Navigating student debt solution.

Michael Beuttel
Financial Professional
Agenda

The student loan crisis

Managing student loan debt

Loans and tax responsibilities

Repayment plans

Student loan default and delinquency repayment options

Retirement planning

Putting it all together
The student loan crisis
The student loan crisis

- Student loan debt

$37,172
When they graduate, the average student loan borrower has $37,172 in student loans

$1.5 trillion
Americans owe $1.52 trillion in student loan debt, more than auto and credit card debt, exceeded only by home mortgages

$393
The average monthly student loan payment is $393

The student loan crisis

- Student loan debt by generation

Source: What is the Average Student Loan Debt? Experian.com. March 16, 2018
The student loan crisis

• Rising student loan rates
• 2017 – 2018 academic year

Undergraduate federal loan rates increased from 3.76% to 4.45%

Graduate loan rates increased from 5.31% to 6%

Grad Plus and Parent Plus loans rose from 6.31% to 7%

Managing student loan debt
Public service employees
Managing student loan debt

Public service employees

• **33 million**
  Government and nonprofit sector employees qualify for public service loan forgiveness

Only 1% take advantage of it

Don’t join the 99% who are eligible, but fail to take advantage of the program

Managing student loan debt

Public Service Loan Forgiveness (PSLF)

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Eligible loans</th>
<th>Requirements</th>
</tr>
</thead>
</table>
| Full-time employees at a federal, state or local government agency, as well as nonprofit workers at an organization with a 501(c)(3) designation. | • Federal Direct Subsidized Stafford/Direct Loans  
• Federal Direct Unsubsidized Stafford/Direct Loans  
• Federal Direct PLUS Loans  
• Federal Direct Consolidations Loans | • Make 120 on-time payments toward your Direct Loans*  
• Payments must be under a qualifying plan, such as: Income-Based Repayment (IBR), Pay As You Earn Repayment (PAYE), Revised Pay As You Earn (REPAYE), Income-Contingent (ICR) and Standard Repayment.  
• Work full-time at a qualifying organization. You do not have to work at the same place for 10 years to qualify. |

* Only payments made after Oct. 1, 2007 can be counted toward PSLF. The earliest that any borrower will be eligible to apply for PSLF was fall 2017.
Teachers
Managing student loan debt

• **Teacher Loan Forgiveness**

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Eligible loans</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers who work at low-income schools.</td>
<td>• Federal Direct Subsidized Stafford/Direct Loans</td>
<td>• You must teach in a low-income elementary or secondary school</td>
</tr>
<tr>
<td>• Go to <a href="http://www.tcli.ed.gov">www.tcli.ed.gov</a> to check school eligibility status</td>
<td>• Federal Direct Unsubsidized Stafford/Direct Loans</td>
<td>• You cannot have loans that originated before October 1, 1998</td>
</tr>
<tr>
<td>• Teachers with federal Direct Loans or Stafford Loans are eligible for up</td>
<td>• Federal Direct PLUS Loans*</td>
<td>• Your loans must not be in default</td>
</tr>
<tr>
<td>to $17,500 forgiven if they are highly qualified full-time math or</td>
<td>• Federal Direct Consolidations Loans</td>
<td>• Work full-time as a teacher for five consecutive years</td>
</tr>
<tr>
<td>science teachers in an eligible secondary school.</td>
<td></td>
<td>• Be a highly qualified teacher, which means obtaining state certification</td>
</tr>
<tr>
<td>• Elementary or secondary teachers who teach in an area related to their</td>
<td></td>
<td>and holding a license in the state you teach in</td>
</tr>
<tr>
<td>academic major are eligible for up to $5,000 forgiven. Loans originating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>prior to October 1,1998 are not eligible.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Only payments made after Oct. 1, 2007, can be counted toward PSLF. The earliest that any borrower will be eligible to apply for PSLF is fall 2017. If you **only** have PLUS loans, you are not eligible for this program.
Managing student loan debt

• Teacher Cancellation for Federal Perkins Loan

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Eligible loans</th>
<th>Requirements</th>
</tr>
</thead>
</table>
| Full-time teachers at low-income public or nonprofit elementary or secondary schools or those that specialize in certain subjects, like math, science, and special education, as well as teachers working in a private school that has its nonprofit status, working at an educational service agency or teaching in a designated subject shortage area. | • Federal Perkins Loans | • Teachers must work full-time for a full academic year to qualify for loan cancellation, which may include:  
  – 15 percent of their loans cancelled for the first and second years of service  
  – 20 percent of their loans cancelled for the third and fourth years of service  
  – 30 percent of their loans cancelled for the fifth year of service |
## State-sponsored Teacher Loan Forgiveness Programs

<table>
<thead>
<tr>
<th>Eligibility</th>
<th>Eligible loans</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New York</strong>&lt;br&gt;Teachers must work for six years in an authorized New York City Department of Education school</td>
<td>Up to $24,000</td>
<td>• Possession of an appropriate New York State initial or provisional certificate corresponding to one of the shortage areas  • or  • An official letter from the college/university indicating that they have satisfactorily completed a state approved education program  • Bilingual areas require possession of a bilingual extension to the certificate  • Proof of U.S. Citizenship or Permanent Residency</td>
</tr>
<tr>
<td><strong>Texas</strong>&lt;br&gt;Teachers that work in a field as well as a community, where there is a shortage of teachers</td>
<td>Up to $2,500</td>
<td></td>
</tr>
<tr>
<td><strong>Illinois</strong>&lt;br&gt;Teachers who work in low-income schools</td>
<td>Up to $5,000</td>
<td>• Be a U.S. citizen or an eligible non-citizen  • Be an Illinois resident  • Be a borrower who has had an amount of your educational loans forgiven under the federal government’s loan forgiveness programs  • Have a balance remaining on your eligible student loan(s)  • Have fulfilled your five-year teaching obligation in an Illinois elementary or secondary school designated as a low-income school</td>
</tr>
</tbody>
</table>
Parent PLUS Loans
Managing student loan debt

What are Parent PLUS Loans?

- Federal education loans borrowed by parents of dependent undergraduate students who are enrolled half-time at an eligible college or university
- Allow you to borrow as much as you need – up to the total cost of attendance – in YOUR name
- Have the highest interest rate of any federal student loan
Parent PLUS Loan forgiveness

<table>
<thead>
<tr>
<th>Program</th>
<th>Eligible loans</th>
<th>Requirements</th>
</tr>
</thead>
</table>
| Income-contingent                            | Parent PLUS loans are not eligible until you consolidate them first with a Direct Consolidation Loan. | • Must have entered repayment on or after July 1, 2006.  
• Caps your payment at 20% of your discretionary income or the amount you would pay on a fixed 12-year plan, whichever is lower.  
• Extends the repayment plan to 25 years.  
• After 25 years worth of payments, the remaining balance is forgiven, but is considered taxable income. |
| Federal Public Service Loan Forgiveness      | Loans under the Direct Loan Program are eligible for forgiveness if you work full-time in a qualifying public service job, and you make 120 qualifying payments. | • Eligible candidates must be employed by a public service organization defined by the program conditions and be a full-time employee (30+ hours per week).  
• You need to sign up for an income-driven repayment plan by including your Parent PLUS Loan in a Federal Direct Consolidation Loan.  
• You must make 10 years worth of payments to qualify for forgiveness. |

Older Americans
• Student loan debt among older Americans

Did you know older Americans represent the fastest-growing segment of the U.S. student loan market¹

<table>
<thead>
<tr>
<th>2.8 million²</th>
<th>$66.7 billion²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americans over age 60 with outstanding student loan debt</td>
<td>Student loan debt older Americans are now carrying into retirement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nearly 40%³</th>
<th>73%²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Americans over age 65 in default on their federal student loans</td>
<td>Older Americans have loans to finance children’s and grandchildren’s education</td>
</tr>
</tbody>
</table>

Sources:
² The Student Loan Crisis of Older Americans, Forbes, January 6, 2017.
Managing student loan debt

Social Security offset

- Student loan in default may be certified as eligible for offset, which is garnishment
- Certain monthly federal payments, such as tax refunds and Social Security benefits, are used to offset the defaulted loan
- In 2015, seniors had $171 million garnished from their Social Security and disability benefits due to their loan defaults
- Government may not garnish more than 15% of a senior’s Social Security benefit or any amount that cuts their checks below $750 a month
- 75% of older borrowers were subject to offset on loans for their own education

Managing student loan debt

What to do if you are struggling with student loan debt?

- Seek a payment plan to lower your monthly bill
  - Consolidation
  - Income-driven repayment plans
- Understand your rights and responsibilities as a co-signer
- Know how to protect your Social Security income
- File a complaint

Temporary Expanded Public Service Forgiveness
Managing student loan debt

Temporary Expanded Public Service Forgiveness

The Consolidated Appropriations Act, 2018 provided limited, additional conditions under which you may become eligible for loan forgiveness if some or all of the payments you made on your William D. Ford Federal Direct Loan (Direct Loan) Program loans were under a nonqualifying repayment plan for Public Service Loan Forgiveness (PSLF). The U.S. Department of Education (ED) is referring to this reconsideration as the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) opportunity.

To qualify for loan forgiveness under the TEPSLF opportunity you must have:

- Submitted the Public Service Loan Forgiveness (PSLF): Application for Forgiveness (PSLF application) and had that application denied only because some or all of your payments were not made under a qualifying repayment plan for PSLF.
- Had at least 10 years of full-time employment certified by a qualifying employer and approved by FedLoan Servicing, ED's federal loan servicer for the PSLF Program.
- Met the TEPSLF requirement for the amount you paid 12 months prior to applying for TEPSLF and the last payment you made before applying for TEPSLF to be at least as much as you would have paid under an income-driven repayment plan; and
- Made 120 qualifying payments under the new requirements for TEPSLF while working full-time for your qualifying employer or employers.

- At a minimum, a qualifying monthly payment is a payment you made:
  - After October 1, 2007
  - For the full amount due as shown on your bill
  - No later than 15 days after the due date
  - While employed full time by a qualifying employer

Note: Only Direct Loans are eligible for TEPSLF.

Temporary Expanded Public Service Forgiveness

How do I request TEPSLF consideration?

Follow these steps to request TEPSLF consideration:
1. Prepare an email to FedLoan Servicing requesting that ED reconsider your eligibility for PSLF.
2. Include the same name under which you submitted your PSLF application and your date of birth in the email.

Loans and tax responsibilities
Loans and tax responsibilities

Loan forgiveness

- Student loan cancellation
  
  You may not have to include any amount of income for tax purposes if you work:
  
  - For a certain period of time
  - In certain professions (medicine, nursing, teaching and law)
  - For any of a broad class of employers

  (The cancellation of your loan won’t qualify for tax-free treatment if it is canceled due to unsatisfactory services you performed for the educational institution that made the loan or other organization that provided the funds.)

- Student loan repayment assistance

  Student loan repayments made to you are tax-free if you received them for any of the following:
  
  - The National Health Service Corps (NHSC) Loan Repayment Program (NHSC Loan Repayment Program).
  - A state education loan repayment program eligible for funds under the Public Health Service Act.
  - Any other state loan repayment or loan forgiveness program that is intended to provide for the increased availability of health services in underserved or health professional shortage areas.

Source: Tax Benefits for Education. Irs.gov, Publication 970.
Repayment plans
### Repayment plans

- Ineligible for student loan forgiveness or cancellation?
  - Options to consider

<table>
<thead>
<tr>
<th>Loan deferment</th>
<th>Loan forbearance</th>
<th>Direct consolidation loan</th>
<th>Private consolidation loan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delays payments for months or years while pursuing a degree</td>
<td>Allows borrower to temporarily stop making payments or reduce the amount paid</td>
<td>Allows borrower to combine multiple federal education loans</td>
<td>Allows borrower to combine multiple private education loans</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cannot be consolidated with federal student loans</td>
</tr>
</tbody>
</table>
## Repayment plans

### Student loan repayment plans

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Repayment Plan</td>
<td>Default repayment plan established once you graduate from college, unless you enroll in a different repayment plan with your lender</td>
</tr>
<tr>
<td>Graduated Repayment Plan</td>
<td>Starting repayment amount is lower than the Standard Repayment Plan, but it increases every two years</td>
</tr>
<tr>
<td>Extended Repayment Plan</td>
<td>Repayment will be for 25 years, instead of the standard 10 years</td>
</tr>
<tr>
<td>Income-Driven Repayment Plans</td>
<td>Lowers your monthly loan payment amount based on your income</td>
</tr>
</tbody>
</table>
## Repayment plans

### Types of income-driven repayment plans

<table>
<thead>
<tr>
<th>Type</th>
<th>Payment amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income-Based Repayment (IBR)</strong></td>
<td>Ties what your monthly payment is to your discretionary income and forgives any leftover balance at the end of the repayment period</td>
</tr>
<tr>
<td></td>
<td>• For loans <em>prior</em> to July 1, 2014, payment amount is generally <strong>15%</strong> of borrower’s discretionary income, but never more than the 10-year Standard Repayment Plan amount. Offers forgiveness after 25 years.</td>
</tr>
<tr>
<td></td>
<td>• For loans <em>on or after</em> July 1, 2014, payment amount is generally <strong>10%</strong> of borrower’s discretionary income, but never more than the 10-year Standard Repayment Plan amount. Offers forgiveness after 20 years.</td>
</tr>
<tr>
<td><strong>Pay-As-You-Earn (PAYE)</strong></td>
<td>For graduates who first borrowed federal student loans after October 1, 2007 and took out an additional loan after October 1, 2011.</td>
</tr>
<tr>
<td></td>
<td>• Payment amount is generally 10% of borrower’s discretionary income, but never more than the 10-year Standard Repayment Plan amount</td>
</tr>
<tr>
<td><strong>Income Contingent Repayment (ICR)</strong></td>
<td>For borrowers with federal direct loans only. Your income and tax filing status and the number of people in your household determine your monthly payment. Offers forgiveness after 25 years.</td>
</tr>
<tr>
<td></td>
<td>• 20% of your discretionary income, or</td>
</tr>
<tr>
<td></td>
<td>• What you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income</td>
</tr>
</tbody>
</table>

### Repayment plans

#### Loan repayment responsibility after borrower’s death

<table>
<thead>
<tr>
<th>Loan type</th>
<th>Repayment responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal student loan (with or without co-signer)</td>
<td>The loan is forgiven and no one owes any money</td>
</tr>
<tr>
<td>Federal PLUS loan</td>
<td>Loan is forgiven but the parents (or spouse) will owe taxes on the forgiven loan</td>
</tr>
<tr>
<td>Private lender with co-signer</td>
<td>The loan is not forgiven and the co-signer owes the remaining balance</td>
</tr>
<tr>
<td>Private lender without co-signer</td>
<td>The loan is not forgiven and the lender will attempt to collect the amount due from the estate of the student</td>
</tr>
</tbody>
</table>
Student loan default and delinquency repayment options
Defaulting on a student loan

- Direct Federal loan: 270 days of non-payment
- Federal Family Education loans: 330 days of non-payment
- Consequences
  - Entire unpaid balance of loan and interest becomes due and payable immediately
  - Lose eligibility for deferment, forbearance and any repayment plans
  - You lose eligibility for additional federal student aid
  - Loan is assigned to a collection agency and reported to credit bureaus
  - Student loan debt will increase
  - You are subject to wage garnishment by your employer and legal action by lender

Source: http://forgivemystudentdebt.org/how-to-get-out-of-default/
Student loan delinquency

- Missing just one payment
- Delinquency for 90 days will result in status report to credit bureaus
- Results in negative credit score affecting the ability to:
  - Open credit cards
  - Sign up for utilities without a deposit
  - Get renter’s, home owner’s or auto insurance
  - Get a cell phone plan
  - Get approval to rent an apartment

Source: http://forgivemystudentdebt.org/how-to-get-out-of-default/
## Options for repaying defaulted federal student loans

<table>
<thead>
<tr>
<th>Voluntary</th>
<th>Description</th>
<th>Involuntary</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment in full</td>
<td>Borrower agrees to pay the entire balance owed</td>
<td>Treasury Offset Program</td>
<td>After notification from the Department of Education, the Department of the Treasury or states offset certain federal or state payments owed to the borrower, such as federal or state income tax refunds and Social Security retirement or disability benefits</td>
</tr>
<tr>
<td>Compromise</td>
<td>Borrower agrees to a reduced overall payment to satisfy the debt(s) in full</td>
<td>Wage garnishment</td>
<td>Education requires borrower’s employer to withhold funds from borrower’s pay and send the funds to Department of Education</td>
</tr>
<tr>
<td>Loan consolidation</td>
<td>Borrower agrees to combine multiple federal student loans into one loan and resume repayment</td>
<td>Litigation</td>
<td>After referral from Department of Education, Department of Justice begins litigation against the borrower</td>
</tr>
<tr>
<td>Loan rehabilitation</td>
<td>Borrower agrees to make nine on-time monthly payments within 10 months</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Putting it all together
Putting it all together

Do your homework before we meet

Set up an FSA ID
Visit StudentLoans.gov

Problems?
Call 800-557-7394

Next step?
Schedule an appointment with your AIG Retirement Services financial professional

Federal Student Aid | StudentLoans.gov
Find out your student loan repayment options here

Log In Español

Log in to StudentLoans.gov with your verified FSA ID

Create an FSA ID
Natural Disasters

Log IN
Putting it all together

- Interactive education modules
- Access to Savi site
- Informative articles and resources
To provide an end-to-end digital process that helps

- Determine and maintain eligibility
- Show potential savings
- Guide participants through enrollment
- Digitized enrollment process
- No-cost option available
- Full enrollment is $60 per year includes call center support, electronic filing and ongoing monitoring
Putting it all together

- Log-in to your AIG Retirement Services Account
- Select “Repayment Estimator”
- Follow instructions and add your loans (loans must be Direct Loans to qualify)
  - Consolidate non-Direct loans if needed
- Look at “Pay as You Earn” amount
- You will most likely want to select the lowest payment amount
Putting it all together

• Do you know what AIG Retirement Services can offer you?

For more than half a century, AIG Retirement Services has helped Americans plan for and enjoy a more secure financial future.
Putting it all together

- Evaluation
Putting it all together

- TEXT 770-428-5158
- Your Name
- Worksite Name

ENROLL

REVIEW or

RETIRE
Putting it all together

Schedule an appointment today!
Sign up to benefit from personal attention and get answers to help you plan for a more secure financial future.

Visit our website at www.aig.com/RetirementServices/workshop
Enter this Registration Code: 7312PWA11AA

I’ll be on-site:
Date: Throughout the year
Time: 45-minute time slots
Location: Virtual via WebEx

Additional Appointments  Add me to your Contacts
## Putting it all together

• Helpful resources

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contact information</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Department of Education</td>
<td>Ed.gov</td>
</tr>
<tr>
<td>Federal Student Aid Information Center (FSAIC)</td>
<td>Studentaidhelp.ed.gov&lt;br&gt;1-800-4-FED-AID (1-800-433-3243)</td>
</tr>
<tr>
<td>FSAIC - FAFSA Application</td>
<td>Fafsa.ed.gov</td>
</tr>
<tr>
<td>Federal Student Loan Support Center</td>
<td>Studentloans.gov/myDirectLoan/contactUs&lt;br&gt;1-800-557-7394</td>
</tr>
<tr>
<td>Debt Management and Collections System</td>
<td><a href="http://www.myeddebt.ed.gov">www.myeddebt.ed.gov</a>&lt;br&gt;1-800-621-3115</td>
</tr>
<tr>
<td>IBRinfo – Initiative of the Institute for College Access &amp; Success</td>
<td>Ibrinfo.org</td>
</tr>
<tr>
<td>Savi</td>
<td>Log-in to your AIG Retirement Services account</td>
</tr>
</tbody>
</table>
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Thank you!

Questions?

Michael Beuttel
Financial Professional

Schedule an appointment