BE SMART!
BE STRATEGIC!
Borrow the Minimum You Need
in Law School

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School of Law
What are your goals?
To succeed in achieving your goals ...

- Study hard
- Borrow the minimum
- Manage your finances carefully
- Repay all that you borrow
Paying for School
How are you paying for this investment in yourself?

- Savings
- Money from family
- Scholarships
- Part-time job
- Loans
How did you decide how much to borrow?

Did you?:

- Borrow amount indicated on your Financial Aid Award notice?
- Borrow maximum amount possible?
- Estimate your budget and borrow only what you needed?
- Borrow less than you think you need in hopes of living more cheaply?
Why borrow the minimum?

... because when you borrow loans you are spending your FUTURE INCOME!
Borrowing the Minimum
To borrow the minimum ...

- “BYOB”
- “SOS”
- Think “FREE”
- Evaluate “opportunity costs”
Borrowing the Minimum

“BYOB”
What is your budget?

Is it:

- Cost of Attendance (COA)?
- Your resources vs. your expenses?
- A spending plan?
Cost of Attendance (COA)
“Student Expense Budget”

- Calculated by Financial Aid Staff
- Includes both fixed educational costs and living expenses for academic year
- Total financial aid cannot exceed COA
- Not prescriptive and NOT your budget

<table>
<thead>
<tr>
<th>COA Elements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
</tr>
<tr>
<td>Fees</td>
</tr>
<tr>
<td>Books and Supplies</td>
</tr>
<tr>
<td>Housing</td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Transportation</td>
</tr>
<tr>
<td>Clothing</td>
</tr>
<tr>
<td>Misc. Personal Expenses</td>
</tr>
</tbody>
</table>
## Building Your Own Budget

<table>
<thead>
<tr>
<th>2013-2014 Expense (9 months)</th>
<th>COA In-State</th>
<th>COA Out-of-State w/waiver</th>
<th>Your Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and fees</td>
<td>$22,360</td>
<td>$24,688</td>
<td>$</td>
</tr>
<tr>
<td>Books and supplies</td>
<td>$994</td>
<td>$994</td>
<td>$</td>
</tr>
<tr>
<td>Housing</td>
<td>$10,237</td>
<td>$10,237</td>
<td>$</td>
</tr>
<tr>
<td>(                      ($1,137/month)</td>
<td>($1,137/month)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>$2,352</td>
<td>$2,352</td>
<td>$</td>
</tr>
<tr>
<td>(                      ($261/month)</td>
<td>($261/month)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food</td>
<td>$1,665</td>
<td>$1,665</td>
<td>$</td>
</tr>
<tr>
<td>(                      ($185/month)</td>
<td>($185/month)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td>$2,420</td>
<td>$2,420</td>
<td>$</td>
</tr>
<tr>
<td>(                      ($269/month)</td>
<td>($269/month)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous personal</td>
<td>$40,028</td>
<td>$42,356</td>
<td>$</td>
</tr>
<tr>
<td>(L/E= $1,852/mo.)</td>
<td>(L/E= $1,852/mo.)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sticking with your budget ...

- Track your spending
- Buy with cash
- Pay yourself monthly
- Test yourself; try the “Big Chill”
- Use online tools, e.g., mint.com
Don’t run out of funds!

- Financial aid funds are disbursed once each term—budget accordingly.
- Consider opening a savings account to hold them until needed each month.
- Contact the financial aid staff immediately if you are having financial challenges.
Borrowing the Minimum

“SOS”
How can you “Save On Spending?”
Reality Check

How are you spending your money?

- Do you share the cost of housing with a roommate?
  - Living with a roommate could reduce your housing costs by at least $300/month—think about it for next year and beyond!

- Do you buy food/beverages at school?
  - Could save at least $5/day ($1,250/year) by bringing them from home.

- Do you subscribe to cable/premium channels and other bundled services?
  - If so, do you really have time to enjoy all the services you’re buying?

- Do you have a gym/health club membership?
  - Schools often offer free recreation facilities to students.

- Do you have multiple computing/telecommunication devices?
  - How much are you paying for the extra services?

- Do you shop for new clothes, eat out in restaurants, take vacations or make weekend trips to get away, go to sporting events, etc.?
  - Chances are you do, just be mindful that what you spend on these things could be saved for future expenses such as bar exam costs.

*Remember to evaluate the “opportunity cost” of your spending choices—it will impact what you can afford once you graduate and beyond!"
Do the little things count?

Can you spend $5 less per day?
How much will you save?

A. $33
B. $51
C. $71
Managing Your Finances
Managing Your Finances in Law School

- Follow your budget plan
- Manage your loans responsibly
- Keep accurate financial records
- Develop and maintain good credit
Managing Your Loans

- Understand loan terms
- Know how to contact your loan servicer (s)
- Don’t ignore mail from loan servicer(s)
- Promptly report changes in address, etc.,
- Establish online access to your account with your loan servicer(s)
- Meet all other borrower responsibilities
- Request deferments/forbearance if needed to postpone repayment
- Repay all you borrow
What do you need to know?

For each loan in your portfolio:

- Type of loan
- Interest rate
- Amount owed
- Who to repay
- When repayment begins
NSLDS.ed.gov

“Financial Aid Review”—A Useful Resource

To access, enter:
• SSN
• First two letters of your last name
• Birthdate
• Dept. of Ed PIN

Duplicate PIN available at:
PIN.ed.gov
What is a loan servicer?

- Servicer is company managing your loans for your lender
- Servicer is assigned by your lender—you do not get to choose your loan servicer
- Know how to contact your loan servicer(s) by phone and on their website—you should sign-up to get access to your account online
- All your Direct Loans ultimately will be servicer by a SINGLE servicer so that you have:
  - SINGLE point of contact
  - SINGLE monthly bill
  - SINGLE monthly payment
- Contact servicer to:
  - Ask questions
  - Update contact information
  - Request payment relief
  - Make payments
Who is your servicer?

- Direct Loans initially are assigned to one of the following four ED servicers:

<table>
<thead>
<tr>
<th>Servicer</th>
<th>Website</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>FedLoan Servicing</td>
<td>myfedloan.org</td>
<td>(800) 699-2908</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>mygreatlakes.org</td>
<td>(800) 236-4300</td>
</tr>
<tr>
<td>Nelnet</td>
<td>nelnet.com</td>
<td>(888) 486-4722</td>
</tr>
<tr>
<td>Sallie Mae</td>
<td>salliemae.com</td>
<td>(800) 722-1300</td>
</tr>
</tbody>
</table>

- ED may transfer your Direct Loans to another servicer in the future—you will be notified!

- Check “loan detail” screen on [NSLDS.ed.gov](http://NSLDS.ed.gov) to verify contact information for your loan servicer(s)
What are your options if you are worried about borrowing?

- Reduce how much you borrow
- Take longer to pay back your loans
- Lower your future lifestyle expectations
- Increase your future income

Remember, federal student loans are a unique form of personal credit; they provide flexible repayment plans and payment relief options, but you still should borrow wisely!
## Loan Repayment Options

### Direct Unsub, Grad PLUS & Consolidation Loans

<table>
<thead>
<tr>
<th>Options</th>
<th>Payment Structure</th>
<th>Payment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>Fixed</td>
<td>10 years</td>
</tr>
<tr>
<td>Graduated</td>
<td>Tiered</td>
<td>10 years</td>
</tr>
<tr>
<td>Extended</td>
<td>Fixed or tiered</td>
<td>25 years</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>Adjusted annually based on:</td>
<td></td>
</tr>
<tr>
<td>(Direct only)</td>
<td>Household AGI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Household size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Poverty guideline</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State of residence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>10% of annual “Discretionary Income”</td>
<td>20 years</td>
</tr>
<tr>
<td>Income Based (IBR)</td>
<td>Adjusted annually based on:</td>
<td>25 years</td>
</tr>
<tr>
<td></td>
<td>Household AGI</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Household size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Poverty guideline</td>
<td></td>
</tr>
<tr>
<td></td>
<td>State of residence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15% of annual “Discretionary Income”</td>
<td></td>
</tr>
<tr>
<td>Income-Contingent (ICR)</td>
<td>Adjusted annually based on:</td>
<td></td>
</tr>
<tr>
<td>(Direct only)</td>
<td>Household AGI</td>
<td>25 years</td>
</tr>
<tr>
<td></td>
<td>Household size</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total amount of Direct Loans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Approx. 20% of discretionary income</td>
<td></td>
</tr>
</tbody>
</table>
Estimate Your Monthly Payment
“Repayment Estimator” at: StudentLoans.gov

To “SIGN IN” enter:
• SSN
• First two letters of your last name
• Birthdate
• Dept. of Ed PIN

Duplicate PIN available at: PIN.ed.gov
Did you know?
You can return unused loan funds!

If you return loan funds within 120 days of disbursement:

- Total amount owed is reduced
- Interest and fees charged on loan amount returned are reversed

Contact the financial aid staff for more information
**NSLDS.ed.gov**

“Financial Aid Review”—A *Useful Resource*

To access, enter:

- SSN
- First two letters of your last name
- Birthdate
- Dept. of Ed PIN

Duplicate PIN available at:  
*PIN.ed.gov*
Use credit cards for convenience

NOT for credit!
For more information ...

- Financial aid staff
- StudentAid.ed.gov
- StudentLoans.gov
- StudentAid.ed.gov/publicservice
- NSLDS.ed.gov
- AnnualCreditReport.com
YOU CAN BE SMART AND STRATEGIC!

It will bring you greater success!

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