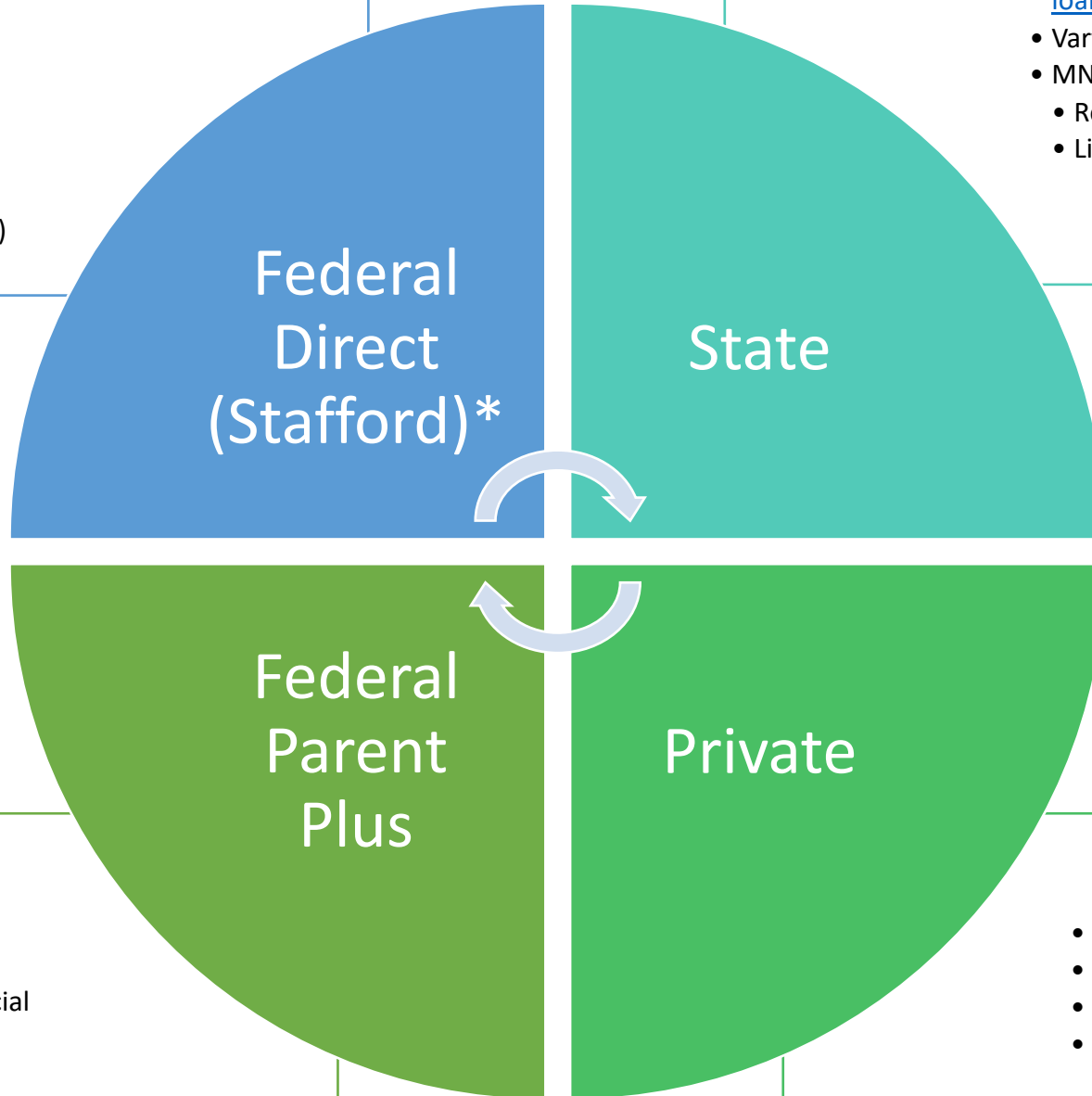
State

Federal Parent Plus

- Interest – 7.54% - Credit check required-4% origination
- Available for full amount minus other financial aid
- Can be used for all educational expenses
- Payments begin immediately
- Owned by the parent

Private

- Can be parent or student owned
- Requires parent co-signature for the most part
- Rates vary widely are common
- <https://www.nerdwallet.com/best/loans/student-loans/private-student-loans>





Check all
options before
committing!

LOAN Limits

- Federal Student loan – maximal set amount
- Freshman - \$5500 – subsidized max \$3500
- Sophomore - \$6500 – subsidized max \$4500
- Junior - \$7500 – subsidized max \$5500
- Senior - \$7500 – subsidized max \$5500
- Full amount does not have to be taken
- ONLY loan the student owns alone
- Parent Plus vs HELOC

Guidelines for Debt

- Never take out more in loans than a first-year salary in your chosen field
- For every \$10,000 in loans you take out, it will be roughly \$100/month loan payment
- Federal loans are only available for the year they are offered, so consider the entire 4 years before declining loans

Debt Facts!

- 1.75 Trillion in Federal and Private Loans
- 1 in 7 Americans have student loan debt
- Only 7.9% are private loans
- 15% default on their loans – 1/3 are senior citizens

Class of 2022:

- 45% going to college
- 42% expected to take on debt
- Expected to borrow \$39,500

Ways to stay in budget!

Ditch old thinking! It doesn't suit the discussion today!

Colleges are:



FLEXIBLY PRICED



INFLEXIBLY PRICED



THERE ARE PUBLIC AND PRIVATE IN BOTH AREAS

Need vs Merit – How do they compare

Need

Determined by FAFSA outcome and potentially the CSS profile

Grant or scholarship from the college

Re-evaluated every year

Nearly all schools address some level of need but the vast majority leave much of it uncovered

Merit

Based on aspects of the student the college deems most beneficial to them

Scholarship from the college

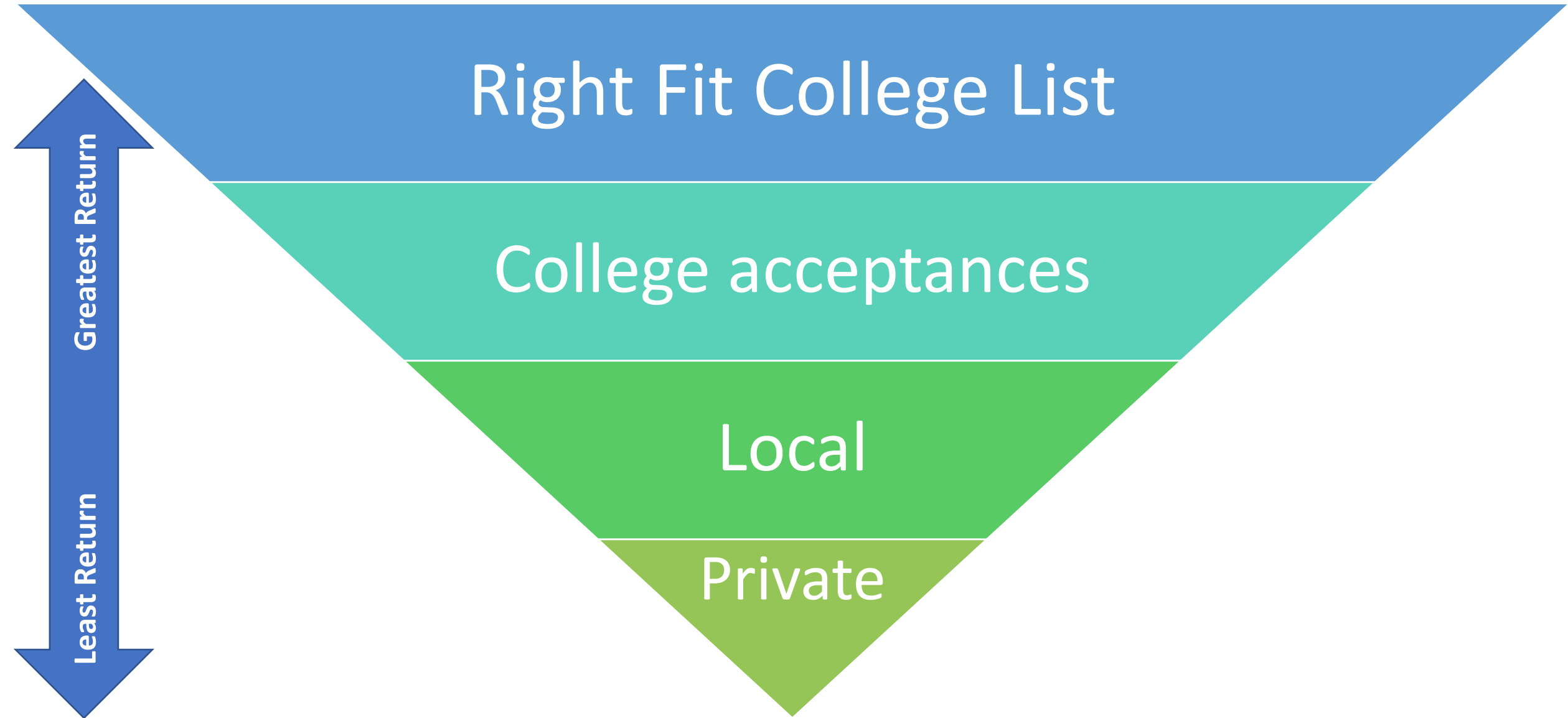
Typically last for the entire 4 years, ask if unclear

NOT ALL COLLEGES GIVE MERIT AID and it varies greatly school to school

Consider
schools that
go the extra
mile!

- Stronger GPA and standardized test score than the average student
- Quality activities not quantity
- Demographics
- Demonstrated interest
- Transcript rigor
- Essays & applications

How to direct student energies to reduce cost!



How to leverage us to add value

- Start your clients in the right time - sophomore/junior years!
- Recommend our family consultation
- Client Events
- Monthly content you can use

Services

Comprehensive Package

- Target list for fit – academic, social & financial
- Hands on support for essays & applications
- Get the best price for schools being considered
- Neutral third party with deep industry knowledge

Pricing - starting \$4995

Cost of 1 Transfer - \$14,000

Cost of 2 Transfers - \$24,000

Fewer than 4% of CIT kids transfer
97% get into one of their top 3 schools

Questions?



Follow us on Facebook/Blog for the latest!

Leverage the consultation to help your clients!

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