



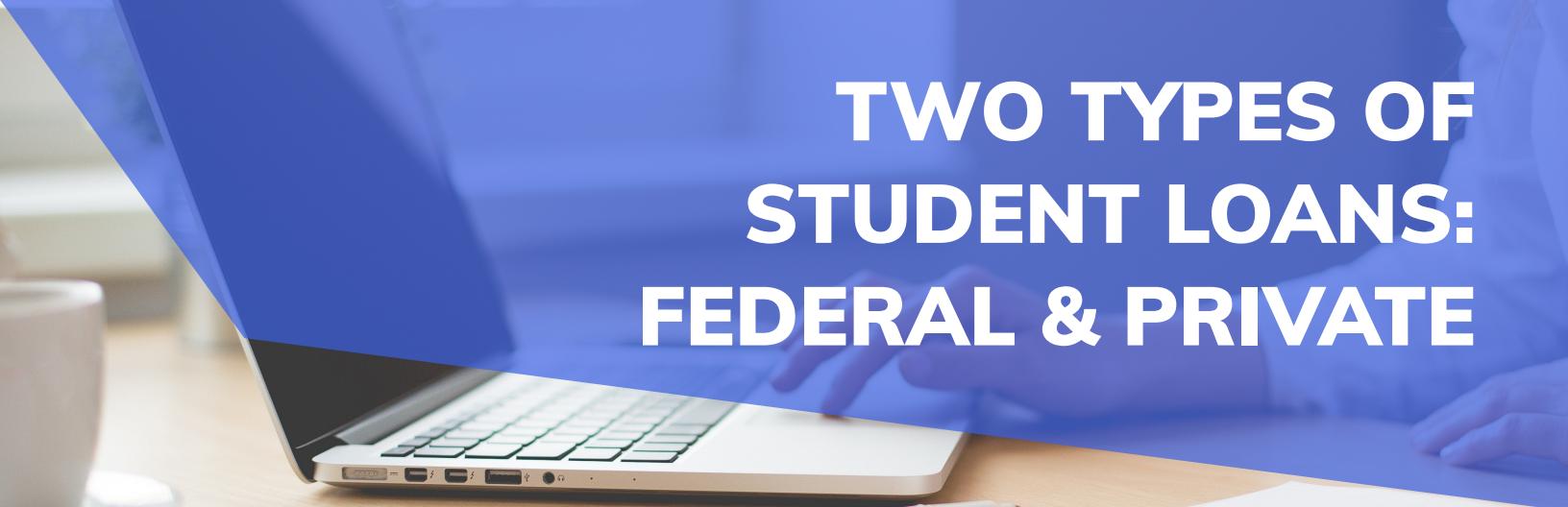
# THE COMPLETE GUIDE TO STUDENT LOANS FOR BUSINESS SCHOOL

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## Current financial situation

Putting your strategy into action is how your marketing plan will be successful. At the same time, it will also show you how your marketing plan through networking, advertising etc. Strategizing the right timing that fits your customer's needs will help you maximize sales. Personalized marketing can help you reach your target audience.



# TWO TYPES OF STUDENT LOANS: FEDERAL & PRIVATE

## FEDERAL STUDENT LOANS

Federal student loans are offered by the federal government, whereas private student loans are offered by private lenders.

While there are many types of federal student loans, U.S. Citizens and eligible non-citizens pursuing their MBA can typically access Direct Unsubsidized Loans and Direct PLUS loans (also known as the Grad Plus loans).

All federal student loan interest rates and fees are set on July 1st of each year and remain fixed for the life of the loan. Federal loans come with a standard repayment schedule and offer a wide range of repayment assistance options.

The Direct Unsubsidized Loans are more affordable than the Direct PLUS loans, however, MBA students are only able to use the Direct Unsubsidized loans for the first \$20,500 they need to borrow each year. For any amount beyond that, the Direct Plus loans are utilized.

For loans disbursed after July 1st 2019 and before July 1st 2020, the interest rates and fees are:

	Direct Unsubsidized Loans	Direct PLUS loans
Maximum Loan Amount	\$20,500	Up to Cost of Attendance minus other aid received
Interest Rate	6.08%	7.08%
Origination Fee	1.059% - 1.062%	4.236% - 4.248%



**What's an origination fee?** Essentially, you have to borrow \$101.06 to receive \$100 for school through a Direct Unsubsidized loan. And you have to borrow **\$104.26** to receive **\$100 for school** through a Direct PLUS loan.

To apply for federal student loans, students must complete the Free Application for Federal Student Aid (FAFSA).

## WHAT'S THE DIFFERENCE?

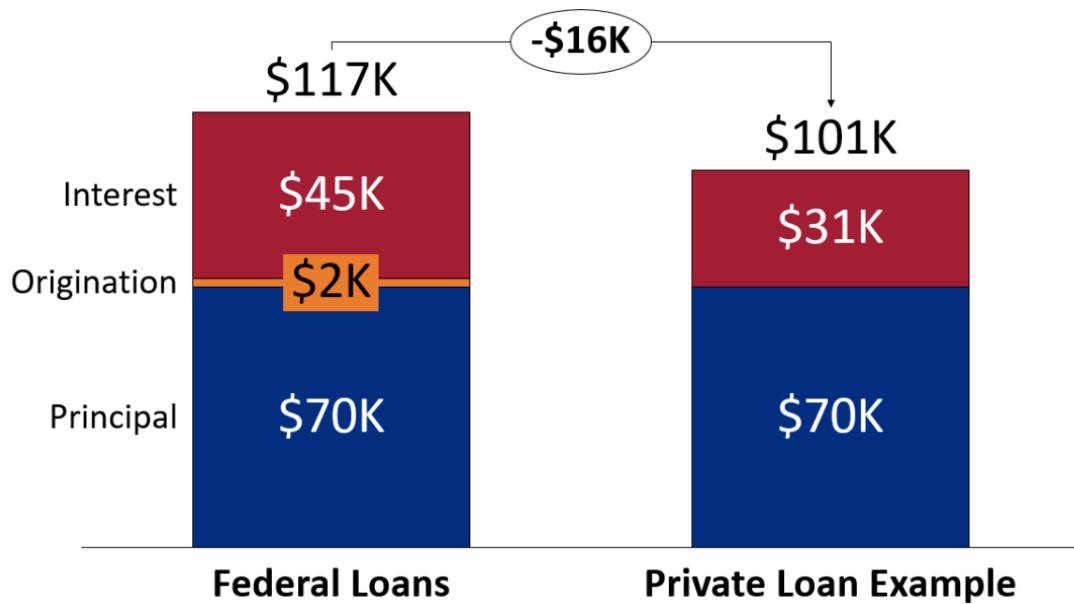
Federal student loans do not screen creditworthiness (or the ability to repay), whereas private student loans include a credit review to determine the borrower's anticipated ability to pay.

Additionally, there are benefits unique to the federal program such as [Income Driven Repayment Plans](#) and [Public Service Loan Forgiveness](#).

As always, there is a tradeoff. If you have good credit, going with private loan options could save you thousands of dollars in interest and origination fees, though you will lose some Federal loan repayment protections.

Take, for example, someone borrowing \$70K a year to pay for their MBA (the average loan volume in the LeverEdge dataset).

If you have a good credit score, Private Student Loans can often offer lower interest rates and fees than Federal Loan options. For example, a majority of LeverEdge Members report receiving a ~5% fixed interest rate for a 10-year term with no origination fees.



A qualified borrower with good credit could save ~\$15,635 over the life of a 10-year loan<sup>1</sup>.

## PRIVATE STUDENT LOANS

To apply for private student loans, students must apply directly through various lenders.

After you submit an application and receive approval for a private student loan, you typically will be presented with multiple options such as:

1. Variable or Fixed Interest rates
2. Loan term (also known as Repayment Term)
3. Repayment Plan

In addition, you will see the interest rates offered to you as well as any fees associated with the loan. It's important to understand what you're choosing between. The following sections will help you understand any student loan options presented to you.



# INTEREST RATES AND FEES

## INTEREST RATES

When it comes to the actual interest rates, don't assume that all lender's rates are the same. Some lenders offer better pricing than others.

At LeverEdge, we got multiple lenders to compete against each other and negotiated lower interest rates. In fact, through LeverEdge, MBA students get a rate reduction of 0.4%. To learn more about the rates in the negotiated deal, [click here](#).

## FEES

All private student loan lenders do not charge the same fees. Some lenders may charge

### APPLICATION FEES

A fee charged by a lender to apply for the loan

### ORIGINATION FEES

A fee charged by a lender when you first take out a loan

### PREPAYMENT PENALTIES

A prepayment penalty is a fee you'll have to pay if you pay back your loan ahead of the predetermined schedule.



**At LeverEdge, we screen our partner lenders and make that they do not charge any of these fees. No application fees, no origination fees and no prepayment penalties.**

Caution: Some lenders may not make certain fees very obvious. Ensure you call the lender and ask them specifically if they have any application fees, origination fees or prepayment penalties.

## VARIABLE VS. FIXED INTEREST RATES

A Variable Interest Rate can fluctuate up or down over the course of your repayment period as the index selected by the lender fluctuates up or down. The most common index used for student loans is the London Interbank Offered Rate (LIBOR) index. As this changes, so will your interest rate.

A Fixed Interest Rate remains the same for the life of the loan. The interest rate you receive when you take out the loan will be the same interest rate you have throughout the entire repayment period.

While the variable interest rate may be cheaper on the day of your application, you should consider your personal tolerance for the risk that it could go up or down over the years.

**At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because they allow you to choose from competitive Variable and Fixed Rate options.**

# REPAYMENT OPTIONS

## LOAN TERM OR REPAYMENT TERM

The loan term is the amount of time you will take to repay the loan. Paying the loan back sooner will result in a lower overall total cost, but it will also result in larger monthly payments. Choosing a longer term will help you manage your monthly payment, but it will be more expensive overall. The terms offered by lenders vary, and some lenders assign you a term without giving you the choice.

At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because they allow you to choose from a wide variety of terms: 5 Years, 7 Years, 10 Years, 15 Years or 20 Years.



## REPAYMENT OPTIONS

The biggest decisions when it comes to choosing a repayment option are:

1. Whether you want to make payments while you are in school or defer repayment until you graduate.
2. How much you want your monthly payments to be while you are in school

Making in-school payments helps reduce the overall cost of the loan as you start paying down interest sooner. Some lenders will give you more options than others.

**At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because they allow you to choose from a wide variety of repayment options:**

1. Fully Deferred (or no payments in school)
2. Flat (or \$50 monthly payments in school)
3. Interest Only (or interest payments in school)
4. Full Repayment (or principal and interest payments in school)

# GETTING THE LOWEST RATES

## AUTO PAY DISCOUNTS

Many, but not all lenders will offer an Auto Pay Discount. An Auto Pay Discount can reduce your interest rate for making payments using automatic payments.

Reminder: The Auto Pay Discount usually only applies when you have payments due. If you select a repayment plan which does not have payments due in school, the auto pay discount will also not apply in school.

At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because they offer a 0.25% rate reduction for automatic payments<sup>2</sup>.

## SPECIAL DISCOUNTS

Some lenders will offer unique opportunities to reduce your interest rate even further. For example, you may see a “relationship discount”. A relationship discount can reduce your interest rate for using additional products or services offered by the same lender.

At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because they offer a 0.25% rate reduction upon employment at graduation<sup>3</sup>.

Through our negotiated deal, LeverEdge members get an exclusive 0.40% rate discount from Laurel Road!



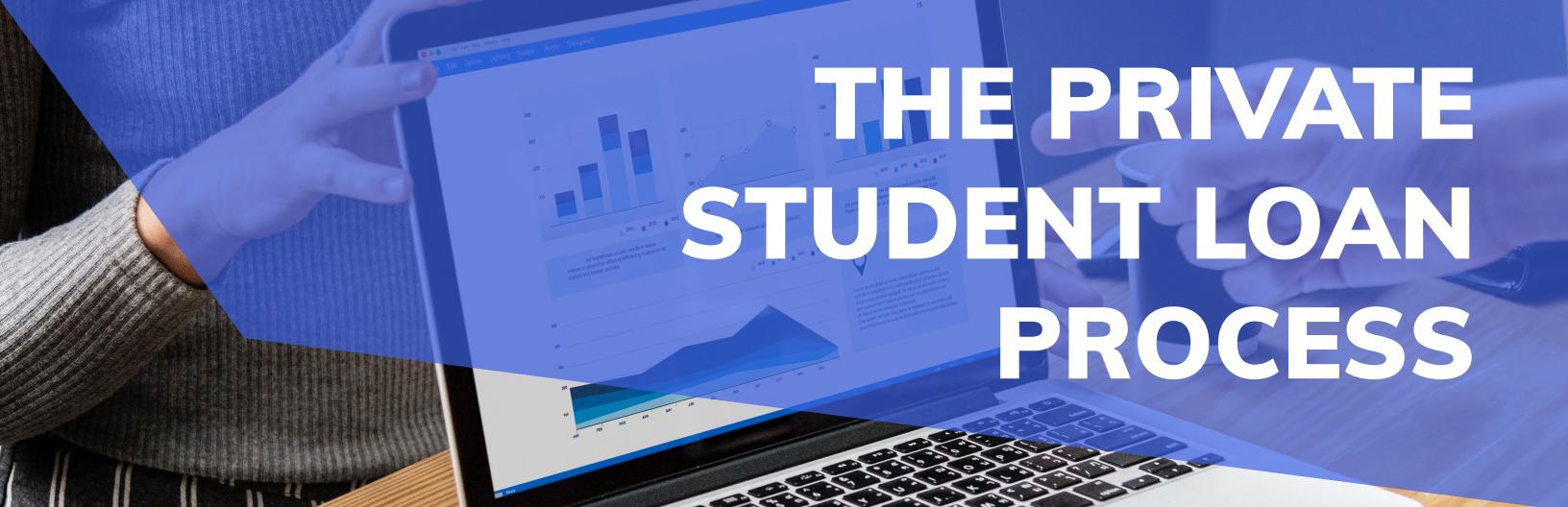
## CO-SIGNERS

A co-signer is a person who is obligated to pay back the loan just as you, the borrower, are obligated to pay.

Many private student loan lenders will require borrowers to have a co-signer. Others, may not offer their lowest rates to borrowers who do not have co-signers.

**At LeverEdge, we selected Laurel Road as our exclusive lender for Student Loans because:**

- 1. Borrowers with credit scores > 700 are not required to have a co-signer**
- 2. Borrowers without a co-signer can get the lowest rates advertised by Laurel Road**



# THE PRIVATE STUDENT LOAN PROCESS

Normally it is best practice to start the application process at least 30 days before your program's tuition due date. That being said, some students are able to get through the entire process within a few days.

Here are the steps involved:

## 1. APPLY AND CHECK YOUR RATES ON THE LENDER'S WEBSITE (2 TO 15 MINUTES)

You'll enter your personal information, school information, and your requested loan amount in order to apply for a loan.

Many lenders will give you a preliminary rate estimate without pulling a hard credit check.

## 2. GET YOUR APPROVAL DECISION (INSTANT TO 3 DAYS)

Once you've reviewed the initial rate estimates, you can submit your application. This will kick off a hard credit check which allows lenders to, among other factors, determine whether to approve you for the loan and what your rates will be.

Some lenders have an instant process, while others require a manual check which can take a few days.

The result will come back with one of 3 results: approved, denied, or eligible with a creditworthy co-signer.



### 3. ACCEPT AND SIGN YOUR LOAN TERMS

If you are approved, your next step is to choose your loan terms and accept the loan.

This is where you are able to choose between variable and fixed interest rates, and different repayment options (loan term and in-school payment plans).

You'll sign the remaining documents to confirm the terms and conditions.

### 4. WAIT FOR SCHOOL CERTIFICATION

The rest of the process generally occurs between the lender and your school (unless there are any issues you need to be notified about).

During certification, the school approves your enrollment status, anticipated graduation date, and loan amount requested compared to your cost of attendance (COA). Schools can either certify the loan as is, or request changes based on the student's status.

The process takes between 1 day to 2 weeks, but could take longer depending on how early you apply (some schools won't start certifying until tuition bills officially come out). We recommend calling your financial aid office for guidance.



## 5. YOUR FUNDS ARE DISBURSED

Loan disbursement is how your school receives the funds to pay for your education. Typically, the lender sends funds directly to your school, they are not sent to you.

For most schools the disbursements will be sent in 2 payments, if you applied to cover more than one term. Universities set their own disbursement dates, which are normally around the beginning of the semester.

Any loan amount you have requested above the cost of tuition would be transferred to you by the school. This is commonly known as a “refund” back to you.

## 6. REPAYING YOUR STUDENT LOANS

Payments for your loan are made through your chosen lender's portal.

Depending on the repayment plan you have chosen, you may need to start making payments as soon as you start school (in-school payments) or you may not need to make any payments until after you graduate (deferred payments)



# MAKE AN INFORMED DECISION

We hope this guide has equipped you with enough knowledge to make an informed decision about your student loans.

If you have any questions that weren't answered here, drop us a note at [support@leveredge.org](mailto:support@leveredge.org) and let us know. We'd be happy to help.

To learn more about the student loan offers LeverEdge has negotiated, visit: <https://leveredge.org>.

It is important to note that we are not financial advisors. You should rely on your own judgment in deciding which available loan product, terms and lender best suit your personal financial requirements. We recommend reaching out to your financial aid office or other qualified professionals for guidance.

Further, despite the title of this document and our best intentions, this guide may not be entirely comprehensive or accurate.

Lastly, this guide is not updated with any regularity. The information in this guide may become outdated.



# IMPORTANT NOTES

- 1 - Assumes 10 year fixed interest rate and fully deferred payments with a 30 month grace period. Starting interest rate is 5.31%, dropping .25% to 5.06% to reflect autopay discount once in repayment.
- 2 - Laurel Road will reduce the interest rate charged by 0.25% when you have payments due and are enrolled in auto-pay. If you choose to defer all payments until you are out of school, you will not receive the auto-pay discount until after school. If you choose any of the other repayments plans, you will receive the auto-pay discount once you have payments due and are enrolled in auto-pay. Rates shown in the tables and ranges above may include an auto-pay discount.
- 3 - If you successfully graduate from an eligible program at an eligible institution and provide Laurel Road with acceptable documentation that you have graduated and accepted employment, your interest rate will be reduced by 0.25%. Employment does not need to be in your field of study to qualify. Any rate reduction will be effective only after lender has confirmed and approved eligibility for the rate reduction. If the interest rate is adjusted due to the Employment Discount, your required monthly payment amount will be reduced in the next billing cycle following confirmation of eligibility.