

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 20% 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.

Under Department of Education regulations, all graduate student loans are made as unsubsidized loans.. All loans will carry a 1% fee. And interest will begin accruing on all loans disbursed after July 1, 2012, from the date of disbursement. The subsidy which paid the interest on the first \$8500 has been discontinued for graduate students.

A student who wishes to apply for a Direct Loan should submit a *2013-2014 Free Application for Federal Student Aid (FAFSA)* to the U. S. Department of Education **after** having completed the 2012 federal income tax return. A student need only submit a *FAFSA* if: **A)** they plan to borrow a Stafford loan to finance a portion of their education, or **B)** they plan to apply for the Presbyterian Study Grant. The *FAFSA* web site address is www.fafsa.ed.gov, and UPSem's federal school code is **G03743**.

Once an accepted *FAFSA* has been sent to UPSem by the Department of Education, the FA office will calculate the student's loan amount eligibility and send a letter with the required forms attached. The UPSem Loan Request Form and any required additional materials must be returned to the FA office. Additionally, borrowers may need to complete a Master Promissory Note and may be required to complete Entrance Counseling before funds may be disbursed.

Important Notes

- Graduate students may only borrow unsubsidized loans. The graduate student interest rate is 6.8%.
- You are responsible immediately for the interest on unsubsidized loans which accrues from the date the loans are disbursed.
- A fee equal to 1% 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.

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. This table assumes the following:

1. monthly payments do not exceed 10% of your gross monthly income,
2. level monthly payments over the indicated repayment term and
3. a constant interest rate of 6.8%.

Maximum affordable student-loan debt						
Annual Income	10% of gross monthly income*	10 year repayment term	15 year repayment term	20 year repayment term	25 year repayment term	30 year repayment term
\$25,000	\$208	\$18,103	\$23,469	\$27,292	\$30,016	\$31,957
\$30,000	\$250	\$21,724	\$28,163	\$32,751	\$36,019	\$38,348
\$35,000	\$292	\$25,345	\$32,857	\$38,209	\$42,023	\$44,739
\$40,000	\$333	\$28,965	\$37,551	\$43,668	\$48,026	\$51,131
\$45,000	\$375	\$32,586	\$42,245	\$49,126	\$54,029	\$57,522
\$50,000	\$417	\$36,207	\$46,939	\$54,585	\$60,032	\$63,913
\$75,000	\$625	\$54,310	\$70,408	\$81,877	\$90,048	\$95,870
\$100,000	\$833	\$72,413	\$93,877	\$109,169	\$120,064	\$127,827

The average starting salary for pastors is in the \$40,000 range.