

Hi Brandi,

We would like to thank you for completing your student loan counseling and budget session with Take Charge America ("TCA"). Please review the following summary outlining the options discussed during your counseling session.

LOAN TYPE	OUTSTANDING BALANCE	INTEREST RATE	LOAN SERVICER	LOAN STATUS
FFEL CONSOLIDATED	\$43,237	5.75%	SALLIE MAE	FORBEARANCE
FFEL CONSOLIDATED	\$34,394	5.75%	SALLIE MAE	FORBEARANCE

In order to keep your federal student loan payments affordable, and to ensure your loans will qualify for Public Service Loan Forgiveness (PSLF), you will need to consolidate your loans into the Direct Loan Program. Once the consolidation is approved, your federal loans will be serviced by FedLoan Servicing.

In order for your payments to be considered "qualifying payments" towards forgiveness, your loans will need to be enrolled on one of the income-driven repayment plans. Payments on an income-based plan are based on your Adjusted Gross Income for the year.

Since payments on an income-based plan are not affordable at this time, due to your other debts in repayment, you have requested Sallie Mae place your loans in a temporary forbearance. During forbearance, payments are not due, but interest will continue to accrue on your loans. You have 16 months of forbearance eligibility remaining on your loans. Your forbearance will end on June 25, 2015 unless you choose to stop the forbearance early.

## NEXT STEPS

### 1. CONSOLIDATION

Once you are able to start making payments towards your student loans, you will first consolidate your loans into a Direct Consolidation Loan. You can complete this application at [www.studentloans.gov](http://www.studentloans.gov). Once you are ready to consolidate, you can contact TCA if you need assistance with the application.

### 2. MAINTAINING INCOME-BASED PAYMENTS

Once consolidated and enrolled on an Income-Based Plan, your payment amount will change annually depending on your income and family size. You will need to re-certify your income and family size each year at [www.studentloans.gov](http://www.studentloans.gov) to keep your Income-Based payments. You can request to re-certify your income each year by selecting the electronic **IBR/Pay As You Earn/ICR request** at [www.studentloans.gov](http://www.studentloans.gov).

### 3. PUBLIC SERVICE LOAN FORGIVENESS

If you continue to work at a qualifying public service organization, you could potentially qualify for loan forgiveness on your consolidation loan.

You can complete the **Employment Certification Form** each year and send this form to your servicer to confirm that your employment qualifies and that your loan is on track to receive forgiveness. A copy of this form is attached and can be found at [www.studentaid.ed.gov/publicservice](http://www.studentaid.ed.gov/publicservice)

The key components of the PSLF program include:

1. Your loan must be a Direct Loan to qualify. By consolidating all of your loans into a Direct Consolidation Loan, your loan will be a Direct Loan.
2. Your loan must be enrolled on a qualifying repayment plan. It is important to select one of the income-driven plans (IBR or ICR) to ensure your payments will count as qualifying payments. IBR typically offers lower payments than ICR.
  - **NOTE: In order for your payments to be more affordable, you may consider changing your filing status to Married Filing Separate, so that only your income will be calculated to determine your payment amount.**
3. You must work full-time at a qualifying organization while making payments on your loan for ten years (120 payments). You must still work in public service at the time you request forgiveness.

## UNDERSTANDING YOUR REPAYMENT OPTIONS

### FORBEARANCE

During forbearance, you can temporarily stop making payments or reduce your monthly payment for up to 12 months. Most servicers allow between 36-60 months of forbearance on federal loans. Interest will continue to accrue on your loans. If you can afford to, you can elect to pay the interest during the forbearance period so it does not capitalize. If you do not pay the interest, it will be added to your principal balance, and the amount you pay in the future will be higher.

### INCOME-BASED REPAYMENT (IBR)

#### BENEFITS

- Payments are capped at 15% of your discretionary income.
- Any outstanding balance is forgiven after 25 years of qualifying payments.
- If you work in certain public service positions, you could receive loan forgiveness after 10 years under the Public Service Loan Forgiveness Program.

#### DRAWBACKS

- By extending your repayment term, the amount of interest you pay over the life of the loan may be higher than under the Standard Repayment Plan.

- Your payments may be so small that your balance may increase (this is called negative amortization). If your loans are **subsidized**, the government will waive any interest that accrues above your monthly IBR payment for the first three years under IBR. For **unsubsidized** loans, the interest may be capitalized (added to your balance).
- If you do receive loan forgiveness after 25 years, you may need to pay income tax on the forgiven balance.
- You must re-submit documentation each year showing your income and family size, otherwise your payment may increase.

## CONSOLIDATION

### BENEFITS

**SIMPLICITY:** You will have one monthly payment and one lender.

**LOWER PAYMENTS:** If you extend the length of your repayment term with a consolidation loan, your total monthly payment could be lower than your current combined monthly loan payments.

**MULTIPLE REPAYMENT OPTIONS:** A Direct Consolidation Loan may be eligible for a number of federal repayment or forgiveness programs, including Income-Based and Income-Contingent Repayment, Pay As You Earn, and Public Service Loan Forgiveness.

**MAINTAIN SUBSIDY BENEFITS:** If you consolidate a subsidized loan you will keep any subsidy benefits for the portion of your consolidation loan that repays your subsidized loan.

**POSTPONEMENT OPTIONS:** If you have already exhausted your deferment and forbearance options on your individual loans, a consolidation loan may renew those postponement options.

**DEFAULTED LOANS:** If your loan has defaulted, you may be able to renew your loan's eligibility for certain federal repayment programs through consolidation.

### DRAWBACKS

**INTEREST COSTS:** While a Direct Consolidation Loan can help you secure a fixed interest rate for your loans, you may pay more in interest over the life of the loan if you extend your repayment term.

**LOSS OF BENEFITS:** You may lose special benefits attached to your original loans if you consolidate. For instance, Perkins loans have cancellation benefits and subsidy benefits that are lost if consolidated.

## BUDGET SUMMARY

Budget Summary	
Total Monthly Income	\$1,958
Total Monthly Expenses	\$1,918
<b>Deficit/</b> Disposable Income	\$40

We encourage you to continue to regularly track and analyze your budget. Once your loan is paid off in April 2015, allocating that payment of \$173 to your student loan payment will allow you to begin repayment on your student loans. If any of your credit cards outside of the DMP are paid off over the next year or two, applying those payments towards your student loans or into an emergency savings account is recommended.

**PAYMENT REMINDER**

You split your payment to TCA for \$199 into three payments. The first payment of \$67 will be processed on 05/05/2014. The next payment of \$67 will be processed on 06/05/2014. The third payment of \$65 will be processed on 07/07/2014.

Please let us know if you need any further assistance.

Regards,

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