

*Personal Finance*  
FOR LAWYERS

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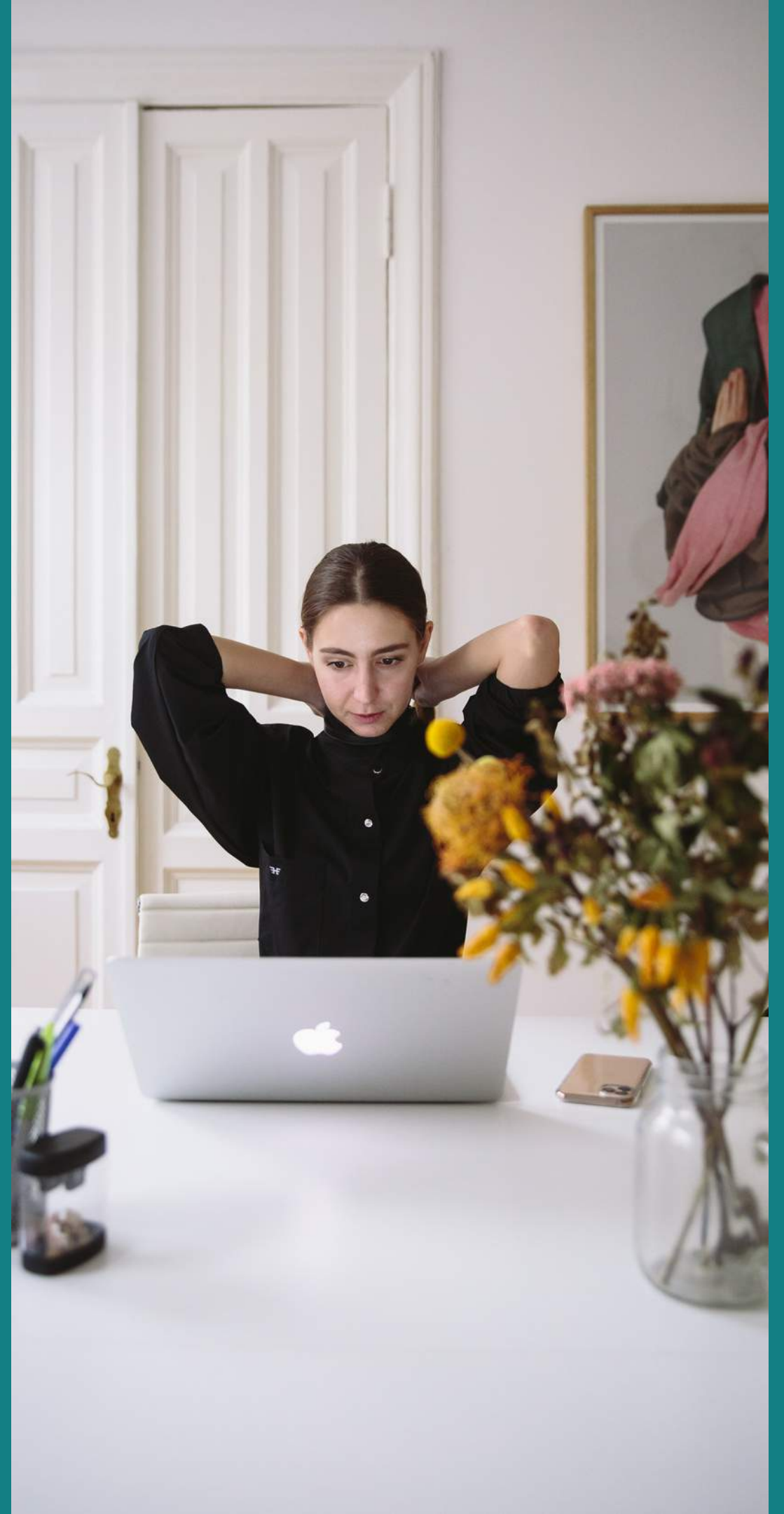
**DISTRICT OF COLUMBIA BAR  
PRESENTS:  
DEALING WITH  
LAW SCHOOL DEBT**

*Jessica Medina, LLC*  
Financial Coaching



## Student loan debt is different for lawyers:

- \$145,000 average total debt (compared to \$35,000 for typical graduates)
- Starting professional career later than others
- Paying loans off ASAP is **not** the **only** strategy



Hello there, I'm  
Jessica.  
Former lawyer  
turned Accredited  
Financial Counselor®

\*Jessica Medina, LLC does not give  
investment, tax, or legal advice





**Graduated from  
Columbia Law School  
as a single mom of  
twins with over  
\$200,000 in student  
loan debt**

# *Today's Presentation*

## **AGENDA**

Student Loan Basics

Repayment Strategies

New SAVE Repayment Plan

Making A Plan

Questions

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# *Student Loan Basics*

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# *TWO TYPES*

## **FEDERAL STUDENT LOANS**

Owned by the US Department of Education

Many different programs over the years:

- Direct Subsidized/Unsubsidized
- Direct PLUS (parents & graduate programs)
- Direct Consolidated
- FFEL (Federal Family Education Loan/Stafford)
- Federal Perkins Loans

Information available at [studentaid.gov](https://studentaid.gov)

## **PRIVATE STUDENT LOANS**

Owned and serviced by private lenders

Check your statements or contact your lender, servicer or debt collectors

Check your credit report to determine servicer

# *Repayment Options*

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# Strategies



REPAYMENT  
ASAP



FORGIVENESS  
PROGRAMS



REPAY  
YOUR WAY

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# Guidelines

$\text{Salary} > \text{Debt}$

REPAYMENT  
ASAP

$\text{Debt} > \text{Salary}$

FORGIVENESS  
PROGRAMS

$\text{Salary} = \text{Debt}$

REPAY  
YOUR WAY

# *Repayment ASAP*

## CONSIDERATIONS

### REFINANCE

Securing a low interest rate on the balance of ALL your student loans is key to lowering the total amount paid over the life of your loans, but will require a credit check

### INCOME SECURITY

Refinancing a federal loan into a low-interest private loan may save money, but you'll lose key federal benefits like IDR options

### LIFESTYLE

Repaying over \$100,000 in student loans will carry a large monthly payment if the terms are less than 20 years, so plan accordingly

# *Make Repayment Easier*

## **CONSOLIDATION**

Consolidation takes multiple federal loans and combines them into **one NEW federal loan**

Little change in interest rates

Still have access to federal repayment options

Used to restart repayment clock for PSLF\* but not during current waiver period (start process by Dec 31, 2023) and no longer

## **REFINANCING**

**Private lenders** combine multiple loans (federal and/or private) into one NEW loan

Income and credit requirements

May get access to lower interest rate

Lose access to federal protections & forgiveness

Consider if planning to pay off loans

# *Make Repayment Easier*

## **DEFAULT**

If your federal loans are in default, this is the best time to get them back in good standing

## **FRESH START PROGRAM**

<https://studentaid.gov/announcements-events/default-fresh-start>

Fresh Start is a one-time temporary program from the U.S. Department of Education (ED) that offers special benefits for borrowers with defaulted federal student loans.

Fresh Start restores access to federal student aid (loans and grants) and income driven repayment plans. But you need to sign up to claim the full benefits.

# *Forgiveness Options*

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# Forgiveness



INCOME  
DRIVEN  
REPAYMENT



PUBLIC  
SERVICE  
LOAN  
FORGIVENESS



TEACHER  
PROGRAMS

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# *Income Driven Plans*

*REPAYE, PAYE, IBR, ICR*

*SAVE (new) starting soon!*

## CONSIDERATIONS

### INCOME INCREASES

Some repayment plans do NOT cap the payment amount (ICR & REPAYE & SAVE) so if your income increases enough you may be paying more than under a standard 10-year plan

### TAX FILING STATUS

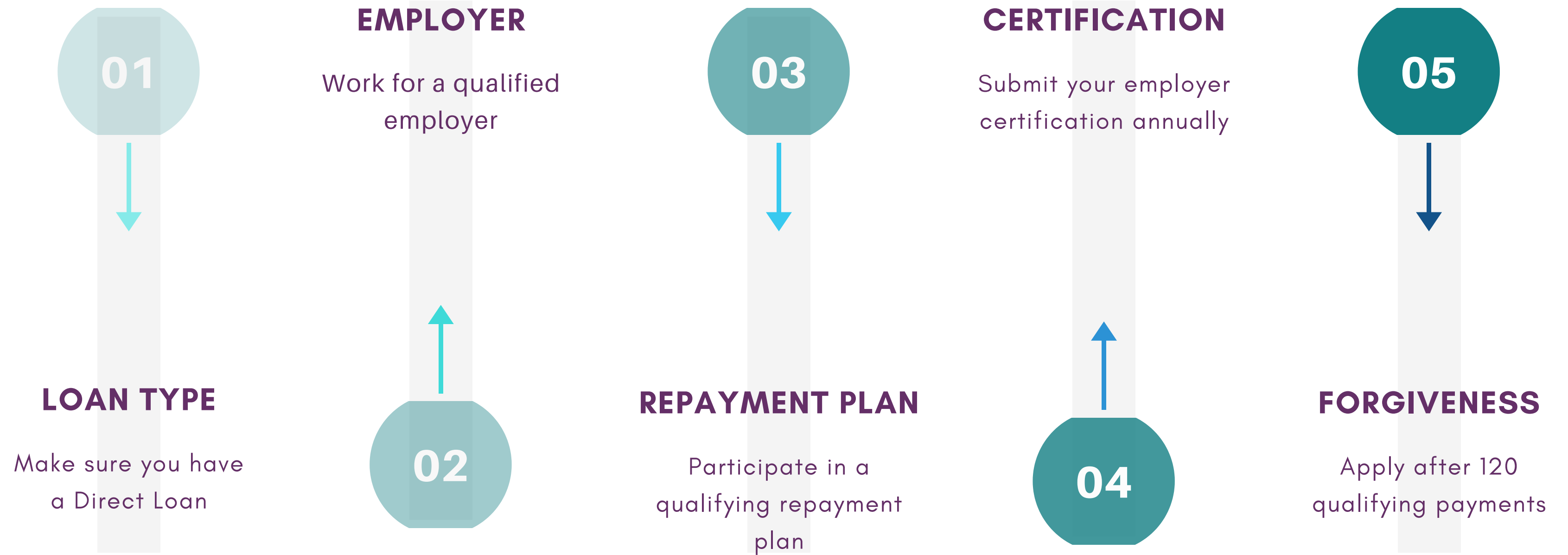
Most IDR plans allow those who file married filing separately to only count their income which can lower your monthly payment

### TAX LIABILITY

Any balance forgiven after the repayment period will be treated as taxable income so be prepared and make a plan

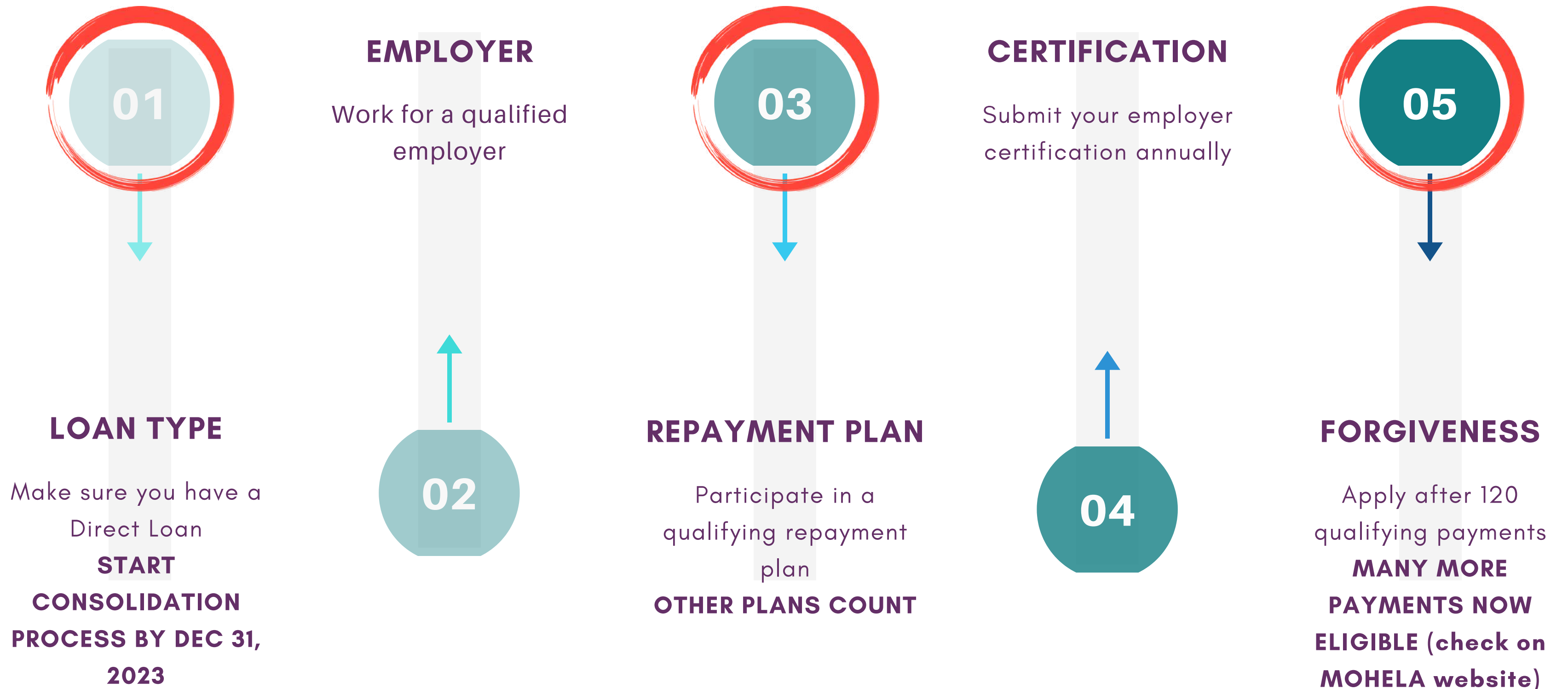


# STEPS TO FORGIVENESS UNDER PSLF PROGRAM



# STEPS TO QUICKER FORGIVENESS UNDER LIMITED IDR ACCT ADJUSTMENT

<https://studentaid.gov/announcements-events/idr-account-adjustment>



# *Limited IDR Account Adjustment*

## NON-PSLF FORGIVENESS

### OLD FFEL LOANS

FFEL loans were not eligible for forgiveness, but if they are consolidated into Direct loans then they become eligible. Consolidation must begin by Dec. 31, 2023.

### FORBEARANCE

Periods that previously did not count as IDR-eligible payments are now being counted so you can get to forgiveness faster

### GET THE MOST CREDIT

Consolidating older loans into newer loans will get you all the old credits applied toward the new loan so this can greatly shorten your overall forgiveness timeline

Hi Jessica. I wanted to thank you again for speaking with me a few months ago. Not sure if you recall but you gave me some suggestions regarding my student loans. I graduated law school in 2020 and I feel like I've been paying my loans to qualify for PSLF for what feels like forever. And my PSLF forgiveness date was June 2025. You helped me to appreciate that many of my payments may have not been counted and you suggested I file an appeal with the ombudsman's office. Well I did. And just found out the other day that my payments have adjusted and now I've only got 1 month left! Given that we are still in the pause that means I won't have to pay another bill and I'll file for forgiveness in November. Now suddenly a whole world is opening up to me that I previously couldn't imagine. I've got about 287K in student loan debt. This is amazing. Thank you!

Correction - I graduated law school in 2010

**\$287,000 of student  
loan debt forgiven 3  
years early due to  
PSLF changes**

# Questions?



Law school debt is different...and calls for different strategies.

I'm a former lawyer turned Accredited Financial Counselor who paid off over \$200,000 of law school debt while raising twins as a single mom and planning for an early exit from the law.

**And I can help you figure out your student loans, too.**

Let's Go



[WWW.JESSICAMEDINALLC.COM/SLRP](http://WWW.JESSICAMEDINALLC.COM/SLRP)  
PERSONALIZED HELP WITH YOUR LOANS

# *Repay Your Way*

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# REPAY YOUR WAY



FINANCES



FEELINGS



FLEXIBILITY

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# *Repay Your Way*

## CONSIDERATIONS

### INTEREST RATES

Generally speaking, you do not want to pay down any student loan debt that has an interest rate below what you could earn investing

### RELIEF PROGRAMS

Cares Act allows employers to pay up to \$5,250 per year/employee through Dec 2025 tax-free; Federal student loan repayment assistance programs

### OTHER INCOME

Consider using the value from future investments to make bulk payments on your student loans, e.g., real estate, Roth, brokerage acct



# REPAY YOUR WAY ANECDOTES



## **Used HELOC to pay off high interest loans**

Parents had a lot of equity in their home so they took out low interest fixed rate HELOC to pay off daughter's private loans – daughter increased life insurance to cover HELOC just in case

## **Used cash-out refinance for investment property**

Refinanced investment property at low, fixed interest rate and took cash out to pay off loans

## **Refinanced private loans and still paying federal**

Refinanced high interest private loans to less than 5% and paid off in around 5 years, keeping federal at 1.75% forever

## **Used investments to pay off high interest loans**

Retirement savings was sufficiently funded so used portion to pay off private loans -- check with tax professional

**SEEK PROFESSIONAL HELP IF NEEDED**

# *The New SAVE plan & Requesting Refunds*

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# *Big Changes for the SAVE repayment plan*

REPLACING REPAYE FOR  
FEDERAL LOANS

## NO HARDSHIP REQUIREMENT

Anyone with federal loans (undergrad or graduate) can apply for the SAVE repayment plan, but once you've been in the program for 5 years you cannot switch back to certain plans

## LOWER MONTHLY PAYMENTS

Your monthly payment is based on a lower disposable income calculation & the repayment timeline may be shorter

## NO MORE ACCRUED INTEREST

If your monthly payment does not cover the interest on your loan, that interest will not be charged, so no more ballooning balances

# *Should you request a refund of payments made during the pause?*

## FEDERAL LOANS

### WORKING TOWARD FORGIVENESS?

If you are working toward eventual forgiveness of your student loans, then you may want to get your money back for other financial goals

### CURRENT BALANCE REQUIRED

You need to have an outstanding balance on a current loan in order to request the refund, so will not work if loans paid off

### POTENTIAL DEADLINE

There is a possibility that student loan providers will no longer honor requests for refunds after August 30, 2023 so make the request now

# *Making A Plan*

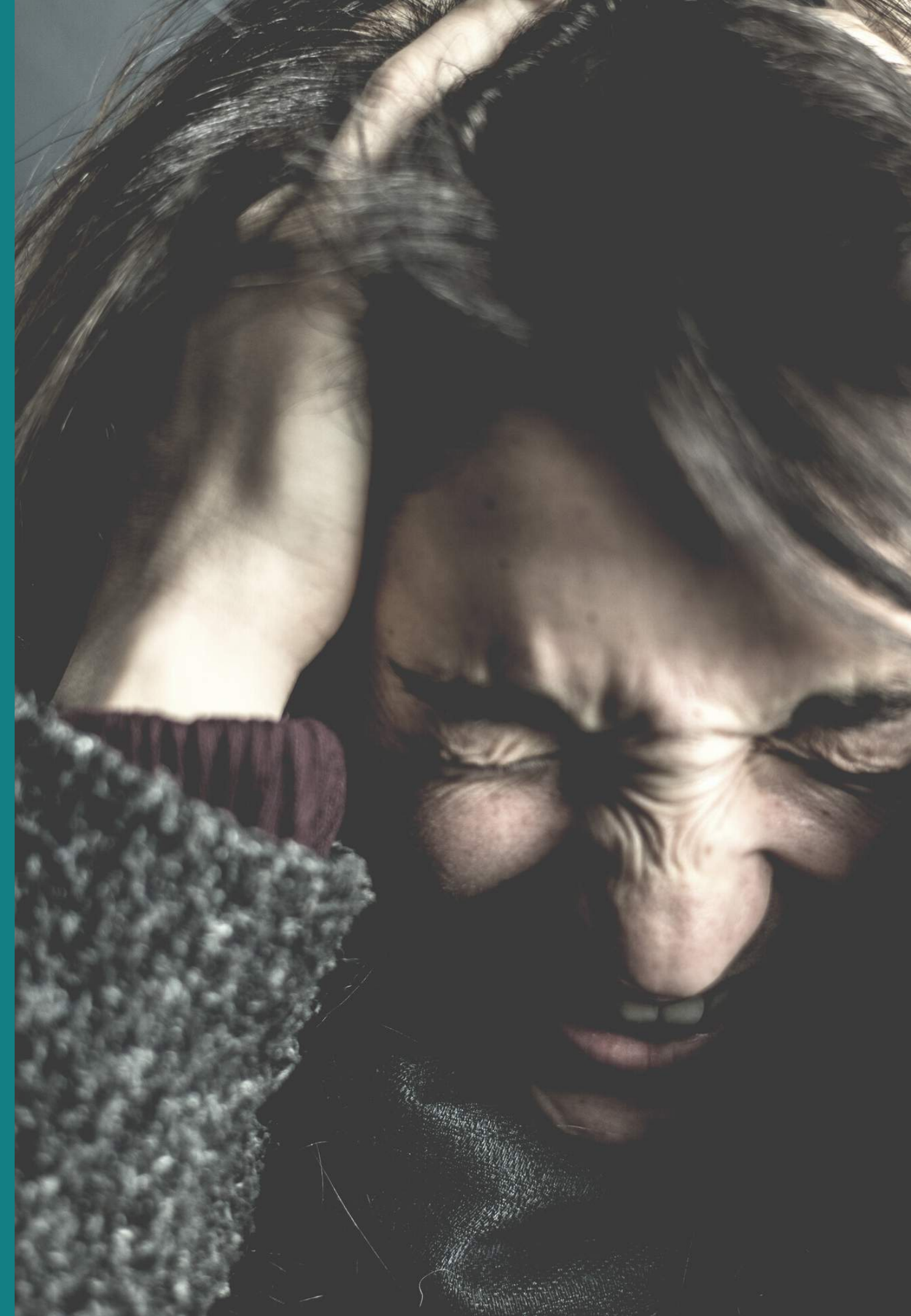
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Simple, right?

*Not simple...and  
not easy*

SOME OF US MAY NOT EVEN  
KNOW HOW MUCH WE OWE



# MAKE YOUR PLAN



## **TRACK DOWN ALL YOUR LOANS**

Check studentaid.gov and your credit report, make a list of loan type, total amount, monthly payment, & payment plan

## **USE THE ONLINE CALCULATORS**

Determine which repayment plan will work best for your budget, career path, and emotional health

## **CHECK REFINANCE RATES**

See what a refinanced balance would cost over time and whether you could afford the payments for the full term

## **CHECK IN PERIODICALLY**

Once you decide on a plan, revisit whenever you have a change in circumstances

<https://www.jessicamedinallc.com/slrp> (personalized help)



# STUDENT LOAN RESOURCES



## <https://studentaid.gov/>

Federal website is the best resource for information on student loan repayment options and your student loans

## **Blog posts & Zoominars at [www.jessicamedinallc.com](http://www.jessicamedinallc.com)**

Check out my blog posts for detailed information on key aspects of student loan repayment strategies and tips on tax strategies from student loan experts

## **Student Loan Planner**

Company offers lots of free resources (my favorite student loan repayment calculator) and paid analyses for figuring out your best strategies

## <https://freestudentloanadvice.org/>

Nonprofit offering guidance on student loans

**SEEK PROFESSIONAL HELP IF NEEDED**

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Let's Go



SIGN UP FOR PERSONAL FINANCE TIPS



## LET'S STAY CONNECTED

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