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Amber,

Take Charge America would like to thank you for completing your student loan counseling and budget session with our Student Loan Department. Your counselor for this session was Jeremy Wine. If at any point you have additional questions or need further assistance, please do not hesitate to call our Student Loan Department. Our phone number is **877.784.2008**, and our email is **studentloans@takechargeamerica.org**.

Please review the following summary outlining the details of the Comprehensive Counseling Session for your Student Loans.

## Private Student Loans

During the Comprehensive Student Loan Counseling Session, we had a conference call with American Education Services (AES) in regards to your private student loans. AES can be reached by calling **800.233.0557**, and your account number with AES is **866.594.7302**. During our call, we spoke with Jennifer who provided the following information regarding your private student loans:

**Loan 1:** **\$20,508.36** balance with **3.71%** interest rate that is currently in graduated repayment with the first 2 years at a reduced cost. Your reduced payments began in April 4, 2014. **After your current 2 years of reduced payment, your monthly payment will be \$137.49** with the repayment term ending in 2032. This loan also has **one reduced payment term remaining**.

**Loan 2:** **\$33,695.58** balance with **7.4%** interest rate that is currently in graduated repayment with the first 2 years at a reduced cost. Currently, you have **1 year** of reduced payments remaining for this loan. **Once the reduced payments have ceased, your monthly payment is \$302.51** with the repayment term ending in 2031. This loan also has **one reduced payment term remaining**. Additionally, this loan has **1 month of forbearance remaining**.

Two options exist in the repayment of your private student loans.

### 1. Continue on Your Current Plan

The first option is to continue to pay on your current repayment plan. Under this option, you would make payments with your lender as they have been setup.

### 2. Refinance Your Student Loans

The second option for your private student loans is to refinance them in order to extend the term of repayment. You may be able to consolidate your private loans with a different lender for more favorable terms. Your eligibility for a private loan consolidation will depend on your credit score, your income, and may require a co-signer. Consolidation could allow you to secure a loan with more flexible repayment options.

For a list of the other private lenders that offer consolidation, you can visit:

<http://www.finaid.org/loans/privateconsolidation.phtml>

Determining the best option for repayment of the private student loans will be based upon different variables. First, approval for refinancing must be secured for this option to be available. Second, consideration of monthly allowable income may dictate whether to continue with your current repayment option versus refinancing your private student loans. Third, recognizing total repayment amount under your current plan against total repayment amount of refinancing should be evaluated. Remember that refinancing extends your term, which may end up costing you more in total interest. However, this may be worth the extra cost if it allows you to make more affordable monthly payments now.

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## Federal Student Loans

In the comprehensive counseling session, we completed the following:

1. We completed the consolidation application for the following loans, which will display them into 2 categories.
  - a. **Direct Unsubsidized Consolidation Loan** with total balance of **\$72,603 at 6.8%**. The following are in the individual Direct Stafford Unsubsidized Loan amounts that were consolidated into this portion of your consolidation loan:
    - i. \$21,602
    - ii. \$22,642
    - iii. \$13,867
    - iv. \$14,492
  - b. **Direct Subsidized Consolidation Loan** with total balance of **\$17,000 at 6.8%**. The following are in the individual Direct Stafford Subsidized Loan amounts that were consolidated into this portion of your consolidation loan:
    - i. \$8,500
    - ii. \$8,500
2. In addition, the following two loans were left out of the consolidation, as their interest rate is at **5.35%** with a total balance of **\$22,398**:
  - a. Direct Stafford Subsidized Loan: **\$15,657** currently in forbearance
  - b. Direct Stafford Unsubsidized Loan: **\$6,741** currently in forbearance

In addition to consolidating the loans, you chose the Income Based Repayment Plan (IBR) for your repayment option. In conjunction with your Adjusted Gross Income (AGI) and Family Size, the estimated cost for your monthly payment for your Federal Student Loans will be approximately \$93. This \$93 will be applied to your 2 sub-categories of loans in a proportional manner. **Each year you will be required to provide your servicer with the previous year's AGI and changes to family size.** This information is necessary so that you servicer can provide you with the next payment schedule for IBR. Any **unpaid interest on your subsidized loans will be covered by the government during the first 3 years** of your IBR plan.

Additionally, your new consolidation loan listed under point 1 comes with a new **3 years of deferment and 3 years of forbearance** to be used only in extreme situations of financial instability. Please note you will not want to use the forbearance during the first 3 years of repayment and should avoid using your deferments during this time-frame as well due to the government covering unpaid portions of your subsidized loan interest.

Regarding the two loans that were not included in the consolidation option, you will need to contact your servicer to determine how many years of forbearance and deferment remain. Please note that these two loans may be consolidated later with the new consolidation loan; however, this will restart your payment period from the beginning causing you to lose credit for any qualifying payments you have previously made. Please seek counsel prior to making this decision.

Your servicer for your Federal Student Loans is **Sallie Mae** whose phone number is **800.722.1300**.

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### **Other recommendations:**

Many servicers will give you a 0.25% break on your interest rate for setting up payments on automatic debit. Be sure to confirm if all of your loans are receiving the 0.25% break.

You may consider speaking with a tax advisor to ask about taking advantage of tax deductions related to the repayment of your student loans.

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### **Budget**

Your budget is created from the numbers given during the assessment. As can be seen, a deficit exists for **\$1986.25** from the original information that was gathered. I adjusted six categories within the budget to cut this deficit to **\$1467.25**. First, I reduced the cable and satellite from \$120 to \$50. Although the best recommendation is to eliminate this expense, I left in an amount that should cover your internet. Hulu and Netflix along with a converter box are all lower cost options for watching television versus having cable at high cost. Second, I reduced your gasoline expense from \$200 per month to \$160, which amounts to a reduction of \$10 per week. This can occur through carpooling and planning trips to cover all errands at once versus using multiple trips. Third, I reduced your auto repairs from \$50 to \$25 per month. Fourth, I had included outside meals with your grocery costs, which increased that value to \$260. As such, I reduced this amount to \$220 per month. This can occur through packing of lunches and snacks, as well as using food banks in your area to help supplement your grocery costs. You can find this assistance through [www.feedingamerica.org](http://www.feedingamerica.org). Fifth, in reducing your repair expense by \$25, I increased your personal savings to \$25 per month. Sixth and finally, I reduced your budgeted amount on clothing from \$50 per month to \$30. Clothes can be found at discounted prices through either shopping off-season for certain items or using consignment shops. Also, you may want to reduce data usage by budgeting in both your cell phone plan and in regards to your smart phone usage.

Regarding your personal budget, the cost of rent, child care, and car payment equal **\$2606**. This means that your current income of **\$2140** does not cover these three payments. Therefore, a short-fall exist prior to making payments to any other expenses. I would recommend looking into ways to reduce child care cost by asking for family assistance to provide child care. You could still make a payment to your family for this but at a lower cost. If a short-fall continues to exist, obtaining additional employment or higher-paying employment may be necessary to have a balanced budget.

	Current	Proposed
Student Loan Payments	\$456	\$93 + reduced private loan amount
<b>HOUSING EXPENSES</b>		
Rent/Mortgage	\$1250	\$1250
2nd Mortgage/Equity Loan	\$0	\$0
Electricity	\$35	\$35
Natural Gas/Heating Oil	\$35	\$35
Water/Sewer/Garbage	\$35	\$35
Cellphone	\$95	\$95
Cable/Satellite	\$120	\$50
Internet	\$0	\$0
Repairs/Maintenance	\$0	\$0
<b>TRANSPORTATION EXPENSES</b>		
Car Payment 1	\$496	\$496
Car Payment 2	\$0	\$0
Gasoline	\$200	\$160
Auto Insurance	\$0	\$0
Repairs/Maintenance	\$50	\$25
Registration/Taxes	\$14.25	\$14.25
Public Transportation	\$0	\$0
Tolls	\$0	\$0
<b>FOOD AND HOUSEHOLD EXPENSES</b>		
Groceries	\$260	\$220
Household Items and Supplies/Laundry	\$0	\$0
<b>MISCELLANEOUS EXPENSES</b>		
Child/Spousal Support	\$0	\$0
Child Care	\$860	\$860
Credit Card Debt (\$)	\$90	\$90
Collections	\$0	\$0
Installment Loans	\$0	\$0
Federal/State Taxes	\$0	\$0
Judgments/Lawsuits	\$0	\$0
Life Insurance	\$0	\$0
Medical Bills	\$0	\$0
Out-of-Pocket Medical/Co-Pays	\$80	\$80
Recreation	\$0	\$0
Savings & Investments	\$0	\$25
Clothing	\$50	\$30

Tithing	\$0	\$0
Other - Memberships	\$0	\$0
<b>Budget Summary</b>		
Total Monthly Income	\$2140	\$2140
Total Monthly Expenses	\$4126.25	\$3607.25
<b>Deficit/Disposable Income</b>	<b>\$1986.25</b>	<b>\$1467.25</b>

## Payment

Per our conversation, we have set up a 3-payment cycle for your comprehensive session. Payments will be processed in the amount of **\$83 on 5/13/14, 6/12/14, and 7/12/14.**

Again, Take Charge America appreciates you utilizing our service to assist in your student loan repayments. Please let us know how we are doing and pass along our information to your friends and family who may also be struggling with their student loan payments.

Respectfully,  
*Jeremy D. Wine*



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[www.takechargeamerica.org](http://www.takechargeamerica.org)

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