Borrowing @ Duke
Loans for Grad Students
FEDERAL LOANS 101

Foundational terms & conditions
Department of Education

Loans you borrow based on FAFSA information

Direct Subsidized  Direct Unsubsidized  Graduate PLUS  Parent PLUS
As a reminder, financial aid is offered up to Cost of Attendance!
- Your official COA includes two types of costs
  - Direct: Tuition, fees, etc.
  - Indirect: Housing, groceries, etc.
- All aid combined CANNOT exceed your total costs
- The Dept. of Ed enforces the following borrowing limits-
  - Direct Unsubsidized: $20,500
  - Higher limit for MED
  - Graduate PLUS-Up to remaining COA
*Sample Financial Aid Offer*

Note: There are some slight differences in awarding processes across the various financial aid offices on campus. There are also certain types of aid that are unique to specific programs and schools.
## DukeHub - Accept/Decline Awards

### Financial Aid Year 2024-2025

<table>
<thead>
<tr>
<th>Term</th>
<th>Offered</th>
<th>Accepted</th>
<th>Disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2025 Spring Term</td>
<td>$39,020.00</td>
<td>$39,020.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>2024 Fall Term</td>
<td>$45,311.00</td>
<td>$45,311.00</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$84,331.00</strong></td>
<td><strong>$84,331.00</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>

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*Image Source: Duke University*
Interest Rates & Accrual

- Loans accrue interest starting at disbursement
- Federal loan rates are fixed
  - Rates are set every academic year
  - PLUS Loans are always higher compared to any Unsubsidized Loans used in the same aid year
  - 24-25: 8.08% vs 9.08%
- Next year’s rate will be determined May 2025
PARTS OF A LOAN

Principal Balance

+ 

Interest

Is it always this straightforward?
For our example:

$\text{50,000 at } 8\%$

Daily Interest Accrual- $\text{11.11}$

Interest after 30 days- $\text{333.33}$

Interest after 1 year- $\text{4,000}$

Interest after 3 years- $\text{12,000}$

Interest after 3.5 years- $\text{14,000}$

*Note: This interest has not been CAPITALIZED

Capitalized Balance: $\text{64,000}$
Principal- $\text{50,00}$
Interest- $\text{14,000}$

*Beginning July 2023, interest will no longer be capitalized for Federal Direct Loans unless it is required by statute.
Federal student loans DO charge a processing fee, called an origination fee.

The fee is based on a percentage, and is taken off the top of your loan before the funds disburse to Duke.

Even though you don’t get to use your full loan, you are expected to pay back the full amount.

- Unsub Fee - 1.057%
- PLUS Fee - 4.228%
Federal loans are the only educational loans that offer repayment choices after the fact, AND the only program that offers options based on income.

Two types of plans:
- Time-Based
  - Fixed payments - 10 or 25 years
  - Graduated payments - 10 or 25 years
- Income Driven
  - Generally, 10% of discretionary income
Most federal loan borrowers will need to complete Entrance Counseling and sign the Master Promissory Note(s).

Federal loans are managed through third-parties called servicers

- ex. MOHELA

Working with a private lender MAY be worth considering for those that do not foresee needing income driven options, PSLF, or other benefits only for federal loans.

- Choose to borrow with a private lender now or refinance in repayment.

Other Considerations
Welcome to Aidvantage!

Aidvantage is here to help you better understand and manage repayment of your federal student loans. Log in to explore repayment options, manage your payments, and get answers to your student loan questions.
### Resource Spotlight: Private Loan List

* Aim to apply and accept loan by July 1

<table>
<thead>
<tr>
<th>Lender Select</th>
<th>Advantage Education Loan</th>
<th>Citizens Multi-Year Approval</th>
<th>College Ave Student Loans</th>
<th>College Foundation, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed Rates 4.49% - 8.04% APR</td>
<td>Variable Rates 4.39% - 5.99% APR</td>
<td>Fixed Rates 4.29% - 5.99% APR</td>
<td>Fixed Rates 6.50% - 6.95% APR</td>
</tr>
<tr>
<td></td>
<td>800.988.633</td>
<td>1-800-708-6684</td>
<td>844-422-7502</td>
<td>866-866-2362</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Duke University Federal Credit Union</th>
<th>PNC Bank</th>
<th>SoFi</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fixed Rates 4.29% - 6.75% APR</td>
<td>Variable Rates 6.00% - 12.95% APR</td>
<td>Fixed Rates 4.74% - 14.1% APR</td>
</tr>
<tr>
<td></td>
<td>844-830-3260</td>
<td>800-762-1001</td>
<td>855-496-7634</td>
</tr>
</tbody>
</table>
LOANS FOR LIVING EXPENSES

Disbursement & Budgeting
DISBURSEMENT DATES

When will loan funds arrive?

- Fall 2024 - 08/16/2024
- Spring 2025 - 12/29/2024
- Summer 1 2025 - 05/02 & 04/2025

Due to disbursement constraints, Bursar honors an accepted loan as a true payment for billing purposes

*Note: Dates listed are applicable to the majority of programs starting in Fall 2024
REFUND REMINDERS

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount 1</th>
<th>Amount 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>08/05/2022</td>
<td>Direct PLUS Loan - G&amp;P Fall</td>
<td>-13,734.00</td>
<td>1,347.50</td>
</tr>
<tr>
<td>08/05/2022</td>
<td>Direct Unsubsidized Loan</td>
<td>-6,761.00</td>
<td>-5,413.50</td>
</tr>
<tr>
<td>08/05/2022</td>
<td>Student Refund</td>
<td>5,413.50</td>
<td>0.00</td>
</tr>
</tbody>
</table>

REVIEW “ACCOUNT ACTIVITY CLASSIC” IN DUKEHUB TO CONFIRM REFUND WAS PROCESSED

FUNDS TAKE AN ADDITIONAL **3-5 BUSINESS DAYS** TO ARRIVE TO YOUR BANK VIA DIRECT DEPOSIT
Budget out August loans to run through first half of Jan.!
DEADLINE TO ACCEPT LOANS

You have through the loan term to use all of your loan offers. If you are not sure how much to borrow, you can always accept less now and ask for those declined funds back by the end of the loan term.
SAMPLE BUDGET

What should my spending plan ideally look like?

Fall Semester Disbursement:
~$12,024(mid-Aug thru mid-Jan)
*Again, budget for the gap in loan disbursement! 4.5-5 months

H & L: Rent = $1,515, Utilities= $130, Groceries = $325

https://www.schwabmoneywise.com/tools-resources/monthly-budget-planner
CHOOSE YOUR HOUSING WISELY!

Your financial aid package cannot exceed the Cost of Attendance...

While there may be circumstances in which your program’s financial aid can increase your specific student budget, it is never a guarantee that you’ll receive more aid past the COA!
QUESTIONS ABOUT USING LOANS FOR LIVING EXPENSES?
INTRO TO REPAYMENT

Sample payments & other payoff strategies
<table>
<thead>
<tr>
<th>PLAN</th>
<th>ELIGIBLE LOAN TYPES</th>
<th>ELIGIBILITY REQUIREMENT</th>
<th>MONTHLY PAYMENT DETERMINED BY</th>
<th>REPAYMENT TIMEFRAME</th>
<th>NOTABLE ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>STANDARD</td>
<td>DIRECT AND FFEL LOAN</td>
<td>N/A</td>
<td>TOTAL DEBT, INTEREST RATE, &amp; LENGTH OF REPAYMENT</td>
<td>UP TO 10 YEARS</td>
<td>THIS IS THE DEFAULT PLAN HIGHEST TIME BASED PAYMENT AMOUNT, BUT WILL RESULT IN LESS INTEREST OVER TIME</td>
</tr>
<tr>
<td>GRADUATED</td>
<td>DIRECT AND FFEL LOAN</td>
<td>N/A</td>
<td>TOTAL DEBT, INTEREST RATE, &amp; LENGTH OF REPAYMENT</td>
<td>UP TO 10 YEARS</td>
<td>INITIAL PAYMENTS WILL NEVER BE LESS THAN AMOUNT OF INTEREST ACCRUES AND SUBSEQUENT INCREASES WILL NEVER BE MORE THAN 3X GREATER THAN PRIOR PAYMENT</td>
</tr>
<tr>
<td>EXTENDED (FIXED &amp; GRADUATED)</td>
<td>DIRECT AND FFEL LOAN</td>
<td>BORROWERS MUST HAVE A MINIMUM OF $30,000 IN DIRECT/FFEL LOANS</td>
<td>TOTAL DEBT, INTEREST RATE, &amp; LENGTH OF REPAYMENT</td>
<td>UP TO 25 YEARS</td>
<td>LONGER REPAYMENT TERM WILL RESULT IN GREATER INTEREST PAID</td>
</tr>
</tbody>
</table>

**Equal Payments Through Term**: Payments determined by repayment timeframe.

**Standard Plan**: Total debt, interest rate, and length of repayment.

**Graduated Plan**: Payments begin lower (~60% of standard amount) and increase every two years through up to 10 years.

**Extended (Fixed & Graduated)**: Lower payments to begin with (~50%) and increase every two years up to 25 years.
# Income Driven - Historical Plans

Core Formula: AGI – Protected Income = Discretionary Income

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>IBR</th>
<th>SAVE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Direct &amp; FFEL Loans; Demonstrate partial financial hardship,</td>
<td>Direct Loans (Excludes Parent PLUS Loan)</td>
</tr>
</tbody>
</table>
| **Payment Amount** | Borrowers > 07/14: 10%  
Borrowers < 07/14: 15% | UG- 5% of discretionary income  
GP- 10% of discretionary income  
*Weighted % if you have loans from both levels  
**Based off of Discretionary Income  
(AGI minus 225% of FPL) |
| **Cap @ Standard** | Yes | No |
| **Include Spouse’s Income & Debt** | Only When File Jointly | Only When File Jointly |
| **Negative Amortization** | Assistance w/Sub Loans Only (3 yr) | Yes- No unpaid interest carries over for all types of loans |
| **# of years until Forgiveness** | Borrowers > 07/14: 20 yr.  
Borrowers < 07/14: 25 yr. | UG & Direct Consolidation Loan- 20 yr.  
GP Loan- 25 yr. |

Increase in the principal balance of a loan caused by a failure to cover the interest due on that loan.
## Comparing Payments

**Loan Information** - $85,000 @ 6.8%; Salary - $80,000

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Standard</th>
<th>Graduated</th>
<th>Ext. Fixed</th>
<th>Ext. Grad</th>
<th>Save</th>
<th>IBR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Payment</td>
<td>$976</td>
<td>$563-$1,688</td>
<td>$587</td>
<td>$478-$842</td>
<td>$393-$1,256</td>
<td>$484-$976</td>
</tr>
<tr>
<td>Total To Be Paid</td>
<td>$117,121</td>
<td>$125,960</td>
<td>$176,182</td>
<td>$190,887</td>
<td>$166,936</td>
<td>$153,624</td>
</tr>
<tr>
<td>Pay Off Date</td>
<td>06/2036</td>
<td>06/2036</td>
<td>06/2051</td>
<td>06/2051</td>
<td>11/2044</td>
<td>02/2043</td>
</tr>
<tr>
<td>Forgiveness Amount</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
## Comparing Payments

**Loan Information:** $200,000 @ 6.8%; Salary: $125,000

<table>
<thead>
<tr>
<th></th>
<th>Standard</th>
<th>Graduated</th>
<th>Ext. Fixed</th>
<th>Ext. Graduated</th>
<th>SAVE</th>
<th>IBR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly Payment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,302</td>
<td>$1,328-3,983</td>
<td>$1,388</td>
<td>$1,133-1,983</td>
<td>$768-2,729</td>
<td>$859-2,302</td>
</tr>
<tr>
<td><strong>Total to be Paid</strong></td>
<td>$276,193</td>
<td>$297,199</td>
<td>$416,443</td>
<td>$451,076</td>
<td>$441,847</td>
<td>$357,540</td>
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<tr>
<td><strong>Pay-off Date</strong></td>
<td>June 2036</td>
<td>June 2036</td>
<td>June 2051</td>
<td>June 2051</td>
<td>Mar. 2050</td>
<td>June 2046</td>
</tr>
<tr>
<td><strong>Forgiveness</strong></td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$88,518</td>
</tr>
</tbody>
</table>
PICKING YOUR PLAN

Loan Simulator: studentaid.gov
**SAMPLE BUDGET**

*Standard Repayment & Monthly Spending Post-Grad*

- **Income:** $4,630
  - *Note: Taxes & Health have been deducted; assumes 6% retirement contribution*
- **Rent:** $1,400
- **Groceries:** $310
- **Utilities:** $115
- **Loan: $150,000 @ 7.5%**
  - *15 yr. would drop payment to $1,390; total paid increases by ~$36k*
PSLF & REPAYMENT
PUBLIC SERVICE LOAN FORGIVENESS

✓ Full-time employment by a government agency or a qualifying non-profit organization [501(c) (3)]
✓ 120 on-time payments towards your student loans
  DOES NOT have to be consecutive
✓ Make each payment under a qualifying payment plan
  Only works with Income-Driven repayment plans
✓ Submit forms annually to your servicer
  Verify that you are still eligible
**PAYMENTS ON PSLF**

Loan Information - $215,000 @ 7.5%; Salary - $80,000

<table>
<thead>
<tr>
<th></th>
<th>SAVE</th>
<th>IBR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MONTHLY PAYMENT</strong></td>
<td>$393-$697</td>
<td>$484-$809</td>
</tr>
<tr>
<td><strong>TOTAL TO BE PAID</strong></td>
<td>$64,089</td>
<td>$76,267</td>
</tr>
<tr>
<td><strong>PAY OFF DATE</strong></td>
<td>06/2036</td>
<td>06/2036</td>
</tr>
<tr>
<td><strong>FORGIVENESS AMOUNT</strong></td>
<td>$215,000</td>
<td>$299,983</td>
</tr>
</tbody>
</table>
Using the PSLF Help Tool

You can use the PSLF Help Tool to search for a qualifying employer, learn what actions you may need to take to be eligible for PSLF or TEPSLF, and generate the form you need. Each time you submit a form, we will evaluate your eligibility for forgiveness, and provide that forgiveness to you if you are eligible. After you submit your form, if you have Direct Loans and work for a qualifying employer, you will receive a count of the number of qualifying payments you have made toward both PSLF and TEPSLF from FedLoan Servicing. For an optimal experience using this tool, we strongly recommend that you read Become a Public Service Loan Forgiveness (PSLF) Help Tool Ninja before getting started.

Learn more about PSLF and TEPSLF.
Employer Sponsored Assistance may also be available!
WHAT ABOUT REFINANCING?
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MONTHLY PAYMENT</strong></td>
<td>$1,781</td>
<td>$1,208</td>
<td>$1,591</td>
<td>$990</td>
</tr>
<tr>
<td><strong>TOTAL TO BE PAID</strong></td>
<td>$213,663</td>
<td>$290,014</td>
<td>$190,918</td>
<td>$237,584</td>
</tr>
</tbody>
</table>
ACTION STEPS

✓ Know what you owe

  Confirm borrowing amounts and remember to set-up servicer account 2 months after disbursement

✓ Be mindful of the timing of loan refunds

  Do what you can to plan spending around your loan amounts and timing of disbursement

✓ Prioritize your payments & reflect on loan strategies

  Use a loan calculator and create a tentative spending plan for life post-Duke