

## FEDERAL DIRECT LOAN INFORMATION

UPSem students who are attending at least half-time may elect to obtain Federal Direct Unsubsidized Loans, which can provide graduate students up to \$20,500 per year. Our goal is to help you keep your educational indebtedness as low as possible, and less than 25% of the student body participates in the program each year. Average salaries of clergy nationwide suggest that students could manage repayments of \$28,000 in loans without significantly affecting their standard of living. Thus, a conservative approach to borrowing can be a realistic way to finance a significant portion of your theological education when other financing options are unavailable or exhausted.

The attached loan letter estimates the amount you may be able to borrow based on the FAFSA received by the financial aid office. *You are not required to return this paperwork or take out a loan.* In order to request a loan, fill out the attached UPSem Stafford Loan Request Form and return it to the FA office. As part of your planning, UPSem suggests that you complete the budget worksheet to help you determine how much loan aid you need. Remember: as much as possible, borrow as little as possible.

### Important Notes

- Graduate students may only borrow unsubsidized loans. The graduate student interest rate is 6%.
- You are responsible immediately for the interest on unsubsidized loans which accrues from the date the loans are disbursed.
- A fee equal to 1.08% of the total amount borrowed is deducted from each disbursement by the Department.
- By law, you may not receive aid in excess of your demonstrated financial need or cost of attendance. Therefore, borrowing your maximum estimated eligibility may complicate or jeopardize your opportunities for more desirable types of aid. You should borrow cautiously and only request those amounts absolutely essential for your educational expenses.
- Information regarding student loans will be submitted to the National Student Loan Data System (NSLDS) and will be accessible by guaranty agencies, lenders, and institutions determined to be authorized users of the data system.

### To consider:

A leading rule of thumb in the student loan industry is that student loan payments should not exceed 10 percent of your gross monthly income. A person making \$43,230, the Presbytery of the James minimum for instance, would have a gross monthly income of \$4323.00. Ten percent of that would \$432.

1. There are several different payment plans that can extend payments for up to 30 years
2. The current interest rate is 6% but any previous loans may carry a higher or lower rate
3. The chart below shows how much you would pay monthly and over the life of the loan on some of the most common repayment plans.

Loan Balance	Standard Repayment	Graduated Repayment*	Revised Pay as You Earn†	Income-Based Repayment‡
\$25,000	\$278/\$33,306	\$159/\$35,530	\$58/\$53,386	\$86/\$47389
\$30,000	\$333/\$39,967	\$190/\$42,636	\$183/\$46,598	\$274/\$40,998
\$35,000	\$389/\$46,629	\$222/\$49,742	\$183/\$58,676	\$274/\$49,750
\$40,000	\$444/\$53,290	\$254/\$56,848	\$183/\$72,054	\$274/\$59,493
\$45,000	\$500/\$59,951	\$286/\$63,953	\$58/\$58,431	\$86/\$85,070
\$50,000	\$555/\$66,612	\$317/\$71,060	\$183/\$100,985	\$274/\$82,0007
\$75,000	\$833/\$99,918	\$476/\$106,590	\$183/\$157,717	\$274/\$155,874

\* Under Graduated Repayment, the payments begin low and increase as your income increases.

† Under Revised PAYE, the life of the loan is extended to 25 years.

‡ IBR offers both lower starting payments and a 25 year loan.