

Client A
Student Loan Plan

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Loan Summary	
Total DIRECT loans	\$228,445
Total FFEL Loans	\$34,566
Total Private Loans	\$0
Weighted Average Interest Rate, Federal	6.13%
Weighted Average Interest Rate, Private	0%
Variable Loans?	No

Goals

1. The short term goal is to lower monthly payments after graduation while Josh is working his way in to a new industry.
2. The long term goal is to most effectively pay down the student loans with a focus on minimizing interest.

Recommendations

- Go to [StudentLoans.gov](https://studentloans.gov) and apply for the REPAYE program to cap payments at 10% of discretionary income. This would mean monthly payments of about \$506 with your Adjusted Gross Income (AGI) of \$91,000.
- Set up automated payments for your student loans. This can slightly decrease your interest rate and avoids payment mistakes.
- Ask your lender if you can apply excess payments towards your highest interest loans. You can do this by filing a letter of instruction with your loan servicer.
- Consider [consolidating](#) your undergraduate loan to make it a DIRECT loan. This would make it eligible for REPAYE as well.
- Re-certify your income and family size annually to stay on REPAYE.
- Work with your advisor to determine cost/benefit of using investments to pay down debt once you are fully employed in your new industry.
- Re-evaluate your student loan payment plan once you have a good sense for your long term AGI. It may eventually make sense to pay more than is required to lower the total cost of the debt.

Important Notes

1. REPAYE is only available on DIRECT loans so your old loans from undergraduate won't qualify.
2. REPAYE puts you on a 25 year repayment schedule for graduate loans.
3. REPAYE payments can exceed the standard payment amount if your income increases enough. You would need an AGI of about \$370,000 with current loan balances and assumptions for that to happen.
4. Since your payments will be less than the interest accrual, half of the interest that would have been charged will be paid by the government.
5. ***Interest will capitalize upon entering and leaving REPAYE.***
6. You can use the [Federal Student Loan Repayment Estimator](#) to see what changes in family size or AGI would do to your payments.
7. While staying on REPAYE for the full 25 years would result in loan forgiveness, barring large AGI increases, you would have to pay taxes on the amount forgiven. You would need to save approximately \$208/month to pay off the full \$92,685 tax bill.
8. If you were interested in paying off your loans early it would cost \$2,397/month over 10 years, \$2,238/month over 15 years, and \$1,904/month over 20 years.