

Five Tips of Student Loan Refinancing

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Discussion Topics

- Federal student loan update
- Take stock – understand your loans
- Understand lender loan terms and requirements
- Savings – do the numbers
- Take the plunge

Tip 1: Federal Student Loan Updates

- March 2020 – the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law. This law provided relief on Ed-owned federal student loans; suspension of loan payments, stopped collections of defaulted loans, and set the interest rate to 0%. This was scheduled to expire on September 30th, 2021, extended to January 31st and currently set to expire on September 30th, 2021,
- Please note that some FFEL Program and HEAL loans are owned by commercial lenders, and some Perkins Loans are owned by the institution you attended. These loans are not eligible for this benefit at this time, but you can contact your servicer to ask about what benefits may be available.
- President Joe Biden has said he supports \$10,000 in student loan forgiveness, but members of his own party, including Senator Majority Leader Chuck Schumer, are pushing him to cancel \$50,000 per borrower.

<https://studentaid.gov/coronavirus>

studentaid.gov

Tip 2: Take Stock – Understand your Student Loans

- **Federal Student Loans**
 - Studentaid.gov
- **Important Information**
 - Current balance and repayment term
 - Interest rate
 - Subsidized or unsubsidized
 - Monthly payment
 - Servicer contact information
- **Benefits –**
 - Extra deferment (subsidized loans may not accrue interest)
 - Loan discharge for death and disability
 - Forgiveness programs
 - Repayment options including income based
 - Consolidation and refinance options available
 - Default rehabilitation

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Take Stock – Understand your Student Loans

- **Private Student Loans**
 - University's financial aid office
 - annualcreditreport.com
 - Experian – Equifax – Trans Union
- **Important Information**
 - Current balance and repayment term
 - Interest rate
 - Monthly payment
 - Servicer contact information
- **Benefits**
 - Varies by lender
 - Co-signer release option
 - Interest reduction for automatic payments
 - Forbearance options
 - Refinance options available

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Tip 3: Understand Lender Terms

- **Interest Rates**
 - Fixed vs. variable rates
 - Variable rates
 - How often can they change
 - What is the floor and ceiling rate
- **Repayment Terms**
 - 5 – 15 year
 - How many years to payoff (current loans)
- **Application Process**
 - On-line
 - What information is needed
 - Application supporting documents
 - Time-line



Borrower Requirements and Eligibility

- Established credit history?
- FICO score?
- Employment history?
- Steady income?
- College graduate?



Tip 4: Refinance Savings and Impact – Loan Calculators

- How can you save by refinancing?
 - Lowering the interest rate
 - Lowering the repayment term or keep it the same
 - Setting up automatic payments
- How can refinancing impact me?
 - Save money both monthly and long-term



Loan Calculators – do the math

Current Balance - \$61,000

Rates – 9% and 9.5%

Term – 180 months

Current Payment - \$630.99

Rate – 6.99%

Term – 120 months

New Payment - \$707.95

Difference - \$76.96

Savings - \$28,623.69

Rate – 6.99%

Term – 180 months




New Payment - \$547.94

Difference - \$83.05

Savings - \$9006.28

(All rates, terms and calculations are estimated)

Enter Current Student Loan Details

		
Outstanding Loan Balance	Current Interest Rate	Payments Remaining
\$41000	9.5 %	180 months
Outstanding Loan Balance	Current Interest Rate	Payments Remaining
\$20000	9 %	180 months
<input type="button" value="+ add new loan"/> <input type="button" value="remove previous loan"/> -		
<input type="button" value="Calculate"/>		

Personalize Terms Of Your New Loan

Fixed Variable
 Term: 10 Years rates as low as: 6.99% APR*

5
10
15

Current Monthly Payment - Total	New Monthly Payment - Total	Difference in Monthly Payment - Total	Difference in Total Cost over Life of Loan - Total
\$630.99	\$707.95	\$76.96 <small>more</small>	\$28,623.69 <small>less</small>
<small>(estimated)</small>	<small>(estimated)</small>	<small>(estimated)</small>	<small>(estimated)</small>

Tip 5: Why Wait? Make the Jump

- What is your main objective?
- What type of student loans do you have?
- What is a manageable monthly payment?
- Did you search and compare lenders?
- Do you understand your options?
- Do you qualify?





Thank you for attending!!

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Please contact us with any additional questions:
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<http://www.studentchoice.org/college-access-counselor>