

Brianne,

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**

Two options exist in repayment of your private student loans. During the course of the assessment, we spoke with Wells Fargo regarding potential options for the private student loans. Wells Fargo's agent stated that **\$20,047.76** remained for repayment. In regards to your private student loans, Wells Fargo's agent suggested that completing an application for refinancing of the private student loan may be beneficial in lowering the monthly payment because the refinancing of the student loan would extend the term (as covered in option 2). I have detailed information below regarding your options with your private student loans.

### **1. Continue on Current Plan**

The first option is to continue to pay on your current repayment plan. Under this option, **101** payments remain. The interest rate is variable and currently exists at **4.25%** with the potential to reach a maximum interest of **18%**. The current monthly payment is **\$240**. Regarding overall amount paid through the repayment option, the Wells Fargo agent stated that this information would be provided once a decision had been reached concerning refinancing your private student loan.

### **2. Refinance Student Loan with Wells Fargo**

The second option for your private student loans is to refinance them in order to extend the term of repayment. Per the conference call with Wells Fargo, a decision regarding refinancing would be rendered within 24 hours. The agent stated that refinancing the student loan would enable an extension of the term anywhere from **15 to 25 years**. At minimum, **refinancing for 15 years** would increase payment term to 180 payments. That **would extend your current loan by 79 months** making the monthly payment less than what you currently pay. The agent stated that the refinanced private student loan would have a **variable interest rate** that could range from **3.75% to 18%**. Your application ID with Wells Fargo is **18422788**, and your agent can be reached at **877.449.2418 x 5425**.

### 3. Refinance Student with another lender

If refinancing through Wells Fargo does not become a viable option, 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 also that of your co-signer. Consolidation may also 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

Currently, according to your National Student Loan Data File, the total amount due to Federal Student Loans is **\$91,753** in principal amount with **\$4,964** in interest owed. During the course of our counseling session, you completed the consolidation application online through studentloans.gov website. During this process, you indicated that you currently work for an agency that qualifies you for Public Service Loan Forgiveness. As such, your servicer will transfer from ACS Education Services to **FedLoan Servicing**. I have included contact information for FedLoan Servicing and ACS Education Services as well as the Public Service Loan Forgiveness form that you will need to fill out in conjunction with your employer's human resource department. Additionally, you selected to enter the Income Based Repayment (IBR) Plan. Based upon your Adjust Gross Income (AGI) and family size, this means your monthly **IBR payment** should be **between \$209 and \$272**. According to the Department of Education, an AGI of \$40,000 with family size of 2 yields a payment of \$209 and an AGI of \$45,000 with family size of 2 has a payment of \$272. Thus, your payment should be just a bit above the \$209 amount. In addition to completing this application, we had a conference call with ACS Education Services to notify them of your completion of the consolidation application with Public Service Loan Forgiveness and IBR choice, which would adjust servicer to FedLoan Servicing. Indicating that the consolidation process may take up to 60 days, we requested ACS to suspend further required payments on your account during this period of consolidation. ACS' agent confirmed that this hold had been placed on your account and assured you that you should not receive requests regarding making payments to ACS once your period of forbearance has ended.

**Please note:** you should receive a letter from Direct Loans within a few weeks letting you know that they have received your application. If anything is missing, this letter will include information regarding what items you will need to provide Direct Loans. Also, be sure to look over the information contained in the letter from Direct Loans to verify that everything is correct regarding your consolidation, IBR, and identification of Public Service Loan Forgiveness. Once the application is processed you will be notified by FedLoan Servicing regarding when to make your first payment. Also, you will need to re-certify AGI and family size each year with [www.studentloans.gov](http://www.studentloans.gov). Also, you may want to send in the Employment Certification Form, attached as a PDF file in the email you received with the action plan, annually so that FedLoan Servicing can easily track payments for Public Service Loan Forgiveness.

FedLoan Servicing: 800.699.2908, [www.myfedloan.org](http://www.myfedloan.org)

ACS Education Services: 800.835.4611, <https://www.acs-education.com/CS/Jsp/general/ffelContacts.jsp>

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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**

I have included the budget we created below. Based upon our conversation, I know that amounts given were based on estimates and may not be indicative of actual amounts. As such, I left the numbers you had estimated in the “current” budget column and made changes to some of these amounts in the “proposed” column. Please know that changes made in the proposed column are adjustments to expenses that have a variable amount attached to them. Any fixed expenses, such as car payment, rent, and car insurance costs, will be left at stated amount as often times flexibility in these payment amounts does not exist. Regarding Student Loans, I included your current Private Student Loan Payment of \$240 per our discussion and guesstimated your new IBR federal student loan payment amount at \$235. Overall, the budget shows a deficit with regards of income to expenses, which would still exist if all student loan payments total \$0. Options for overcoming deficit involve obtaining additional income or selling assets to overcome debt. Additionally, please note that further reduction to variable expenses, such as groceries, entertainment activities, and cell phone plan, enable you to have more of your income available for living expenses and increased payments against your private student loans, which will help you to save on the total amount of money spent to pay off the private student loans.

|                                      | Current | Proposed |
|--------------------------------------|---------|----------|
| Student Loan Payments                | \$240   | \$475    |
| <b>HOUSING EXPENSES</b>              |         |          |
| Rent/Mortgage                        | \$200   | \$200    |
| 2nd Mortgage/Equity Loan             | \$0     | \$0      |
| Electricity                          | \$0     | \$0      |
| Natural Gas/Heating Oil              | \$0     | \$0      |
| Water/Sewer/Garbage                  | \$0     | \$0      |
| Cellphone                            | \$100   | \$100    |
| Cable/Satellite                      | \$0     | \$0      |
| Internet                             | \$0     | \$0      |
| Repairs/Maintenance                  | \$0     | \$0      |
| <b>TRANSPORTATION EXPENSES</b>       |         |          |
| Car Payment 1                        | \$365   | \$365    |
| Car Payment 2                        | \$0     | \$0      |
| Gasoline                             | \$320   | \$275    |
| Auto Insurance                       | \$170   | \$170    |
| Repairs/Maintenance                  | \$50    | \$25     |
| Registration/Taxes                   | \$10    | \$10     |
| Parking                              | \$0     | \$0      |
| Public Transportation                | \$      | \$       |
| <b>FOOD AND HOUSEHOLD EXPENSES</b>   |         |          |
| Groceries                            | \$400   | \$360    |
| Household Items and Supplies/Laundry | \$110   | \$35     |

| MISCELLANEOUS EXPENSES        |       |       |
|-------------------------------|-------|-------|
| Child/Spousal Support         | \$0   | \$0   |
| Child Care                    | \$400 | \$400 |
| Credit Card Debt (\$900)      | \$240 | \$240 |
| Collections                   | \$0   | \$0   |
| Installment Loans             | \$0   | \$0   |
| Federal/State Taxes           | \$0   | \$0   |
| Judgments/Lawsuits            | \$0   | \$0   |
| Life Insurance                | \$95  | \$95  |
| Medical Bills                 | \$0   | \$0   |
| Out-of-Pocket Medical/Co-Pays | \$0   | \$0   |
| Recreation                    | \$    | \$    |
| Savings & Investments         | \$    | \$50  |
| Clothing                      | \$100 | \$40  |
| Personal Care                 | \$40  | \$40  |
| Other - Memberships           | \$25  | \$25  |

| Budget Summary            |        |        |
|---------------------------|--------|--------|
| Total Monthly Income      | \$1990 | \$1990 |
| Total Monthly Expenses    | \$2865 | \$2905 |
| Deficit/Disposable Income | \$875  | \$915  |

## Payment

Per our conversation, your payment for the Comprehensive Counseling Session will process on **5/8/14** in the amount of **\$199** from your card ending in **1932**.

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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