



STUDENT LOAN REFINANCING: STEPS FOR SUCCESSFUL SAVINGS

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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

- Is Refinance Right for Me?
- Take Stock – What Type of Student Loans do I Have?
- Refinancing Lenders and Options - How do I Choose?
- Borrower Requirements – Am I Eligible?
- Real – Life Examples



IS REFINANCING RIGHT FOR ME?

- What type of student loans do you have?
- What is your current interest rate?
- Have you calculated your savings?
- Do you need a more manageable payment?
- Do you need to remove a co-borrower?
- You meet the lender requirements – employment – employment history, income, credit history



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:

- Your servicer and contact
- Current balance and repayment term
- Interest rate
- Subsidized or unsubsidized
- Monthly payment

If you have federal loans and anticipate needing or qualifying for federal loan benefits, these will not transfer to a private refinance loan.

Benefits

- Deferment after graduation
- Loan cancellation for death and disability
- Forgiveness programs for teaching and public service
- Repayment options
 - Standard – Graduated – Extended – Income Based
- Consolidation and refinance options
- Default
 - Fresh Start
 - Consolidation

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

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: Fixed vs. Variable
- 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
- Auto-pay deduction



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

BORROWER REQUIREMENTS & ELIGIBILITY

- Established credit history?
- FICO score?
- Employment history?
- Steady income?
- College graduate?



LOAN CALCULATORS – DO THE MATH

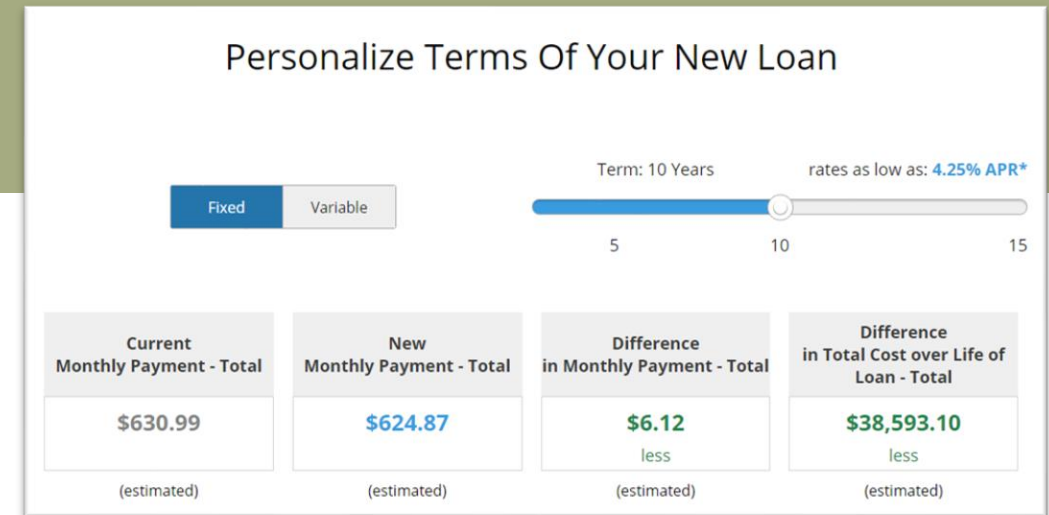
Current Loans:

- Balance – \$61,000 (\$41,000 and \$20,000)-Private
- 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 |
| ■ Difference - \$6.12 | ■ Difference - \$156.51 |
| ■ Savings - \$38,593.10 | ■ Savings - \$28,171.43 |

(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
- **Payment Increase:** \$412
- **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

EXAMPLE 3

Current Loans

- Parent PLUS Loan: \$42,326
 - **Interest Rates:** 7.9 (fixed)
 - **25-year Term:** 19 years remaining
 - **Monthly Payment:** \$367
 - **Total Interest:** \$62,189
- Two private student loans: \$36,740
 - **Interest Rates:** 9.4 – 11.5 (variable)
 - **20-year Term:** 14 years remaining
 - **Monthly Payment:** \$418
 - **Total Interest:** \$58,399

Borrower's Main Objectives

- Lower interest rate – fixed
- Take over the responsibility of federal PLUS loan

New Loan

- Interest Rate: 8.25
- 15-year term
- Monthly Payment: \$767
- Payment Decrease: \$18
- **Total Interest:** \$59,006

Total Savings: \$62,182

THANK YOU FOR ATTENDING!

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Please contact us with any additional questions:

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