

Student Loan Repayment During Uncertain Times

May 2020

About Laurel Road



Alex Macielak manages business development and partnerships for Laurel Road. He has over 8 years of experience in the student loan industry and has helped thousands of borrowers determine their optimal repayment strategy. Alex has a degree in Economics & Finance from Bentley University.

Laurel Road began originating student loans in 2013 and has since helped thousands of professionals with undergraduate and postgraduate degrees refinance more than \$5 billion in federal and private school loans.

Laurel Road also offers a suite of online graduate school loan products, personal loans and mortgages that helps simplify lending through technology and personalized service.

In April 2019, Laurel Road became part of KeyBank, one of the nation's largest bank-based financial services companies and Member FDIC.



NMLS # 399797

Agenda



- **COVID-19 Update**
 - Federal Aid COVID-19 Program
 - COVID-19 FAQs
- **Federal Loan Repayment Options**
 - Consolidation
 - Public Service Loan Forgiveness
 - Income-driven repayment
 - Federal vs Refinancing Differences
- **Private Repayment Options**
 - Student Loan Refinancing
 - Refinancing with Laurel Road
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COVID-19 Federal Program Response



The finalized stimulus bill passed on Friday, March 27th known as the CARES Act, delays federal student loan payments for six months until September 30, 2020.

Who does this benefit?

Anyone with Direct and FFEL Program student loans held by the Department of Education. This is particularly beneficial for those pursuing Public Service Loan Forgiveness, as it means 6 free payments towards your 120 qualifying payments.

For more information visit <https://studentaid.gov/announcements-events/coronavirus>



COVID-19 FAQ's



My state temporarily suspended state debt collections in response to COVID-19. Does this apply to my student loans?

Some states have been issuing regulations that halt the collection of debts, including student debts. In many cases these regulations impact past due loans or loans owed directly to the state. However, requirements vary across each state and you should check with your state for specifics. If you have a loan with Laurel Road these regulations do not eliminate the debt. If you are having difficulty repaying your loan due to COVID-19, please contact MOHELA at 1-877-292-6845 to inquire about forbearance and hardship relief.

The federal government passed the CARES Act on Friday, March 27th including provisions to delay student loan payments for 6 months. How does that impact my student loan?

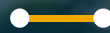
The federal COVID-19 response stimulus bill passed on March 27th, known as the CARES Act, delays student loan payments for six months until September 30, 2020. If you have previously refinanced your federal student loan with Laurel Road, you do not qualify for the federal waiver under the CARES Act.

If you are an existing Laurel Road customer and are experiencing an impact to your income as a result of COVID-19, you may be eligible for a forbearance or an extension of your existing one.

How is Laurel Road responding to this crisis?

For existing customers experiencing an impact to their income as a result of COVID-19, we have simplified our forbearance approval process allowing customers to take advantage of this with just a simple phone call to request it. You can find more information <https://www.laurelroad.com/coronavirus-response/>

Federal Repayment Options



Consolidation

Public Service Loan Forgiveness

Income-driven repayment

Federal vs Refinancing Differences

Direct Consolidation



You have the option of consolidating federal loans, combining individual federal loans into one loan from the government. The new loan has a fixed interest rate based on the weighted average of the interest rates of the consolidated loans. Repayment terms vary from 10 to 30 year depending on the amount of your total education loan indebtedness.

For more information, go to the Federal Student Aid website at **[StudentAid.gov/repay](https://studentaid.gov/repay)**



Public Service Loan Forgiveness



Public Service Loan Forgiveness (PSLF) allows borrowers employed at non-profits and government entities to have their federal student loans forgiven after ten-years of income-driven payments, entirely tax free*

Eligibility Requirements

- ❑ **Must have a Federal Direct Loan**
- ❑ **Must be enrolled in an Income-Driven Repayment Plan**
- ❑ **Must be employed full time at 501(c)(3) non-profit or government entity**
- ❑ **Must have made 120 on-time monthly payments**



For more information, go to the Federal Student Aid website at [StudentAid.gov/publicservice](https://studentaid.gov/publicservice)

*Consult a tax advisor regarding student loans and your taxes.

Income-driven Repayment



Income-driven repayment plans allow you to reduce monthly payment amounts for federal loans according to your income— typically a portion of your discretionary income. For more information, go to the Federal Student Aid website at **[StudentAid.gov/idr](https://studentaid.gov/idr)**

Plan	Monthly Payments	Repayment Period
Revised Pay as You Earn (REPAYE)	<ul style="list-style-type: none">• 10% of your and your spouses discretionary income• Can be more than the federal 10-year Standard Repayment Plan amount	20-25 years
Pay as You Earn (PAYE)	<ul style="list-style-type: none">• 10% of your discretionary income (and spouses if filing taxes jointly)• Never more than the federal 10-year Standard Repayment Plan amount	20 years
Income-Based Repayment (IBR)	<ul style="list-style-type: none">• 10% or 15% of your discretionary income (and spouses if filing taxes jointly) depending on when you became a New Borrower¹• Never more than the federal 10-year Standard Repayment Plan amount	25 years

¹You're considered a new borrower on or after July 1, 2014, if you had no outstanding balance on a Direct Loan Program loan or FFEL loan when you received a Direct Loan on or after July 1, 2014.

Federal Repayment Options vs Refinancing



While Federal loan programs include some benefits not available from private lenders, such as Public Service Loan Forgiveness or Income Driven Repayment (IDR) plans, refinancing comes with its own unique benefits. Understanding the similarities and differences between Federal loan programs and loans refinanced through a private lender may help you decide if refinancing is right for you.

	Federal Student Loan	Laurel Road Refinanced Loan
Repayment Terms	10 - 30 Years	5 - 20 Years*
Interest Rate	Standardized	Based on creditworthiness
Income Driven Repayment	✓	
Public Service Loan Forgiveness	✓	
Length of Forbearance	Up to 36 Months	Up to 12 Months
In-school Deferment	While enrolled at least half-time as a student	You may be eligible for forbearance

This information is an overview of the various programs. Please consult studentaid.gov/h/manage-loans for details about your federal loans and any benefits being offered. For more information regarding Laurel Road's loan programs and terms visit [laurelroad.com/refinance-student-loans/](https://www.laurelroad.com/refinance-student-loans/).

* **Payment example:** Borrowers who take out a fixed rate \$10,000 loan for 20 years at a rate of 6.90% APR would make monthly payments of \$76.93 with a total of \$18,463.39 paid over the life of the loan. The APR does not include any discount for making automatic payments from a checking or savings account or any association member discount. Example APR is offered as of March 31, 2020 and subject to change. The actual rate and payment amount may vary, and is determined by the product, term, loan amount, and your credit qualifications. For more information visit: <https://www.laurelroad.com/refinance-student-loans/>.

Federal Repayment Options vs Refinancing cont

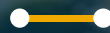


	Federal Student Loan	Laurel Road Refinanced Loan
Default Timeline	270 days of missed payments	90 days of missed payments
CARES Act Student Loan Relief	✓	
Grace Period	6 Months	6 Months
Discharged in the event of permanently disability or death	✓	✓
Eligible for Student Loan Interest Tax Deduction	✓	✓
Credit reported as a student loan	✓	✓
Interest Capitalization Once Forbearance Ends	✓	✓

This information is an overview of the various programs. Please consult studentaid.gov/h/manage-loans for details about your federal loans and any benefits being offered.

For more information regarding Laurel Road's loan programs and terms visit laurelroad.com/refinance-student-loans/. You should consult a tax advisor for eligibility requirements for the Student Loan Interest Tax Deduction.

Private Repayment Options



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Student Loan Refinancing



When you refinance your student loans with a private lender, the private lender pays off your student loans with your current lender and issues you one new loan at a potentially lower interest rate, which could save you money on your interest payments.

Student loan refinancing is typically an opportunity for those who want to do one or more of the following:

Lower their interest rate(s)

Save money over the life of the loans

Pay off their student loans more quickly

Lower their monthly payments

Change from a fixed rate to a variable rate or vice versa

Reduce the number of loans in repayment

Gain terms and rates based on your current financial situation and creditworthiness

PAs could save thousands over the life of their loan when refinancing with Laurel Road¹

Please be aware that you may lose certain Federal benefits by refinancing your Federal Student loans. For more information about these benefit programs and other Federal student loan programs, please visit <https://studentloans.gov>

¹Savings vary based on rate and term of your existing and refinanced loan(s). Refinancing to a longer term may lower your monthly payments, but may also increase the total interest paid over the life of the loan. Refinancing to a shorter term may increase your monthly payments, but may lower the total interest paid over the life of the loan. Review your loan documentation for total cost of your refinanced loan.

Student Loan Refinancing with Laurel Road



As the exclusive student loan refinance provide for AAPA members receive a 0.25% rate discount when refinancing their student loans with Laurel Road¹.

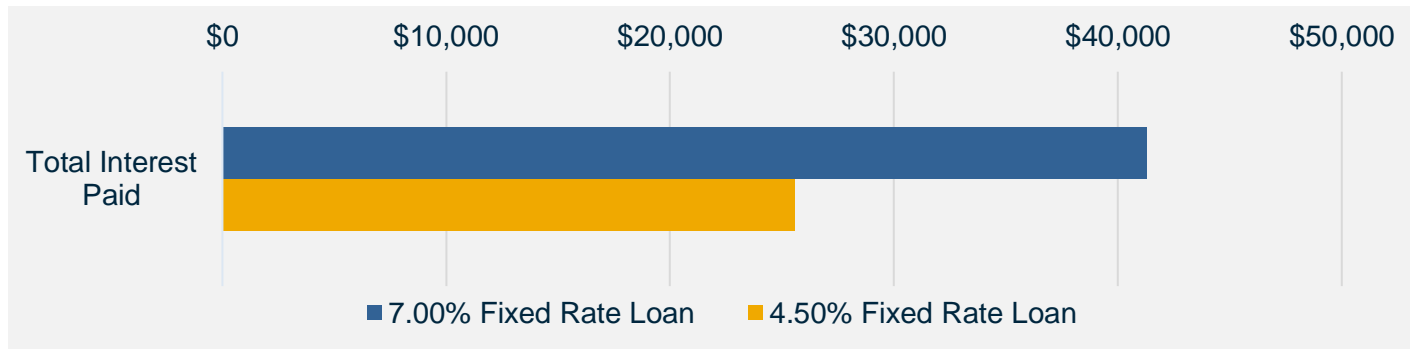
- ✓ Special pricing for PA's—receive a reduction off our already competitive rates²
- ✓ PA's could save **thousands** when refinancing with Laurel Road³
- ✓ Up to 1 year of economic forbearance is available at Laurel Road discretion⁴
- ✓ Will honor up to 12 months of existing grace periods
- ✓ No application fee with no commitment necessary

1. A 0.25% AAPA member interest rate discount is offered for student loan applications from AAPA members; the discount will end if AAPA notifies Laurel Road that borrower is no longer a member. This offer cannot be combined with any other offer except the 0.25% interest rate discount for making automatic payments (“autopay”) from a bank account. These discounts do not reduce the monthly payment, instead each is applied to the principal, paying down the loan faster.
2. The specialized rates are offered to PA's with a Master of Science (MS) in Physician Assistant Studies. Not available to residents, fellows, or students.
3. Savings vary based on rate and term of your existing and refinanced loan(s). Review your loan documentation for total cost of your refinanced loan.
4. After loan disbursement, if a borrower documents a qualifying economic hardship, we may agree in our discretion to allow for full or partial forbearance of payments for one or more 3-month time periods (not to exceed 12 months in the aggregate during the term of your loan), provided that we receive acceptable documentation (including updating documentation) of the nature and expected duration of the borrower's economic hardship. During any period of forbearance interest will continue to accrue. At the end of the forbearance period, any unpaid accrued interest will be capitalized and be added to the remaining principle amount of the loan.

Savings Example



Reducing your rate by 2.5% on a \$105,000 10-year loan by refinancing into a similar term loan could save you as much as \$15,712¹.



	Current loan with a 10-year standard repayment plan	Sample refinancing option: Refinanced 10-year loan	Savings
APR	7.00% fixed	4.50% fixed	
Monthly Payment	\$1,219	\$1,088	\$131
Yearly Payment	\$14,630	\$13,058	\$1,571
Total Paid	\$146,297	\$130,584	\$15,712

¹ Savings example is for illustrative purposes only. Assumes a loan balance of \$105,000 at an existing fixed rate of 7%, with 10 years remaining, and a refinanced 10-year fixed rate loan at 4.5%. Savings vary based on rate and term of your existing and refinanced loan(s). Actual savings not guaranteed. Review your loan documentation for the rates of your previous loans and the total cost of your refinanced loan. The rates shown are hypothetical and may not reflect your actual rate. Rates and terms offered are subject to credit approval.

Historically Low Interest Rates



With interest rates at historic lows, Laurel Road is able to remain stable with our competitive pricing. In such times, refinancing can be a can be a good option to consider.



10 year treasury rates over the last 30 years

I've Chosen my Repayment Plan. What's Next?



Be strategic about your student loan payments

Pay off your loans with the highest interest rates to reduce interest accrual. Start with private student loans taken out before entering your degree program, which typically have higher interest rates than federal loans.

Take interest rate reductions where you can

Enroll in automatic payments – it will ensure that your payments are on time, and many lenders offer discounts for enrolling. Laurel Road offers a 0.25% rate reduction to customers enrolled in auto-pay.¹

Take full advantage of tax deductions and credits

Eligible student loan borrowers filing individually can deduct up to \$2,500 on their federal taxes every year, depending upon their income.²

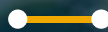
Keep your credit in good shape

The first step to building and maintaining a strong credit score is to pay your bills on time. If you're unable to pay on time, contact your lender to see what options may be available to postpone payments.

1.The 0.25% interest rate "Automatic Payment Discount" is available for making automatic payments from a bank account. The discount does not reduce the monthly payment, instead the discounts are applied to the principal to help pay the loan down faster.

2.Consult a tax advisor regarding student loans and your taxes.

Questions?



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