



Generation Debt: Erasing Student Loans and Debt

Contact

- ▶ Sean L. Mabey
 - ▶ smabey@neamb.com
 - ▶ www.neamb.com/sean

Disclaimer

- ▶ The loan forgiveness programs discussed in this PowerPoint presentation are an overview of the eligibility requirements. Contact your loan provider with any questions you have regarding your eligibility as loan forgiveness programs are complicated.

My “GO TO” Resource

▶ www.studentloans.gov

▶ 1.800.557.7394

The screenshot shows the StudentLoans.gov website. At the top, it features the 'Federal Student Aid' logo with the text 'An OFFICE of the U.S. DEPARTMENT of EDUCATION' and 'PROUD SPONSOR of the AMERICAN MIND™'. To the right is the 'StudentLoans.gov' logo with 'English | Español' below it. A navigation bar includes links for 'My Account', 'Getting Loans', 'Tools and Resources', 'Managing Repayment', 'FAQs', and 'Contact Us'. The main content area has a large banner image of four diverse students. To the right of the banner is a text box with a 'Log In' button. Below the banner is a link: 'Find out your student loan repayment options here'. The bottom section is divided into four columns: 'Undergraduate Students' (with a person icon), 'Graduate/Professional Students' (with a graduation cap icon), 'Parent Borrowers' (with a family icon), and 'Repayment and Consolidation' (with a calculator icon). Each column contains specific information and links related to that category.

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™ | StudentLoans.gov | English | Español

My Account | Getting Loans | Tools and Resources | Managing Repayment | FAQs | Contact Us

As of May 10, 2015 you must have a verified FSA ID (username & Password) instead of a PIN to log in to StudentLoans.gov.
Create an FSA ID.
If you have a verified FSA ID, log in to StudentLoans.gov.
For assistance, call: 1-800-557-7394.
Log In

Find out your student loan repayment options here

Undergraduate Students | Graduate/Professional Students | Parent Borrowers | Repayment and Consolidation

Student Loan Process | What Can I Do When I Log In? | Watch to Learn More

Complete the Free Application for Federal Student Aid (FAFSA®) at www.FAFSA.gov.
This is your first step in getting

- ▶ Complete Entrance Counseling
- ▶ Complete Direct Subsidized/Unsubsidized Loan Master Promissory Note (MPN)
- ▶ Complete Financial Awareness Counseling

MYTH #5

Suze Orman says,

- ▶ “Remember, this debt was for a truly necessary and worthwhile cause: your education.”
- ▶ A college education gives you nearly double the earning potential of a high school degree
- ▶ High school degree is estimated to translate into \$1.2 million in lifetime earnings
- ▶ A bachelor’s degree is estimated to translate into \$2.1 million in lifetime earnings
- ▶ Collect a master’s degree and it is estimated to translate into \$2.5 million in lifetime earnings
- ▶ IT WAS WORTH IT...in the LONG RUN
 - ▶ The Money Book for the Young, Fabulous, and Broke by Suze Orman

What loans are we talking about?

- ▶ As with all things financial, student loans are **highly** personal. Thus, you will want to contact your lender to ensure that you are meeting the terms of your loan.
- ▶ For the purpose of this presentation:
 - ▶ Federal or Stafford Loans
 - ▶ Federal Perkins Loans
 - ▶ Public Service Loan Forgiveness
- ▶ The good news:
 - ▶ Depending on your loan type, current teaching assignment, and length of time teaching, YOU may be eligible for a cancellation and/or deferment for teaching in the public school system.

Definitions:

- ▶ ***Student Loan Glossary:***
 - ▶ <http://studentaid.ed.gov/glossary>
- ▶ ***Subsidized loans:*** the federal government covered the interest payments for you while you were in school.
- ▶ ***Grace period:*** six months after graduating before having to pay back student loans
- ▶ ***Deferment:*** you get to delay payment until a later date (still have to pay it). Your loan will not accrue any interest.
- ▶ ***Forbearance:*** try for this if you are denied a deferment. It is up to the lender to grant the request, however, interest on the loan will continue to accrue.
 - ▶ For both the deferment and forbearance, you will need to contact the lender to find out if you qualify.

You have graduated from University ...now what?

- ▶ Meet with the financial aid office of your university. Inform them that you are going into public education and are interested in learning more about student loan forgiveness for public school teachers.
- ▶ After graduating, you have a **grace** period of six months before you must begin repaying your student loans
- ▶ Locate your paperwork at National Student Loan Data System for Students:
 - ▶ <http://www.nslds.ed.gov/>
- ▶ Interest rates change each July 1 based on the going rate for a Treasury bill index, thus your payments **may** increase or decrease (Check with your lender for specific interest rate information)
 - ▶ Maximum rate for Stafford is 8.25%
 - ▶ Maximum rate for Perkins is 5%



Teacher Loan Forgiveness Program

* Stafford Loan

▶ General Requirements:

- ▶ Receive a Stafford Loan through the Federal Family Education Loan (FFEL) Program
- ▶ You are a new borrower (no outstanding balance on an FFEL before October 1, 1998)
- ▶ You have been employed for at least five consecutive years in an elementary or secondary school designated as a low-income school
- ▶ You are not in default on the loan for which you are seeking forgiveness
- ▶ You have not received a benefit for the same teaching service through the AmeriCorps Program
- ▶ At least one of your five years of qualifying teaching service must be after the 1997-98 academic year
- ▶ You received the loan for which you are requesting forgiveness before the end of your fifth year of qualifying teaching

Teacher Loan Forgiveness Program

* Stafford Loan

- ▶ How do I find out if my school is designated as a low-income school?
 - ▶ Call 1-800-4-FED-AID
 - ▶ www.studentaid.ed.gov
 - ▶ Repaying
 - ▶ Cancellation and Deferment Options For Teachers
 - ▶ Cancellation for Stafford Loans
 - ▶ <https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>
 - ▶ GOOGLE: Teacher Cancellation Low Income Directory
 - ▶ State
 - ▶ Year
 - ▶ Location (or School District)
 - ▶ Search
 - ▶ DO THIS FOR FIVE CONSECUTIVE YEARS TO SEE IF YOUR SCHOOL QUALIFIES
 - ▶ PRINT THE “CERTIFICATE” and place with your records.

Teacher Loan Forgiveness Program

* Stafford Loan

- ▶ You may receive up to \$17,500 in loan forgiveness if you are:
 - ▶ “Highly qualified” full-time mathematics or science teacher in a secondary school
 - ▶ “Highly qualified” special education teacher
- ▶ You may receive up to \$5,000 in loan forgiveness if:
 - ▶ Your five years of qualifying teaching service began before October 30, 2004 and you were:
 - ▶ A full time elementary teacher who demonstrated knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum
 - ▶ A full time secondary teacher who taught in a subject area relevant to your academic major
 - ▶ Your first five years of qualifying service began on or after October 30, 2004 and you were a “highly qualified” full time elementary or secondary school teacher

Teacher Loan Forgiveness Program

* Stafford Loan

- ▶ Must complete a Teacher Loan Forgiveness Application and return it to the holder(s) of the loan(s) for which you are requesting forgiveness
- ▶ The Administrator where you performed your qualifying teaching service must certify on the application that your teaching service met the requirements for loan forgiveness for all five years
- ▶ Your Federal Student Loan Booklet:
 - ▶ http://studentaid.ed.gov/sites/default/files/your-federal-student-loans_o.pdf
- ▶ Student Loan Forgiveness Brochure:
 - ▶ <http://studentaid.ed.gov/sites/default/files/loan-forgiveness-for-teachers.pdf>
- ▶ Teacher Loan Forgiveness Application:
 - ▶ <http://www.tgslc.org/pdf/Teacher-Loan-Forgiveness-Application.pdf>

Teacher Loan Forgiveness Program

* Perkins

- ▶ You qualify for cancellation:
 - ▶ if you have served full time in a public or nonprofit elementary or secondary school system as a:
 - ▶ teacher in a school serving students from low-income families; or
 - ▶ special-education teacher, including teachers of infants, toddlers, children, or youth with disabilities; or
 - ▶ teacher in the fields of mathematics, science, foreign languages, or bilingual education, ***or in any other field of expertise determined by a state education agency to have a shortage of qualified teachers in that state.***

Teacher Loan Forgiveness Program

* Perkins

- ▶ Teaching in a Low-Income School
 - ▶ May be granted only if you taught in an eligible school as determined by the state education agency
 - ▶ <https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp>
 - ▶ State
 - ▶ Year
 - ▶ Location (or School District)
 - ▶ Search
 - ▶ IF YOU HAVE QUESTIONS ABOUT THE INCLUSION OR OMISSION OF A PARTICULAR SCHOOL, THEY SHOULD BE DIRECTED TO THE STATE EDUCATION AGENCY CONTACT, NOT THE U.S. DEPARTMENT OF EDUCATION

Teacher Loan Forgiveness Program

* Perkins

- ▶ Teaching in a designated subject shortage area
 - ▶ Each year the state education agency determines any subject shortage areas in the elementary and secondary schools within the state
 - ▶ Listing of Teacher Shortage Areas Nationwide Listing:
<http://www2.ed.gov/about/offices/list/ope/pol/tsa.pdf>

Teacher Loan Forgiveness Program

* Perkins

- ▶ How do I apply for teacher cancellation?
 - ▶ Request the paperwork from the office that administers the Federal Perkins Loan program at the school that holds your loan
 - ▶ You must also provide any documentation the school requests to show that you qualify for cancellation
- ▶ Cancellation amounts for years of service
 - ▶ If a borrower is eligible for teacher cancellation under any of the categories listed above, up to 100 percent of the loan may be canceled for teaching service, in the following increments:
 - ▶ 15 percent canceled per year for the first and second years of service,
 - ▶ 20 percent canceled for the third and fourth years, and
 - ▶ 30 percent canceled for the fifth year.
 - ▶ Each amount canceled per year includes the interest that accrued during the year.

Public Service Loan Forgiveness (PSLF Program)

- ▶ The PSLF Program is intended to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, you may qualify for forgiveness of the remaining balance due on your William D. Ford Federal Direct Loan Program loans after you have made 120 qualifying payments on those loans while employed full-time by certain public service employers.
- ▶ Source:
 - ▶ <http://studentaid.ed.gov/sites/default/files/public-service-loan-forgiveness.pdf>
 - ▶ https://www1.salliemae.com/NR/rdonlyres/25697b22-a39d-4d9b-bdfe-9adc70169e94/o/finalgcr1809_loan_forgiveness2.pdf
- ▶ Application / information:
 - ▶ http://www.nelnet.com/uploadedFiles/Home_Content/Managing_Your_Student_Loans/pslf.pdf

Question and Answer

- ▶ Should I consolidate?
- ▶ This varies from person to person based on your individual loan and what works best for your personal financial situation
- ▶ Advantages:
 - ▶ Get around the stress of July 1 when the interest rate changes
 - ▶ If you consolidate during your **grace period** you may qualify for a lower fixed interest rate
- ▶ Disadvantages:
 - ▶ Not eligible for deferment or forbearance
 - ▶ Consolidation is a one time deal, not like a mortgage where you can refinance
 - ▶ *****YOU MAY JEOPARDIZE YOUR ABILITY TO APPLY FOR LOAN FORGIVENESS*****

Question and Answer

- ▶ Should I consolidate?
- ▶ “I just got married, and both my spouse and I have student loans. Should we pay them separately or consolidate all of our debt?”
 - ▶ Hope for the best, plan for the worst
 - ▶ Death or divorce
 - ▶ Bankruptcy
 - ▶ Source: Suze Orman, *The Money Book for the Young, Fabulous, and Broke* pg. 130-131
 - ▶ Actual example of a married couple, both of whom are teachers



Resources from NEA Member Benefits

- ▶ Visit www.neamb.com
 - ▶ Name Beneficiary for NEA Complimentary Life
- ▶ Visit www.neamb.com/cta-get2
 - ▶ Order two free magazine subscriptions
- ▶ Visit www.neacademy.org
 - ▶ Online Professional Development
 - ▶ Masters and PhD Degrees

Automatic Death Benefits

CTA D&D Plan

Years of Continuous Membership	Death Benefit	Accidental Death & Accidental Dismemberment (AD&D) Benefit	Occupation / Association Leader AD&D Benefit
1	\$200	\$1,000	\$50,000
2	\$400	\$2,000	\$50,000
3	\$600	\$3,000	\$50,000
4	\$800	\$4,000	\$50,000
5	\$1,000	\$5,000	\$50,000
6	\$1,200	\$6,000	\$50,000
7	\$1,400	\$7,000	\$50,000
8	\$1,600	\$8,000	\$50,000
9	\$1,800	\$9,000	\$50,000
10 or more years	\$2,000 (Maximum Benefit)	\$10,000 (Maximum Benefit)	\$50,000 (Maximum Benefit)

Years of Continuous Membership	Death Benefit	AD&D Benefit	Occupation/Association Leader AD&D Benefit	Unlawful homicide while at work
1 year	\$200	\$1,000	\$50,000	\$150,000
2 years	\$400	\$2,000	\$50,000	\$150,000
3 years	\$600	\$3,000	\$50,000	\$150,000
4 years	\$800	\$4,000	\$50,000	\$150,000
5 or more years	\$1,000	\$5,000	\$50,000	\$150,000

Resources from NEA

- ▶ Visit www.nea.org/degreesnotdebt
 - ▶ Video on Public Service Loan Forgiveness (PSLF) and Income Driven Repayment
 - ▶ Take the pledge for college affordability