

Fall 2017

Cambridge Quarterly NEWSLETTER

A personal finance newsletter presented by Cambridge Credit Counseling

WHAT'S INSIDE?

STUDENT LOANS FORGIVEN?
CUT THE CORD: CABLE ALTERNATIVES
PRODUCE IN SEASON FOR FALL

OPTIONS YOU MIGHT NOT KNOW ABOUT

INCOME CONTINGENT REPAYMENT (ICR):
 20% OF INCOME OR AMOUNT YOU WOULD PAY WITH A FIXED PAYMENT OVER 12 YEARS ADJUSTED TO YOUR INCOME. DIRECT LOAN BORROWERS ONLY. RECALCULATED EACH YEAR BASED ON UPDATED INCOME AND FAMILY SIZE. OUTSTANDING BALANCE WILL BE FORGIVEN IN 25 YEARS. MAY HAVE TO PAY INCOME TAX ON FORGIVEN AMOUNT. PAIRS WELL WITH PSLF.



CUT THE CORD

Many of the consumers we talk to wonder why they pay so much for cable, when they only enjoy a handful of the options. Cutting the cord and switching to online streaming services can be a very inexpensive alternative to paying steep cable bills, depending on the number of services you want. And it's not much of a gamble anymore – a lot of people are doing it. Since 2010, cable subscription rates have steadily declined and streaming services like Netflix and Amazon TV are on the rise. Some consumers cite the price as their motivation for cutting the cord, while others say that they appreciate the options, since several providers offer classics and recent blockbusters alike. While you may have heard of Netflix, there are services that you might not know about.

	HULU+ \$7.99-\$11.99 MONTHLY FREE MONTH TRIAL	Limited and no-commercial plans. Limited = 1 to 4, 30-second breaks per show. Add HBO, Showtime, and Cinemax for additional costs. Possibly largest selection of classic, popular, kid's shows and movies available.
	SLING \$20-\$25 MONTHLY FREE 7 DAY TRIAL	Offers channels such as A&E, AMC, and Cartoon Network with the base package, and several other add-on packages offered at \$5 - \$10 dollars each. Packages include a sports, news, and kid's bundle for a customizable experience.
	CRACKLE FREE	Similar to Netflix. Owned by Sony. Although it has a comparatively limited selection, there is no shortage of well-known titles.
	YOUTUBE RED \$9.99 MONTHLY FREE MONTH TRIAL	Enhances YouTube with ad-free videos, the ability to play audio on your phone/tablet while your screen is off and to save videos offline. Many shows and movies have been uploaded to YouTube.
	TV WEBSITES FREE	ABC, CBS, Fox, NBC, the CW and others offer current shows on their websites. You might have to create a log-in to have more access. Look up your favorite network to see what they offer!

You might have heard about products such as the Roku or the Amazon Fire TV Stick, which connect to your television and enable you to stream content using a WiFi connection. With an average price of \$40, any newer television can access all of these streaming services and more. *continued on back*



LYNN HAS BEEN WITH CAMBRIDGE FOR 19 YEARS! HER ATTITUDE MAKES HER A VITAL RESOURCE TO OUR ORGANIZATION. SHE WORKS WITH CLIENT'S ACCOUNTS AT THE BEGINNING AND END OF THEIR JOURNEY!
 "THE MOST REWARDING ASPECT OF MY JOB IS THAT I HANDLE A CLIENT'S ACCOUNTS WHEN THEY JOIN THE PROGRAM, AND THEN I HANDLE THE ACCOUNTS WHEN THE CLIENT HAS PAID ALL OF THEM OFF. I'M ABLE TO SEE THE CLIENT BECOME DEBT FREE!"

INCOME BASED REPAYMENT (IBR):
MUST HAVE HIGH DEBT RELATIVE TO YOUR INCOME. 10% - 15% OF YOUR INCOME. RECALCULATED EACH YEAR BASED ON UPDATED INCOME AND FAMILY SIZE. NOT ALL LOANS APPLY. OUTSTANDING BALANCE WILL BE FORGIVEN IN 20 -25 YEARS. MAY HAVE TO PAY INCOME TAX ON FORGIVEN AMOUNT. PAIRS WELL WITH PSLF.

PAY AS YOU EARN (PAYE) & REVISED PAY AS YOU EARN (REPAYE):
10% OF INCOME. LOWER PAYMENT THAN IBR AND ICR - PAR- ENT PLUS ONLY ICR IS AN OPTION IF CONSOLIDATED. CARE- FUL, CONSOLIDATING WILL LIMIT YOUR REPAYMENT OPTIONS IN THE FUTURE IF YOU EVER OPT TO CHANGE PLANS.

PUBLIC SERVICE LOAN FORGIVENESS IS HERE

As the student debt crisis deepens, Cambridge receives more calls about loan repayment options, many concerning the possibility of loan forgiveness. Is there really such a program? There is.

Created through the College Cost Reduction and Access Act of 2007, the Public Service Loan Forgiveness (PSLF) program for federal student loans marks its tenth anniversary this fall, when the first qualified applicants will see their remaining loan balances wiped away. The intent of PSLF is to provide relief for full-



**THIS IS GORDON,
HE'S OUR STUDENT
LOAN COUNSELING
MANAGER!**



time employees of organizations that serve the public. By offering loan balance forgiveness, the government hoped to attract high-quality applicants to generally lower-paying public sector jobs. It probably goes without saying that every student loan holder we counsel would love to wake up and have their loans disappear.

Unfortunately, many borrowers who could be eligible will discover that they aren't, because they were never made aware of PSLF's requirements. Several national student loan servicers are in hot water with federal regulators, accused of not providing information about all repayment options, including PSLF, when borrowers ask for help. What's worse, many desperate loan holders are being scammed into paying over \$1000 by companies that promise "Obama Forgiveness." And the worst case of all? Some will simply ignore the debt and become subject to wage garnishment and/or tax refund seizure.

The 10-year anniversary of PSLF should be a cause for celebration, but, having counseled many consumers over the last several years, we know that many will not have their loans forgiven this month. A closer look at PSLF will show why that's the case.

In order to be eligible, the following conditions must be met.

QUALIFYING REPAYMENT PLANS – 120 payments must be made before forgiveness can be granted, and they must be made on a qualifying repayment plan. These plans include the Income-Based Repayment Plan (IBR), Income-Contingent Repayment Plan (ICR), Pay As You Earn Repayment Plan (PAYE), Revised Pay As You Earn Repayment Plan (REPAYE), and the Standard 10-Year Repayment Plan.

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**PRODUCE IN
SEASON FOR
FALL**



- 1.) APPLES
- 2.) BRUSSELS SPROUTS
- 3.) CABBAGE
- 4.) CRANBERRIES
- 5.) PEARS
- 6.) PERSIMMONS
- 7.) PUMPKINS
- 8.) TURNIPS
- 9.) SQUASH
- 10.) SWEET POTATOES

Cut the Cord continued from front

When all else fails, don't forget about your rabbit ears. Many millennials are shocked to discover that a TV antenna can allow them access to free, albeit limited, television networks. The antennas that are sold today are much more modern (HD!), offer a wide selection of options, and they start as low as \$10.

Whatever you decide, we always recommend comparing the cost. Will it be less expensive to cut the cord, or will it be more expensive because you would want multiple paid streaming services to catch up with all of your favorite shows?

PSLF continued from front

LOANS ELIGIBLE FOR PSLF – The loans must be Direct Loans. If you're unsure of your loan types, go to www.nsls.ed.gov - the National Student Loan Data System (NSLDS), where you can download your student loan text file. Your file has all the data you need, including history and loan types. (Please note that if the loans are Direct Parent Plus Loans, the parent who took out the loan must work for an eligible employer.)

LOANS NOT ELIGIBLE FOR PSLF – Family Federal Education Loans (FFEL), Perkins Loans and certain Health Professions and Nursing Loans are ineligible. Many of these loans can become eligible if consolidated into a Direct Consolidation Loan (though not into an Extended Direct Consolidation Repayment plan). Private loans aren't eligible and can't be consolidated or converted to federal loans. Please note that consolidating loans that are already eligible re-sets the clock on the required 120 qualifying payments.

QUALIFYING EMPLOYMENT – A borrower must work full time for any of the following: a government organization, including federal, state, local, or tribal organizations; a 501(c)(3) non-profit organization; a private, non-profit organization that is not a 501(c)(3) may qualify if it provides a public service. Examples of public service include Military Service, Emergency Management, Public Safety, Law Enforcement,

Public Education, Public Health, Public Interest Law Services, etc. You don't need to work for ten consecutive years, just make 120 qualifying payments during years when you do work for a qualifying employer.

VERIFY EMPLOYMENT & PAYMENT ELIGIBILITY - To confirm and record that your employer qualifies, a borrower can submit an Employer Certification Form to FedLoan (www.myfedloan.org), the servicer that handles PSLF. This is an easy 2-page form. Once the form is submitted to FedLoan (www.myfedloan.org), they'll tell you whether the employer is eligible and how many qualifying payments you've made toward the required 120 payments. If your loans are with another servicer, and your employer is eligible, the loans will be transferred from your current servicer to FedLoan. The form should be re-submitted annually, and submitted again if you switch jobs. It is extremely important to keep good records!

Whether eligible for PSLF or not, a plan to pay down student loan debt must be developed. We have a fantastic tool on Cambridge's website called the Student Loan Self Help Portal, which can help you understand the payment plans available to you. This is a free exercise. Just upload your student loan data obtained from the NSLDS (as indicated above) and answer 10 – 20 questions to see a summary of how many payment solutions you have and any potential savings if lower payments are available. You can also purchase a report, which provides every option, potential interest costs, instructions to apply for repayment plans, etc. You can also speak to one of our counselors if you have questions about the details of the report. There simply is not a better investment if you're unsure of your options or how you should handle your outstanding loans.

With college costs climbing, student loan debt will continue to cause problems for many families, jeopardizing their financial stability and wellness. If you, a family member or friend is struggling with student loan debt, it's time to learn about all your options and make a workable plan. If you would like to talk to a professional, please reach out to us! Cambridge is here to help.