

Bryan,

We would like to thank you for completing your student loan counseling and budget session with Take Charge America ("TCA"). 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.

LOAN TYPE	SERVICER	BALANCE	PAYMENT	RATE
DIRECT SUBSIDIZED	DEPT OF ED/FEDLOAN SERVICING	\$3,719	\$39.00	4.50%
DIRECT SUBSIDIZED	DEPT OF ED/FEDLOAN SERVICING	\$3,775	\$42.00	5.60%
DIRECT UNSUBSIDIZED	DEPT OF ED/FEDLOAN SERVICING	\$4,143	\$48.00	6.80%
DIRECT UNSUBSIDIZED	DEPT OF ED/FEDLOAN SERVICING	\$7,959	\$93.00	6.80%
	TOTAL:	\$19,596	\$222	

INCOME-BASED REPAYMENT (IBR)

You have elected to enroll your federal student loans on the Income-Based Repayment Plan. To bring your loans current and to prevent the loans from falling behind until your IBR application is processed, we contacted FedLoan Servicing. Samantha at FedLoan servicing advised us that she temporarily lowered your payment to \$133.34, which brought your account current, and delayed your next payment until July 21, 2014.

Payments on the IBR plan will change each year if your income or family size were to change. Based on your adjusted gross income, you will pay approximately **\$94 on the Income-Based Repayment Plan**.

For the first three years on IBR, any interest that accrues above your monthly IBR payment is waived on your subsidized loans, but interest will continue to accrue normally on your unsubsidized loans. Because you are making lower payments by enrolling on IBR, the amount of interest you pay over the life of the loan may be higher than under the Standard (10-year) Repayment Plan. Remember, once you can afford to do so, you can begin to increase your payments to reduce your total interest costs.

Maintaining Income-Based Payments

Each year to maintain your income-based payments, you must re-certify your income and family size. This can be done online at www.studentloans.gov. Your payment amount will change if your income or family size changes. If your income changes in the middle of the year and you need lower payments, you can also apply online to lower your payments, without having to wait until your IBR renewal anniversary.

Even if your income increases, your payments will never be greater than what you would be required to pay on the Standard (10-Year) Repayment Plan.

The Income-Based Repayment Plan is designed to allow for loan forgiveness after 25 years. Any outstanding balance is forgiven after 25 years of qualifying payments. If you do receive loan forgiveness after 25 years, you may need to pay income tax on the forgiven balance.

Recommendation: Reducing Total Interest Costs

FedLoan Servicing will give you a 0.25% break on your interest rate for setting up payments on automatic debit. This offers both the convenience of not having to remember to make a payment plus a reduction in your interest rate. You can visit this page for instructions on setting up automatic payments:

<http://www.myfedloan.org/make-a-payment/ways-to-pay/direct-debit.shtml>

Recommendation: Targeting Higher-Rate Loans

By keeping your loans separate, you will still have the opportunity to target your higher-rate loans with extra payments once you can afford to do so. In order to target your higher-rate loans, anytime you make payments greater than your regular IBR payment, it is important to advise FedLoan Servicing to apply the extra payment to one of your **unsubsidized loans**. Also, you should stress to FedLoan Servicing that you do NOT wish to push back your next payment date, but rather apply any extra payments to your **outstanding principal balance**.

Once you complete your DMP and your credit cards are paid in full, this will free up \$391 that can be applied to your student loan principal.

FORBEARANCE

You will also have approximately two years of forbearance time remaining if you cannot make your regularly scheduled payment. You can contact FedLoan Servicing to request a temporary forbearance if necessary. Forbearance should be used sparingly – only if you have exhausted all of your other options – because interest will continue to accrue on all loans during forbearance.

BUDGET SUMMARY

Budget Summary	Current	Proposed
Total Monthly Income	\$1,798	\$1,798
Total Monthly Expenses	\$1,683	\$1,555
Deficit /Disposable Income	\$115	\$243

Budget Recommendations:

Maintaining a Budget - continuing to track and analyze the budget we created with you

Coupons - shopping store ads and using coupons

Eating Out - reducing how often you eat at restaurants, using restaurant coupons, choosing less expensive restaurants, ordering less expensive items, opting for lunch instead of dinner as prices are typically less

Build Emergency Savings – continue to contribute regularly into an emergency savings fund

PAYMENT

Per our conversation, we have set up a 3-payment cycle for your comprehensive session. Payments will be processed in the amount of **\$67 on 5/2/14 and 6/2/14**. Your final payment of **\$65** will process on **7/2/14**.

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.

Sincerely,

Jessica Ferastoaru



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