



# IS STUDENT LOAN REFINANCE RIGHT FOR ME?

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# WHAT IS STUDENT LOAN REFINANCING?

**Refinancing is the process of taking out a single new loan to pay off your old ones.**

- Federal and private student loans may be included
- May have a new lender/servicer
- New terms – lower interest rate and shorter term
  - Borrower gets to choose
- Calculated savings over the life of your loan



REFINANCE

## Federal Consolidation

Refinancing is different than federal consolidation programs, which simply combine existing federal loans into one monthly payment. Your total payment amount and total interest will likely remain the same when consolidating.

## DISCUSSION TOPICS

- Important Updates
- Take Stock
  - Federal Student Loans
  - Private Student Loans
- Is Refinance Right for Me?
- Calculate Your Savings



# UPDATE: CARES ACT

## The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

- This became law in March 2020
- This law provided relief on Ed-owned federal student loans; suspension of loan payments, stopped collections of defaulted loans, and set the interest rate to 0%.
- ***This was scheduled to expire on September 30th, 2021, however it will now expire on June 30, 2022 and payments are due to begin 60 days after.***

0% Interest from  
3/13/20 – 06/30/2022  
on eligible Fed Loans

Administrative  
Forbearance automatic  
for eligible Fed Loans

Payments made go  
directly towards  
principal

For more information, please visit  
<https://studentaid.gov/coronavirus>

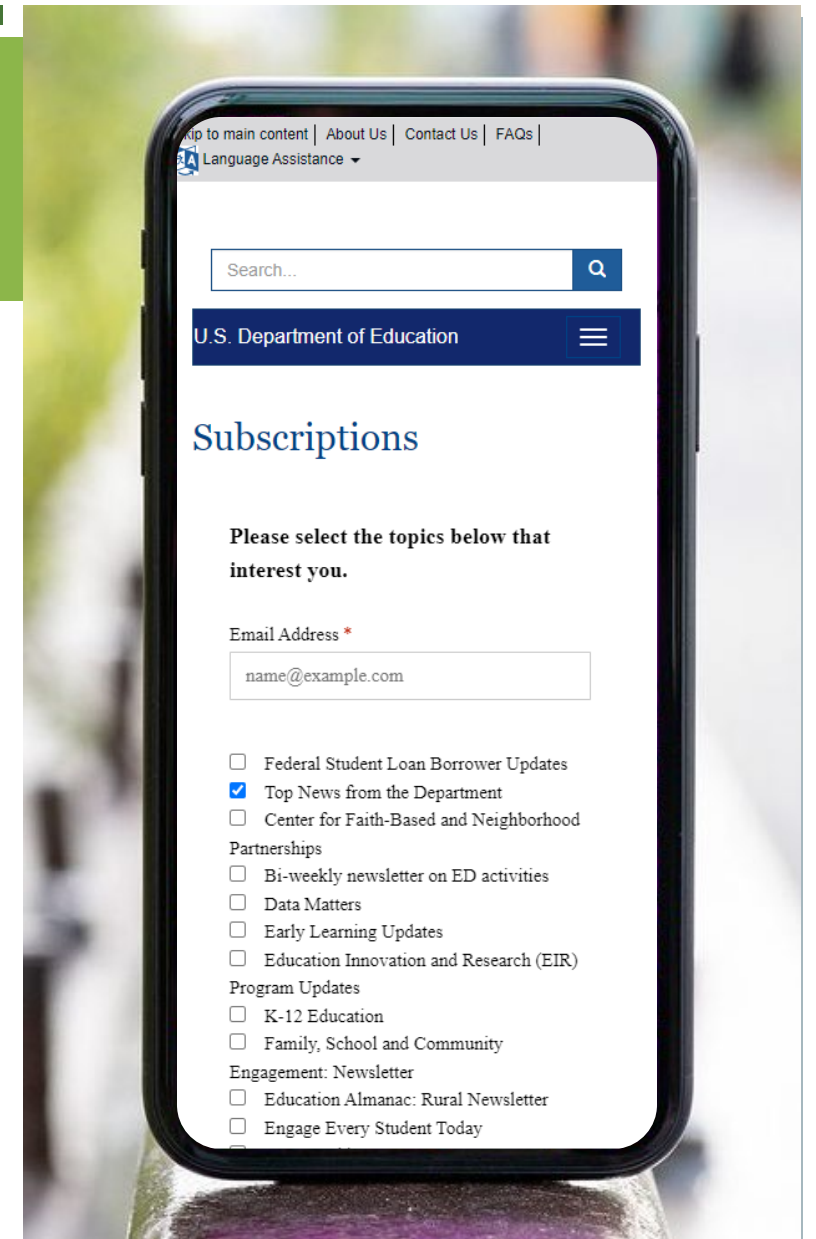
### Please Note

Some FFEL Program and HEAL loans are owned by commercial lenders, and some Perkins Loans are owned by the institution you attended. These loans are not eligible for this benefit at this time, but you can contact your servicer to ask about what benefits may be available.

# UPDATE: STUDENT LOAN DEBT RELIEF

## Student Loan Debt Relief Is Blocked

- Courts have issued orders blocking our student debt relief program. As a result, at this time, the Department of Education will not be accepting applications.
- If you've already applied, your application is on hold. Subscribe at <https://www.ed.gov/subscriptions> and check back for updates.
- The Department of Education will post information as soon as further updates are available.



# TAKE STOCK: FEDERAL STUDENT LOANS

## Find information about your loans:

- You'll need your FSA ID
- Log in or create an account at <https://studentaid.gov>



## What you should know about your loans:

- Current balance and repayment term
- Interest rate
- Subsidized or unsubsidized
- Monthly payment
- Servicer contact information

## Benefits

- Additional deferment after graduation (subsidized loans may not accrue interest)
- Loan cancellation for death and disability
- Forgiveness programs for teaching and public service
- Repayment options including income based
- Consolidation and refinance options
- Default rehabilitation

# FEDERAL LOAN BENEFITS

- **Public Service Loan Forgiveness:** Those who work full-time in qualified public service jobs may qualify to have the remaining loan balance forgiven after 120 payments.
- **Teacher Loan Forgiveness:** Those who teach in full-time designated schools or educational service agencies that serve low-income families may qualify up to \$17,500 in forgiveness after 5 years of making payments.
- **Income Driven:** [U.S. Department of Education Income-Driven Repayment Proposal](#)

*If you have federal loans and anticipate needing or qualifying for federal loan benefits, these will not transfer to a private loan. Therefore, a federal consolidation may be best. Or a combination of federal consolidation and private consolidation.*

[Home | Federal Student Aid](#)

# FEDERAL CONSOLIDATION SOLUTION

No origination, processing  
or disbursement fees

Flexible terms up to 30  
years

Fixed rate: weighted  
average of loans  
consolidated

Federal Student loans  
only

No co-signer

0.25% rate discount  
w/ACH

No credit or income  
verified

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# TAKE STOCK: PRIVATE STUDENT LOANS

## Find information about your loans:

- Universities financial aid office
- Annualcreditreport.com
- Experian – Equifax – Trans Union

[AnnualCreditReport.com](https://www.annualcreditreport.com)

The only source for your free credit reports. Authorized by Federal law.

## What you should know about your loans:

- Current balance and repayment term
- Interest rate
- Subsidized or unsubsidized
- Monthly payment
- Servicer contact information

## Benefits

- Varies by lender
- Co-signer release
- Interest reduction for automatic payments
- Forbearance options
- Graduated repayment options
- Refinance options

# STUDENT LOAN (PRIVATE LOAN) REFINANCE

Usually no origination,  
processing or  
disbursement fees

Terms: 5, 10, 15 years

Fixed or Variable rate

Federal Student loans,  
Private Student Loans,  
Institutional

Co-signer may be needed

0.25% rate discount  
w/ACH

Underwriting Criteria

# CHOOSING WHERE TO REFINANCE

## What to Ask:

- Interest rate and Fees
- Repayment terms
- Borrower eligibility
- Application process
- Member service

## Benefits to Look For:

- Cash back
- Delayed payments/interest



For more information, please visit  
<https://www.cuselect.com/>

## Why choose a credit union?

**Credit unions are not-for-profit organizations focused on serving their communities. As member-owned cooperatives, they have your best interests in mind.**

When you choose your credit union to refinance, you'll enjoy:

- Great rates
- Low fees
- Convenient repayment terms
- A life-long relationship with a lender you can trust

# LOAN CALCULATORS – DO THE MATH

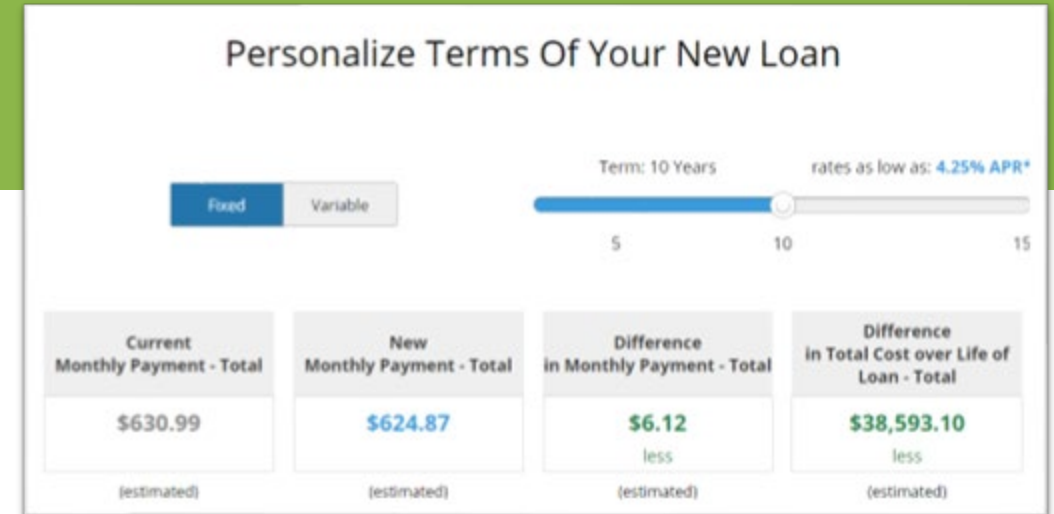
## Current Loans:

- Balance – \$61,000 (\$41,000 and \$20,000)
- Rates – 9% and 9.5%
- Term – 180 months
- Monthly Payment – \$630.99

## New Loan Opportunities:

- |                                |                                |
|--------------------------------|--------------------------------|
| ■ Rate – 4.25%                 | ■ Rate – 4.75%                 |
| ■ Term – 120 months            | ■ Term – 180 months            |
| ■ New Payment - \$624.87       | ■ New Payment - \$474.48       |
| ■ <b>Difference - \$6.12</b>   | ■ <b>Difference - \$156.51</b> |
| ■ <b>Savings - \$38,593.10</b> | ■ <b>Savings - \$28,171.43</b> |

*(All rates, terms and calculations are estimated)*



<https://www.studentchoice.org/student-loan-refinance/calculator/>

# EXAMPLE 1

## Current Loans

- Three federal direct unsubsidized loans: \$27,640
- Two federal parent PLUS loans: \$67,207
  - **Interest Rates:** 6.8% - 7.9%
  - **10-year Term:** 8 years remaining
  - **Monthly Payment:** \$1,311
  - **Total Interest:** \$30,998

## Borrower's Main Objectives

- Lower interest rates and term
- Take over responsibility of federal PLUS loans

## New Loan

- **Interest Rate:** 3.45% variable
- **5-year Term**
- **Monthly Payment:** \$1,723
- **Total Interest:** \$8,552

**Total Savings: \$22,446**

## EXAMPLE 2

### Current Loans

- Six federal direct subsidized and unsubsidized loans: \$23,460
  - **Interest Rates:** 3.6% - 5.23% (fixed)
  - **10-year Term:** 9 years remaining
- Three private student loans: \$32,330
  - **Interest Rates:** 3.25% - 4.6% (variable)
  - **15-year Term:** 14 years remaining

### Borrower's Main Objectives

- Enrolling in graduate school next academic year

### Did NOT Refinance

- Both federal and private loans may be deferred in graduate school
- Federal subsidized loan may not accrue interest while in deferment
- Private loans have low interest rate and manageable monthly payment
- Option to refinance after graduate school

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# THANK YOU FOR ATTENDING!

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## **Tricia Poplicean**

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**Please contact us with any additional questions:**

- [scholarhelp@studentchoice.org](mailto:scholarhelp@studentchoice.org)