STATE OF NEW JERSEY

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

STUDENT LOAN GUIDE

The Student Loan Guide provides general student loan information to assist students and their families in planning and paying for a postsecondary education through the use of student loans.

This guide contains information that covers the Federal Loan programs, New Jersey's State loan program-NJCLASS, and information on other alternative private loan options. Our goal is to provide you with information to assist you in navigating your way through the student loan process.

Our Mission:

HESAA, the Higher Education Student Assistance Authority, is the only New Jersey State agency with the sole mission of providing students and families with financial and informational resources for students to pursue their education beyond high school.

Applying for Aid

The first step in the financial aid process is completion of the Free Application for Federal Student Aid (FAFSA). Students use **FAFSA on the Web** (www.fafsa.gov) to complete their applications. The information on your FAFSA is transmitted to the schools that you list on the application and the State of New Jersey. Information on the FAFSA assists the federal government, the colleges and the State in determining your eligibility for college grants, State grants, and federal financial aid.

Be Aware Before YOU BORROW…There are many alternatives available for you to pay for college. You should explore all options, including:

Grants & Scholarships

You should first explore all of your options for free money. Many students use State, federal and college grants and scholarships to help pay for their education. Neither grants nor scholarships have to be repaid. Because the FAFSA is used to determine eligibility for many grants and scholarships, it is important that you complete your application timely. Be aware of State deadlines for applying for State grants and scholarships. Make sure you also investigate private scholarships or community scholarships that might be available to you.

Institutional Financial Aid

The term "Institutional Financial Aid" refers to any scholarship or grant awarded by the university or college's own restricted or unrestricted funding source(s). Institutional-based financial assistance programs offered and controlled by the individual colleges, such as alumni scholarships and endowments from private donors, are referred to as institutional aid. Students should explore all opportunities available to them.

College Savings Plans

HESAA offers a State-sponsored 529 college savings plan to help families meet the cost of college. Saving with **NJBEST (New Jersey Better Educational Savings Trust)** offers many benefits, including State and federal tax-free earnings, and also offers a scholarship of up to $1,500 for those students who qualify and who attend a school in New Jersey. (visit www.njbest.com for more information)

Tuition Payment Plans

Check with your school to see if it participates in a tuition payment plan that will allow you to make monthly payments to the college over the school year.

Additional Sources of Aid

Other sources of aid to assist with college costs include:

- Personal savings
- Community and corporate grants and scholarships
- Service programs such as AmeriCorps, a domestic Peace Corps
- Employer-sponsored tuition assistance programs

The Award Package

Generally, each school you apply to will provide you with an award package that contains information about the financial aid awarded to you. The award package may contain federal, State and institutional grants and scholarships, and other types of aid to help you meet the costs of going to college or career school. Federal student loans, known as Direct loans, are usually included as part of the Financial Aid package process.

Paying for College When Loans are the Only Remaining Option

While student loans can help you achieve your educational goals, you should always borrow wisely. HESAA encourages you to borrow

responsibly and requires all financial aid options, including grants, scholarships and federal student loans to be exhausted, before applying for any private loan, including HESAA's NJCLASS fixed-rate loan.

For more information on grants and scholarships and ways to minimize borrowing, visit www.hesaa.org.

Federal Student Loans

Federal Direct Student Loans are low-interest loans for students to help pay for the cost of their education after high school. There are two types of Federal Loans for students: Federal Perkins and Federal Direct.

Federal Direct Student Loans *(there are two types)*

Subsidized: for students with demonstrated financial need, as determined by federal regulations. Interest is paid by the federal government while a student is in school at least half time, during the six month grace period and during deferment periods (a period during which a borrower, who meets certain criteria, may temporarily suspend loan payments). *Effective July 1, 2013, the law limits the benefits of the Direct Loan interest subsidy to an aggregated period of no more than 150% of program length for new borrowers. Once that limit has been reached, the borrower will begin to incur interest charges on outstanding subsidized loans if the borrower is enrolled at least half time in a program (including preparatory coursework) that would otherwise qualify the borrower for a Direct Subsidized Loan. For 2020/21 award year the interest rate is fixed at 2.75% with a 1.062% origination fee for both subsidized and unsubsidized.*

Unsubsidized: not based on financial need; interest is charged during all periods, while the student is in school and during grace and deferment periods.

Your school will tell you how much you may borrow and the amount of federal loans you are eligible to receive. There are loan limits based upon your year of attendance and aggregate limits also apply. For dependent undergraduate students, the annual loan limits are as follows:

Dependent Undergraduates	Total Subsidized/Unsubsidized	Additional Unsubsidized
First Year	$3,500	$2,000
Second Year	$4,500	$2,000
Third Year and Beyond	$5,500	$2,000

The school's financial aid office will provide you with instructions and guidance about applying for federal student loans. Some schools may want you to apply through their own website and some schools may direct you to the U. S. Department of Education's website.

All Federal Direct Student Loans require first-time student borrowers to complete entrance counseling so that you understand the obligations associated with federal student loans.

Once you have completed the entrance counseling, you will be required to complete a Master Promissory Note (MPN). The MPN contains all the legal terms and conditions associated with the federal student loan and is the legal document that obligates you to repay your student loans. The MPN allows for multiple year borrowing. If you change schools, you may be required to complete a new MPN.

Check with your college to find out how to complete your student loan entrance counseling session or go to www.mappingyourfuture.org for more information.

With Direct Loans, you:

- **Borrow through the school from the federal government and have a single contact, a Direct Loan Servicing Center, for everything related to the repayment of your loans, even if you receive Direct Loans at different schools.**

- **Have online access to your Direct Loan account information 24 hours a day, 7 days a week at Direct Loans online at:**

  www.nslds.ed.gov.
- **Can choose from several repayment plans that are designed to meet the needs of almost any borrower, and you can switch repayment plans if your needs change.**

Remember: Understand Your Obligation

You must repay your student loans—even if you do not graduate or get a job in your chosen field. Failure to make scheduled payments could lead to default which would damage your credit rating and lead to other serious consequences.

Before you borrow a student loan, think about whether you will be able to repay it. This loan will reduce what you can spend in the future on a car, home, furniture and other living expenses. Here are some things you can do while you are in college to help save money:

- **Identify needs versus wants and make your purchases accordingly.**
- **Make a realistic budget and stick to it.**
- **Take advantage of work-study opportunities or get a part-time job.**

Repay: Uphold Your Promise

Repaying your student loans is a serious legal obligation, so you need to set aside enough money to make your student loan payment on time and in full each month. Your lender will depend on you to uphold your promise to repay so that they can make loans to other deserving students. By paying your student loan on time, you will be acting as a responsible borrower. You will also be successfully managing your finances and establishing good credit.

Repayment Example

Due to the frequent changes in the LIBOR rate and Federal funds rate, upon which the loan interest rates are based, you will need to check each commercial lender's website for the most up-to-date interest rate information.
Go to page 23 to see examples of monthly payments at varying interest rates

Some loans offer a **grace period** when you graduate, leave school or drop below half-time status. During the grace period, you are not required to make monthly payments. In most instances this will increase the amount that you will eventually repay as interest charges are increasing on your loan(s), so check with your lender. At the end of your grace period, you must begin making monthly payments.

Contact your lender if you are unable to make your monthly payments. You may qualify for other repayment options, or be able to postpone or reduce your payments by applying for a **deferment** or **forbearance**. These should be used only in times of extreme need and will increase the amount that is eventually repaid on your loan.

Exit Counseling

Federal regulations require federal student loan borrowers to complete exit counseling before they leave school (graduate, withdraw or drop below half-time status). This requirement ensures that borrowers willreceive essential information regarding their rights and responsibilities as a student loan borrower. Borrowers will receive information about the types of loans received, when and where to make payments, what to do if payments cannot be made, and what can happen if payments are not made.

In many cases, when a borrower fails to complete exit counseling a hold will be placed on the borrower's records. Borrowers will not be able to re-enroll in classes, or obtain other college/university services and documents including, but not limited to, a borrower's transcripts or diploma until it's completed.

Federal Repayment Plans

Student borrowers are not required to begin making payments on their Federal Direct loans until after they drop below half-time attendance. Following graduation, withdrawal, or less than half-time enrollment, borrowers are provided a six-month grace period on Federal Direct Stafford loans and a nine-month grace period on Federal Perkins Loan.

The repayment period for a Direct PLUS Loan begins at the time the PLUS loan is fully disbursed, and the first payment is due within 60 days after the final disbursement. However, a graduate student PLUS Loan borrower (as well as a parent PLUS borrower who is also a student) can defer repayment while the borrower is enrolled at least half-time, and, forPLUS loans first disbursed on or after July 1, 2008, for an additional six months after the borrower is no longer enrolled at least half-time. Interest that accrues during these periods will be capitalized if not paid by the borrower during the deferment.

Parent PLUS Loan borrowers whose loans were first disbursed on or after July 1, 2008, may choose to have repayment deferred while the student for whom the parent borrowed is enrolled at least half-time and for an additional six months after that student is no longer enrolled at least half-time. Interest that accrues during these periods will be capitalized if not paid by the parent during the deferment.

Not all borrowers may be eligible for all repayment plans. Some plans are limited and based upon the type of loan and when the loan was obtained.

Go to www.studentaid.ed.gov/repay-loans/understand/plans for more information.

Standard Repayment

With the standard plan, borrowers pay a fixed amount each month until loans are paid in full. Monthly payments will be at least $50, and borrowers have up to 10 years to repay.

The standard plan is good if the borrower can handle higher monthly payments because they will repay their loans more quickly. Monthly payment under the standard plan may be higher than it would be under the other plans because loans will be repaid in the shortest time. For the same reason, borrowers may pay the least amount of interest due to the 10-year limit on repayment.

Extended Repayment

To be eligible for the extended plan, borrowers must have more than $30,000 in Direct Loan debt and must not have had an outstanding balance on a Direct Loan as of October 7, 1998. Under the extended plan borrowers have 25 years for repayment and two payment options: fixed or graduated. Fixed payments are the same amount each month, while graduated payments start low and increase every two years.

This is a good plan if borrowers need to make smaller monthly payments. Because the repayment period will be 25 years, borrowers' monthly payments will be less than with the standard plan. However, borrowers may pay more in interest because they're taking longer to repay the loans. **Remember that the longer loans are in repayment, the more interest will be paid.**

Graduated Repayment

With this plan payments start out low and increase every two years. The length of the repayment period will be up to 10 years. If borrowers expect their income to increase steadily over time, this plan may be right for them. Monthly payment will never be less than the amount of interest that accrues between payments. Although monthly payment will gradually increase, no single payment under this plan will be more than three times greater than any other payment.

Income Contingent Repayment (ICR)

See chart on page 11 for loan repayment eligibility

This plan gives the flexibility to meet Direct Loan obligations without causing undue financial hardship. Each year, monthly payments will be calculated on the basis of your adjusted gross income (AGI, plus your spouse's income if married), family size, and the total amount of your Direct Loans. Under the ICR plan borrowers will pay each month the lesser of:

1. **the amount borrowers would pay if they repaid the loan in 12 years multiplied by an income percentage factor that varies with the borrower's annual income, or**
2. **20% of monthly discretionary income*.**

   Monthly discretionary income equals AGI minus the poverty level for the state of residence and family size, divided by 12.

If payments are not large enough to cover the interest that has accumulated on the loans, the unpaid amount will be capitalized once each year. However, capitalization will not exceed 10% of the original amount owed when the loan entered repayment. Interest will continue to accumulate but will no longer be capitalized.

The maximum repayment period is 25 years. If the borrower has not fully repaid the loans after 25 years (time spent in deferment or forbearance does not count) under this plan, the unpaid portion will be discharged. Borrowers may, however, have to pay taxes on the amount that is discharged.

Income-Based Repayment (IBR)

See chart on page 11 for loan repayment eligibility

Under this plan the required monthly payment will be based on the borrower's income during any period when they have a partial financial hardship. Monthly payments may be adjusted annually based on borrowers income. If the borrowers meet certain requirements over a specified period of time, they may qualify for cancellation of any outstanding balance on the loans.

PAYE

See chart on page 11 for loan repayment eligibility

The PAYE Plan is similar to the IBR Plan, but caps payments at 10 percent of discretionary income and the forgiveness timeline is shortened to 20 years. People with Direct Subsidized and Direct Unsubsidized loans for undergraduates and Direct Plus Loans for graduates and professionals can qualify for the PAYE plan if they had no loan balance before October 2008 and a new loan after Oct. 1, 2011. If your monthly payment does not cover the full amount of interest on your subsidized loan, the government pays the full amount of the difference for the first three years. The loan balance is forgiven after 20 years of payments and the forgiven amount is taxed as income.

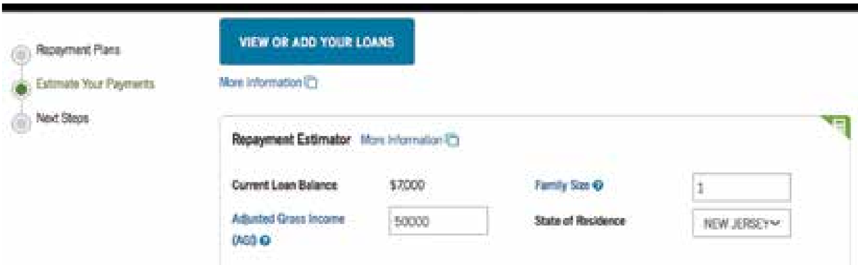
REPAYE

See chart on page 11 for loan repayment eligibility

The REPAYE Plan is a good option for those who do not qualify for the PAYE or IBR plans. There is no maximum income requirement, but payments may be higher than the standard 10-year repayment plan amount. Income is based on both you and your spouse's combined income even if you do not file your taxes jointly. If your monthly payment does not cover the full amount of interest, the government pays the full amount of the difference on your subsidized loans for the first three years, half of the difference after the first three years and half of the difference on your unsubsidized loans during all periods. The loan balance is forgiven after 20 years for loans for undergraduate study and after 25 years for graduate or professional study. The forgiven amount is taxed as income.

Repayment Plan

To determine your estimated Federal repayment amount visit www.studentloans.gov and click on the repayment and consolidation link.



The chart below shows the types of federal student loans that you can repay under each of the income-driven repayment plans.

Loan Type	REPAYE Plan	PAYE Plan	IBR Plan	ICR Plan
Direct Subsidized Loans	Eligible	Eligible	Eligible	Eligible
Direct Unsubsidized Loans	Eligible	Eligible	Eligible	Eligible
Direct PLUS Loans made to graduate or professional students	Eligible	Eligible	Eligible	Eligible
Direct PLUS Loans made to parents	Not eligible	Not eligible	Not eligible	Eligible if consolidated*
Direct Consolidation Loans that did not repay any PLUS loans made to parents	Eligible	Eligible	Eligible	Eligible
Direct Consolidation Loans that repaid PLUS loans made to parents	Not eligible	Not eligible	Not eligible	Eligible

*If a loan type is listed as "eligible if consolidated," this means that if you consolidate that loan type into a Direct Consolidation Loan, you can then repay the consolidation loan under the income-driven plan. For example, only Direct Loans can be repaid under the REPAYE, PAYE, and ICR plans. However, if you consolidate a FFEL Program Loan or Federal Perkins Loan into a Direct Consolidation Loan, you may then be able to repay the Direct Consolidation Loan under the REPAYE, PAYE, and ICR Plan (depending on the type of loan that you consolidate). Note that consolidation is not the right choice for all borrowers or all loan types. In particular, you may lose certain loan benefits if you consolidate a Federal Perkins Loan.

Federal Deferment & Forbearance

During repayment borrowers may encounter some unforeseen financial situations that make it difficult to repay student loans. It's very important during these times that borrowers don't ignore the payment. Borrowers must still honor their obligation and there are options available to help ease financial burden. These two options are known as Deferment and Forbearance.

Deferment

Deferment is a period of time during which no payments are required and interest does not accrue on Subsidized Direct Loans. In the case of

Unsubsidized Direct Loans, interest must be paid during a deferment period, or the interest is capitalized.

Deferment Types:

- **Military**
- **Unemployment**
- **Economic Hardship**
- **In School Deferment**
- **Disability**

Forbearance

Forbearance is a temporary postponement or reduction of payments due to financial hardship. During this time, interest still accrues and can either be paid monthly or added back into the balance of the loan.

For more detailed information about deferments and forbearance see your servicer's website or go to www.direct.ed.gov/postpone.html.

Common Concerns

Not knowing what type of loan a borrower has, or who services their loan, is a very common concern for borrowers. In response to these common questions, the United States Department of Education provides the National Student Loan Data System (NSLDS) at www.nslds.ed.gov, as the central database for federal student aid. Borrowers will need their Federal Student Aid PIN to access the database. For more information on PIN, visit www.pin.ed.gov.

Payment issues are another concern to borrowers, especially when a payment is not made or a borrower is only able to make a partial payment. If you encounter payment issues, **Don't Ignore the Problem.**

Borrowers can:

- ***Contact their lender immediately to discuss options.***
- ***Consider changing your repayment plan if the current one is not favorable.***
- ***Keep track of all communications.***

Loan Forgiveness

Under certain circumstances, borrowers may qualify to have all or a portion of their loans forgiven. To qualify, borrowers must perform volunteer work, perform military service, teach or practice medicine in certain types of communities, or meet other criteria specified by the forgiveness program. To learn more about loan forgiveness programs, visit: www.finaid.org/loans/forgiveness.phtml.

Federal Perkins loan borrowers and/or Federal Direct loan borrowers may be eligible for partial loan forgiveness or loan redemption.

Teacher Loan Forgiveness

The Teacher Loan Forgiveness Program is intended to encourage individuals to enter and continue in the teaching profession. Under this program, individuals who teach full-time for five consecutive, complete academic years in certain elementary and secondary schools that serve low-income families and meet other qualifications may be eligible for forgiveness of up to a combined total of $17,500 in principal and interest on their FFEL and/or Direct Loan program loans. (Note: As of August 14, 2008, an otherwise eligible borrower may qualify for forgiveness if the borrower has provided qualifying teaching services at one or more locations that are operated by an educational service agency.)

Public Service Loan Forgiveness

The Public Service Loan Forgiveness Program was created to encourage individuals to enter and continue to work full time in public service jobs. Under this program, borrowers may qualify for forgiveness of the remaining balance due on eligible federal student loans after they have made 120 payments on loans under certain repayment plans while employed full time by certain public service employers.

Only non-defaulted loans made under the William D. Ford Direct Loan Program are eligible for loan forgiveness. The Direct Loan Program includes the following types of loans:

- Federal Direct Stafford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans) for parents and graduate or professional students
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

Loan Consolidation: “Another Option”

A Federal Consolidation Loan allows borrowers to combine all the **federal** student loans received to finance college education into a single loan. This program does not allow for alternative or supplemental private loan consolidation.

How Direct Student Loan Consolidation Works

Direct loan consolidation is facilitated through the United States

Department of Education. Essentially, borrowers provide the account information for each of your federal student loans and they are all pooled together. The interest rate on a Federal Direct Consolidation loan is fixed and is based on the weighted average of your loans rounded up to the nearest 1/8% and capped at 8.25%.

Direct Loan Consolidation Payment Relief

One of the key benefits of consolidating federal student loans is payment relief. By combining all loans into one consolidated loan, it can lengthen your repayment term from the standard 10 years to up to 30 years (lowering your monthly payments), depending on the amount of the education debts.

Default

Default means the borrower failed to make payments on their student loan according to the terms of their promissory note, the binding legal document signed at the time the borrower took out the loan. In other words, they failed to make loan payments as scheduled. The school, the financial institution that made or owns the loan, the loan guarantor, and the federal government all can take action to recover the money owed. Here are some consequences of default.

Consequences of Default

- National credit bureaus can be notified of default, which will harm borrowers' credit ratings, making it hard to buy a car or a house.
- Borrowers will be ineligible for additional federal student aid if they decide to return to school.
- Loan payments can be deducted from borrowers' paychecks.
- State and federal income tax refunds can be withheld and applied toward the amount owed.
- Borrowers will have to pay late fees and collection costs on top of what is already owed and can be sued.

Obviously, borrowers don't want to let loans go into default. However, should this happen, borrowers should find out what options are available by contacting their loan servicer.

Federal Loan Rehabilitation

If you failed to make your payments on your federal student loan and now are in default, don't let the consequences of default affect your financial future.

Loan Rehabilitation

One option for getting your federal loan out of default is loan rehabilitation. To start the loan rehabilitation process, you must contact your loan holder. If you're not sure who your loan holder is, you can login at www.nslds.ed.gov to get your loan holder's contact information.

To rehabilitate a defaulted Direct Loan or FFEL Program loan, you must

- agree in writing to make nine voluntary, reasonable, and affordable monthly payments (as determined by your loan holder) within 20 days of the due date, and
- make all nine payments during a period of 10 consecutive months.

Federal Parent Loans and Alternative Loans

Federal Direct PLUS Loan

Parents of **dependent students** may apply for a Direct PLUS Loan to help pay their child's education expenses as long as certain eligibility requirements are met. Graduate and professional students may apply for PLUS Loans for their own expenses. The parent borrower must be the student's biological or adoptive parent. In some cases, the student's **stepparent** may be eligible.

The interest rate for the 2020/21 academic year is fixed at 5.30%. Interest is charged from the date of the first disbursement until the loan is paid in full. The parent will pay a fee of 4.236% of the loan amount, deducted proportionately each time a loan disbursement is made.

Private Alternative Loans

Private loans can provide supplemental funding when other free aid and federal loans does not cover costs. These loans are credit based, offered by banks, other financial institutions, and schools. Parents and students applying for this type of loan may generally require a cosigner. Be sure to apply at least 30 days prior to the tuition bill deadline to ensure adequate time for approval and processing timelines as required by the Truth In Lending Act. Examples of private loan lenders are:

- State-sponsored lender New Jersey Higher Education Student Assistance Authority (HESAA)
- Non-Profit banks or lenders
- For-Profit banks or lenders

Fixed Interest vs. Variable/Adjustable Interest Rates

Fixed interest rate student loans offer the student the opportunity to lock into a certain interest rate until the end of the loan, except if the borrower chooses to refinance the loan. This interest rate won't change and will not fluctuate based on the activity of the market. If interest rates increase, then you won't have to make higher payments. If rates fall, your loan won't be affected and your monthly payments will remain the same.

A lot of student borrowers believe that a fixed interest rate allows them to affix a number within their monthly budget without any surprises when it comes time to make their student loan payment. In the event a borrower is facing financial difficulties, a fixed-interest rate student loan could make the difference in whether they are able to pay the student loan, in addition to other expenses, in order to achieve their financial goals.

Variable interest rate student loans are constantly adjusted according to the interest rates that are applicable in the current interest market place. These rates directly depend on the activity of the financial sector. Simply explained; when the rate in the economy goes down, a lower interest rate is applied on the student loan. Butthis process works both ways; when the rate in the economy goes up, a higher interest rate is charged on the student loan, which signifies that the monthly required payment will increase. If you are considering a **variable rate loan**, understand that rate changes may not be in the borrower's favor and could result in an increased monthly payment.

When choosing a variable interest rate student loan, read all the fine print to see how often the rate is adjusted. Keep in mind that the monthly payments will be higher as a consequence of an increase in the interest rate. Although lenders do their best to keep the payments around the same amount per month, increases in the Rate Index may leave them no option but to raise the amount of the monthly payment.

The choice between a fixed or variable interest rate is a personal one and borrowers need to look at their current financial situation as well as what their future financial goals are and choose which option is best for them.

Research All Options

Private student loans are consumer loans made to individuals to help pay for college. They are provided by for-profit and nonprofit lending organizations and are not backed by the federal government. Private student loans are designed to supplement, not replace, other financial aid sources to fill funding gaps. Only borrow what is needed to cover the college or university educational expenses. Work with the financial aid office at your school to look into sources of federal, state and/or school aid prior to getting a private student loan. If you have already done this and are still unable to cover your expenses, a private student loan may be a good option. Some private student loans require a cosigner (a person who promises to become legally responsible to pay your debt if you fail to do so). Generally, they are less expensive than unsecured consumer credit (such as credit cards). If a private student loan is required, do not wait until a tuition bill is due to apply for one because it may result in less favorable terms and conditions.

Some programs allow borrowers to delay payments during school and offer hardship deferments during repayment. These options oftenincrease the total amount paid, because interest charges will accrue during deferment periods.

Read all material provided by the lender, and ask about things you don't understand. Most private student loans are made by responsible lenders—and all are regulated by consumer credit laws. Get to know the lender prior to borrowing because the relationship with them will be a long-term one. Visit the Better Business Bureau at www.bbb.org, ask the financial aid officer and talk to others who have worked with the lender to make an informed decision.

State of New Jersey NJCLASS Family Loan Program for Undergraduates

NJCLASS is an affordable supplemental student loan programs and is a supplement to the Federal PLUS loan. NJCLASS is available to New Jersey residents attending an approved school (in or out-of-state) and out-of-state residents enrolled in an approved NJ-based school. The borrower can be the student or the parent.

See page 34 for a comparison of NJCLASS supplemental loans with Federal PLUS loans.

NJCLASS funding can be used to meet the remaining cost of your postsecondary education after other financial aid is awarded including both the subsidized and unsubsidized federal Direct Student Loans. NJCLASS may be used for school-related expenses including tuition and fees, books, supplies, and room & board.

Note: For student beneficiaries first applying for an NJCLASS loan on or after August 8, 2017 the total NJCLASS loans borrowed for each student may not exceed $155,550. This is an aggregate per student loan limit, which will be increased annually for each academic year over the prior year by the regression-based index value of the Higher Education Price Index. The loan limit does not apply to students who have previously received NJ-CLASS loans or who applied for their current loans prior to August 8,2017.

NJCLASS Fixed Interest Rates and Repayment Options (please check www.njclass.org to verify current rates)	
10-Year Repayment Term	• Immediate Repayment of Principal and Interest • 3% Administrative Fee for the Fixed Rate loan
Fixed Rate - 3.70%	*The borrower begins paying on a monthly basis, loan principal and interest, within 60 days after the first disbursement.*
15-Year Repayment Term	• Interest only payments while in school • 3% Administrative Fee
Fixed Rate - 4.25%	*The borrower begins paying on a monthly basis, loan principal and interest, within 60 days after the first disbursement.*
20-Year Repayment Term	**No longer available for 2019-2020 new applications** • Full Deferral While in School at Least Half-Time • 3% Administrative Fee
Fixed Rate - 5.10%	*Loan principal and interest payments are deferred until after the student is no longer enrolled in school on at least a half-time basis.*

New Jersey State Family Loans: NJCLASS

You may want to consider NJCLASS loans for attendance at a New Jersey school or any eligible out-of-state school when other free aid and a Federal Direct Loan do not cover college costs. New Jersey requires that you file the FAFSA first to receive any State, federal, and institutional

NJCLASS Fixed Rate Loan Program Repayment Option Examples

Know Your Loan Options If you have to borrow for your education, be sure you have the information to make an informed decision. Student must take eligible federal loans first	**10-Year Term** **Immediate Repayment*** Fully repay your loan within 10 years. Begin making payments of principal and interest within 60 days of disbursement.	**15-Year Term Monthly** **Interest Only*** **Repayment** Make monthly payments of interest only while in school.	**20-Year Term** **Full Deferment*** While in School Begin making payments of principal and interest after no longer enrolled at least half-time.
Loan Amount Borrowed	$16,495.00	$16,495.00	$16,495.00
Loan Fee	$495.00†	$495.00†	$495.00†
Interest Rate	3.70%	4.25%	5.10%
APR	4.45%	4.96%	5.51%
Repayment Period	10 Yrs	15 Yrs	20 Yrs
Monthly Payment while in school	$165.07	$58.67	-
Monthly Payment after school	$165.07	$132.75	$118.75
Total Cost to Borrower	$19,758.00	$22,502.00	$27,180.00
Amount I can save by making payments while in school compared to the 20 Year Fixed Rate Deferred Option	$6,600.00	$4,678.00	$0.00

NJCLASS Administration Fee:
†The 3% fee for the fixed rate loans is deducted from each disbursement and the net amount of the loan is disbursed to the institution.

These estimated payment amounts are based upon a single loan disbursement using the date funds are required you provided above. The estimated payment amounts reflected here may vary from the repayment information later disclosed due to changes in the approved loan amount, actual disbursement amounts and dates, and graduation date.

Facts to Consider:
*** Interest accrues from the date of disbursement. Interest that is not paid is capitalized (added to your loan balance) annually. That means interest will accrue on that higher principal balance in the following year(s). This will increase your monthly payments and the total amount you have to repay.**

aid. Be sure to apply at least 30 days prior to your tuition bill deadline to ensure adequate time for approval and processing timelines as required by the Truth In Lending Act.

NJCLASS offers:

- Low fixed interest rates*
- Student or parent is the borrower
- Online secure application with e-Sign
- Flexible repayment options
- Repay over 10, 15, 20 years depending on the option selected

** See www.njclass.org for more information on full terms and conditions. All loan options are limited and subject to availability.*

NJCLASS Repayment Information

- Deferments are available**
- The minimum monthly loan repayment is $50
- No prepayment penalty
- Principal interest repayment starts 30 days after leaving school for borrowers who deferred payments while in school or who made interest only payments while in school.

***PLEASE NOTE: Deferment must be authorized by submitting documentation to HESAA that establishes eligibility.
See www.njclass.org for approriate "Relief Options", forms, and instructions*

Affordable Repayment Options

Repayment Assistance Program (RAP) and Household Income Affordable Repayment Plan (HIARP). These two programs work in tandem to assist families facing financial hardships by providing reduced monthly payment amounts, and with respect to HIARP, extended time to repay loans. RAP is available for NJCLASS loans with applications that were received on or after June 1, 2017. HIARP is available for Standard NJCLASS loans with applications that were received on or after June 1, 2018. Details, eligibility, and application information are listed online at:
www.hesaa.org/Pages/RAPandHIARPInfo.aspx

RAP
Repayment Assistance Program

HIARP
Household Income Affordable Repayment Plan

Top 10 Tips When Applying for Private or Alternative Loans

1. **EXHAUST ALL OTHER SOURCES OF FUNDING BEFORE LOOKING FOR A PRIVATE (LAST RESORT) LOAN.** Complete the FAFSA. Be sure to pursue scholarships, federal grants, work-study, and federal or State loan programs before applying for a private loan. Some State loans require you to exhaust all eligible federal aid first.Why? Federal loans typically carry lower fixed interest rates and often offer more flexible repayment options.

2. **Find a cosigner.** Identify a creditworthy cosigner such as a parent, who is willing to undertake the responsibility to increase the probability of having your loan approved. Some lenders require a cosigner while others indicate that over 90% of their loans have a cosigner on the application. Without a cosigner, a private loan will be extremely difficult to obtain and even if the borrower is approved, many lenders charge higher interest rates without a credit-worthy cosigner.

3. **Evaluate the alternatives.** Review your school's list of preferred private loan lenders (if available). Student Lending Analytics also provides the SLA Student Loan Ratings to assist in finding the best private student loan. Be aware that obtaining a private loan requires a credit approval and certain lenders may restrict their lending activities to certain types of institutions or regional areas. Check the eligibility with lenders before applying.

- Read about Fair Isaac's policy to learn about how shopping for student loans over a 30 day period will protect credit scores at: www.myfico.com/crediteducation/questions.

4. **States have supplemental loan programs you may want to consider.** New Jersey offers supplemental loans to New Jersey residents attending an approved school (in or out-of-state) and out-of-state residents enrolled in an approved NJ-based school. Be sure to evaluate the program for other States on each state's website for eligibility, interest rates and loan terms. Compare the state's program with other alternatives. Be aware that many of these programs have limited funds available, so be sure to apply early.

5. **Consider local credit unions.** With conservative financial management, credit unions have largely avoided the past problems

that afflicted the U.S. banking system. If the borrower is a member of a credit union or belongs to an affinity group that would qualify them for membership in a credit union, check out their private student loan offerings.

6. **Understand the interest rate.** Interest rates are different. There are fixed-rate loans that are the same for the entire term and variable-rate loans that adjusts on a quarterly basis. Many private student loans consist of an Index (LIBOR or Prime Rate) and a Margin (e.g. +5%). To determine the starting interest rate of the loan, determine the lender's current Index and add the Margin. Be aware that almost all private loans are variable rate loans, which means that rates are adjusted monthly or quarterly and will go UP over the life of the loan. Historically, expect the average interest rate on a private loan may be 2–3% higher than the starting interest rate.

Don't accept a loan offer until the interest rate and fees are known.

7. **Select the best repayment option for your financial situation :**

- **Want to save thousands of dollars in loan costs? Make interest payments while in school. To make interest payments notify the lender that you would like to receive statements while in school.**

- **Can't make payments while in school? Be sure the lender (not all do) offers an in-school deferment option, which will allow borrowers to postpone payments until after graduation. There may be a higher interest rate charged for this deferment.**

- **Want to have the lowest monthly payment? Know the standard loan term offered by the lender. The longer the term, the lower the monthly payment but the more interest will accrue over the life of the loan. Remember, despite having standard terms of 15-20 years, borrowers always have the option to pay off their loan sooner without penalty.**

8. **All private loans NEED TO BE PAID BACK.** Like federal student loans, private loans may not be dischargeable in bankruptcy so be sure to borrow responsibly and not beyond what you can reasonably expect to paid back.

9. **Read the Promissory Note.** Inside the loan document there may be a clause that allows a lender to raise your interest rate by 2-3% if the borrower is late on one payment.

10. **Having second thoughts…you can always cancel the loan if you move quickly enough!** Review the Promissory Note closely to determine the loan cancellation requirements, in terms of the timing and the steps necessary to cancel a loan.

Top 10 Tips Information, adapted from: Student Lending Analytics: SLA Guide to Private (or Alternative) Loan

How to Determine Your Estimated Monthly Payment

The following pages are designed to help you estimate how much a monthly payment might be before you take out a loan. There are really three determining factors: **amount borrowed**, **terms of the loan,** and **the interest rate**.

Amount Borrowed[1]: Based on how much is needed, locate the loan amount at the top of the chart. Based on the total loan amount, refer to the corresponding pages: $5,000 (pages 30 and 31), $10,000 (pages 32 and 33), $20,000 (pages 34 and 35), $25,000 (pages 36 and 37), and for $30,000 (pages 38 and 39)
Terms of the Loan[2]: How many years will you have to repay the loan? For example, will you opt to pay back your loan over 20 years? Maybe you plan to make larger payments and pay off the loan within 5 years? Various terms are listed on each page.
Interest Rate[3]: The interest rate is what you agree to before signing a loan. Once you know your rate, locate it on the page where your loan amount and term are located.
Payment[4]: Where all three loan factors intersect, you will see your estimated monthly payment.

1 $5,000 Loan Amount Requested, Estimated Monthly				
	TERM			
Sample Interest Rate	2 10 Year		15 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
3 4.00%	4 $50.60	$6,074.70	$36.95	$6,657.15

$5,000 Loan Amount Requested, Estimated Monthly				
	TERM			
Sample Interest Rate	10 Year		15 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
4.00%	$50.60	$6,074.70	$36.95	$6,657.15
4.50%	$51.80	$6,218.30	$38.20	$6,884.90
5.00%	$53.04	$6,364.01	$39.50	$7,117.10
5.50%	$54.25	$6,511.60	$40.90	$7,353.75
6.00%	$55.50	$6,661.25	$42.20	$7,594.70
6.50%	$56.79	$6,820.47	$43.60	$7,839.95
7.00%	$58.05	$6,966.50	$44.95	$8,089.45
7.50%	$59.34	$7,103.22	$46.35	$8,343.10
8.00%	$60.65	$7,279.65	$47.75	$8,600.55
8.50%	$62.05	$7,439.17	$49.15	$8,858.75
9.00%	$63.35	$7,600.55	$50.55	$9,116.95
9.50%	$64.68	$7,765.20	$51.95	$9,375.15
10.00%	$66.00	$7,929.60	$53.35	$9,633.35
10.50%	$67.45	$8,096.10	$54.75	$9,891.55
11.00%	$69.02	$8,264.35	$56.15	$10,149.75
11.50%	$70.61	$8,432.95	$57.55	$10,407.95
12.00%	$71.67	$8,609.23	$58.95	$10,666.15
12.50%	$72.86	$8,783.55	$60.35	$10,924.35
13.00%	$74.30	$8,944.20	$61.75	$11,182.55
13.50%	$76.10	$9,063.84	$63.15	$11,440.75
14.00%	$77.90	$9,183.48	$64.55	$11,698.95
14.50%	$79.70	$9,303.12	$65.95	$11,957.15
15.00%	$81.50	$9,422.76	$67.35	$12,215.35
15.50%	$83.30	$9,542.40	$68.75	$12,473.55
16.00%	$83.75	$10,050.80	$70.15	$12,731.75
16.50%	$85.30	$10,238.55	$71.55	$12,989.95
17.00%	$86.85	$10,427.85	$72.95	$13,248.15
17.50%	$88.50	$10,618.75	$74.35	$13,506.35

Payment Amount & Total Balance to Repay			
TERM			
20 Year		30 Year	
Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
$30.30	$7,272.00	$23.85	$8,593.42
$31.65	$7,596.00	$25.30	$9,120.30
$33.00	$7,920.00	$26.80	$9,662.75
$34.40	$8,256.00	$28.40	$10,220.20
$35.80	$8,592.00	$30.00	$10,791.90
$37.30	$8,952.00	$31.65	$11,377.20
$38.75	$9,300.00	$33.25	$11,975.45
$40.30	$9,672.00	$34.95	$12,585.85
$41.80	$10,032.00	$36.70	$13,207.10
$43.40	$10,416.00	$38.50	$13,830.50
$45.00	$10,800.00	$40.30	$14,453.90
$46.60	$11,184.00	$42.10	$15,077.30
$48.25	$11,580.00	$43.90	$15,700.70
$53.30	$12,792.00	$45.70	$16,324.10
$51.60	$12,384.00	$47.50	$16,947.50
$53.30	$12,792.00	$49.30	$17,570.90
$55.05	$13,212.00	$51.10	$18,194.30
$56.80	$13,632.00	$52.90	$18,817.70
$58.60	$14,064.00	$54.70	$19,441.10
$60.35	$14,484.00	$56.50	$20,064.50
$62.20	$14,928.00	$58.30	$20,687.90
$64.00	$15,360.00	$60.10	$21,311.30
$65.85	$15,804.00	$61.90	$21,934.70
$67.70	$16,248.00	$63.70	$22,558.10
$69.55	$16,692.00	$65.50	$23,181.50
$71.45	$17,148.00	$67.30	$23,804.90
$73.35	$17,604.00	$69.10	$24,428.30
$75.25	$18,060.00	$70.90	$25,051.70

$10,000 Loan Amount Requested, Estimated Monthly				
TERM				
Sample Interest Rate	10 Year		15 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
4.00%	$101.20	$12,149.40	$73.90	$13,314.30
4.50%	$103.60	$12,436.60	$76.40	$13,769.80
5.00%	$106.07	$12,728.02	$79.00	$14,234.20
5.50%	$108.49	$13,023.20	$81.80	$14,707.50
6.00%	$111.00	$13,322.50	$84.40	$15,189.40
6.50%	$113.58	$13,640.95	$87.20	$15,679.90
7.00%	$116.10	$13,933.00	$89.90	$16,178.90
7.50%	$118.68	$14,206.44	$92.70	$16,686.20
8.00%	$121.30	$14,599.30	$95.50	$17,201.10
8.50%	$124.10	$14,878.33	$98.30	$17,717.50
9.00%	$126.70	$15,201.10	$101.10	$18,233.90
9.50%	$129.35	$15,530.40	$103.90	$18,750.30
10.00%	$131.99	$15,859.20	$106.70	$19,266.70
10.50%	$134.90	$16,192.20	$109.50	$19,783.10
11.00%	$138.04	$16,528.70	$112.30	$20,299.50
11.50%	$141.22	$16,865.90	$115.10	$20,815.90
12.00%	$143.34	$17,218.46	$117.90	$21,332.30
12.50%	$145.72	$17,567.10	$120.70	$21,848.70
13.00%	$148.60	$17,888.40	$123.50	$22,365.10
13.50%	$152.20	$18,127.68	$126.30	$22,881.50
14.00%	$155.80	$18,366.96	$129.10	$23,397.90
14.50%	$159.40	$18,606.24	$131.90	$23,914.30
15.00%	$163.00	$18,845.52	$134.70	$24,430.70
15.50%	$166.60	$19,084.80	$137.50	$24,947.10
16.00%	$167.50	$20,101.60	$140.30	$25,463.50
16.50%	$170.60	$20,477.10	$143.10	$25,979.90
17.00%	$173.70	$20,855.70	$145.90	$26,496.30
17.50%	$177.00	$21,237.50	$148.70	$27,012.70

	Payment Amount & Total Balance to Repay			
	TERM			
	20 Year		30 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
	$60.60	$14,544.00	$47.70	$17,186.90
	$63.30	$15,192.00	$50.60	$18,240.60
	$66.00	$15,840.00	$53.60	$19,325.50
	$68.80	$16,512.00	$56.80	$20,440.40
	$71.60	$17,184.00	$60.00	$21,583.80
	$74.60	$17,904.00	$63.30	$22,754.40
	$77.50	$18,600.00	$66.50	$23,950.90
	$80.60	$19,344.00	$69.90	$25,171.70
	$83.60	$20,064.00	$73.40	$26,414.20
	$86.80	$20,832.00	$77.00	$27,661.00
	$90.00	$21,600.00	$80.60	$28,907.80
	$93.20	$22,368.00	$84.20	$30,154.60
	$96.50	$23,160.00	$87.80	$31,401.40
	$106.60	$25,584.00	$91.40	$32,648.20
	$103.20	$24,768.00	$95.00	$33,895.00
	$106.60	$25,584.00	$98.60	$35,141.80
	$110.10	$26,424.00	$102.20	$36,388.60
	$113.60	$27,264.00	$105.80	$37,635.40
	$117.20	$28,128.00	$109.40	$38,882.20
	$120.70	$28,968.00	$113.00	$40,129.00
	$124.40	$29,856.00	$116.60	$41,375.80
	$128.00	$30,720.00	$120.20	$42,622.60
	$131.70	$31,608.00	$123.80	$43,869.40
	$135.40	$32,496.00	$127.40	$45,116.20
	$139.10	$33,384.00	$131.00	$46,363.00
	$142.90	$34,296.00	$134.60	$47,609.80
	$146.70	$35,208.00	$138.20	$48,856.60
	$150.50	$36,120.00	$141.80	$50,103.40

$20,000 Loan Amount Requested, Estimated Monthly

Sample Interest Rate	TERM: 10 Year — Monthly Payment Amount	TERM: 10 Year — Total to Repay	TERM: 15 Year — Monthly Payment Amount	TERM: 15 Year — Total to Repay
4.00%	$202.40	$24,298.80	$147.80	$26,628.60
4.50%	$207.20	$24,873.20	$152.80	$27,539.60
5.00%	$212.14	$25,456.05	$158.00	$28,468.40
5.50%	$216.98	$26,046.40	$163.60	$29,415.00
6.00%	$222.00	$26,645.00	$168.80	$30,378.80
6.50%	$227.17	$27,281.90	$174.40	$31,359.80
7.00%	$232.20	$27,866.00	$179.80	$32,357.80
7.50%	$237.35	$28,412.88	$185.40	$33,372.40
8.00%	$242.60	$29,118.60	$191.00	$34,402.20
8.50%	$248.20	$29,756.67	$196.60	$35,435.00
9.00%	$253.40	$30,402.20	$202.20	$36,467.80
9.50%	$258.70	$31,060.80	$207.80	$37,500.60
10.00%	$263.98	$31,718.40	$213.40	$38,533.40
10.50%	$269.80	$32,384.40	$219.00	$39,566.20
11.00%	$276.07	$33,057.40	$224.60	$40,599.00
11.50%	$282.43	$33,731.80	$230.20	$41,631.80
12.00%	$286.69	$34,436.92	$235.80	$42,664.60
12.50%	$291.43	$35,134.20	$241.40	$43,697.40
13.00%	$297.20	$35,776.80	$247.00	$44,730.20
13.50%	$304.40	$36,255.36	$252.60	$45,763.00
14.00%	$311.60	$36,733.92	$258.20	$46,795.80
14.50%	$318.80	$37,212.48	$263.80	$47,828.60
15.00%	$326.00	$37,691.04	$269.40	$48,861.40
15.50%	$333.20	$38,169.60	$275.00	$49,894.20
16.00%	$335.00	$40,203.20	$280.60	$50,927.00
16.50%	$341.20	$40,954.20	$286.20	$51,959.80
17.00%	$347.40	$41,711.40	$291.80	$52,992.60
17.50%	$354.00	$42,475.00	$297.40	$54,025.40

Payment Amount & Total Balance to Repay			
TERM			
20 Year		30 Year	
Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
$121.20	$29,088.00	$95.40	$34,373.80
$126.60	$30,384.00	$101.20	$36,481.20
$132.00	$31,680.00	$107.20	$38,651.00
$137.60	$33,024.00	$113.60	$40,880.80
$143.20	$34,368.00	$120.00	$43,167.60
$149.20	$35,808.00	$126.60	$45,508.80
$155.00	$37,200.00	$133.00	$47,901.80
$161.20	$38,688.00	$139.80	$50,343.40
$167.20	$40,128.00	$146.80	$52,828.40
$173.60	$41,664.00	$154.00	$55,322.00
$180.00	$43,200.00	$161.20	$57,815.60
$186.40	$44,736.00	$168.40	$60,309.20
$193.00	$46,320.00	$175.60	$62,802.80
$213.20	$51,168.00	$182.80	$65,296.40
$206.40	$49,536.00	$190.00	$67,790.00
$213.20	$51,168.00	$197.20	$70,283.60
$220.20	$52,848.00	$204.40	$72,777.20
$227.20	$54,528.00	$211.60	$75,270.80
$234.40	$56,256.00	$218.80	$77,764.40
$241.40	$57,936.00	$226.00	$80,258.00
$248.80	$59,712.00	$233.20	$82,751.60
$256.00	$61,440.00	$240.40	$85,245.20
$263.40	$63,216.00	$247.60	$87,738.80
$270.80	$64,992.00	$254.80	$90,232.40
$278.20	$66,768.00	$262.00	$92,726.00
$285.80	$68,592.00	$269.20	$95,219.60
$293.40	$70,416.00	$276.40	$97,713.20
$301.00	$72,240.00	$283.60	$100,206.80

$25,000 Loan Amount Requested, Estimated Monthly				
	TERM			
Sample Interest Rate	10 Year		15 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
4.00%	$253.00	$30,373.50	$184.75	$33,328.75
4.50%	$259.00	$31,091.50	$191.00	$34,424.50
5.00%	$265.18	$31,820.06	$197.50	$35,585.50
5.50%	$271.23	$32,558.00	$204.50	$36,768.75
6.00%	$277.50	$33,306.25	$211.00	$37,973.50
6.50%	$283.96	$34,102.37	$218.00	$39,199.75
7.00%	$290.25	$34,832.50	$224.75	$40,447.25
7.50%	$296.69	$35,516.10	$231.75	$41.715.50
8.00%	$303.25	$36,398.25	$238.75	$43,002.75
8.50%	$310.25	$37,195.83	$245.75	$44,293.75
9.00%	$316.75	$38,002.75	$252.75	$45,584.75
9.50%	$323.38	$38,826.00	$259.75	$46,875.75
10.00%	$329.98	$39,648.00	$266.75	$48,166.75
10.50%	$337.25	$40,480.50	$273.75	$49,457.75
11.00%	$345.09	$41,321.75	$280.75	$50,748.75
11.50%	$353.04	$42,164.75	$287.75	$52,039.75
12.00%	$358.36	$43,046.15	$294.75	$53,330.75
12.50%	$364.29	$43,917.75	$301.75	$54,621.75
13.00%	$371.50	$44,721.00	$308.75	$55,912.75
13.50%	$380.50	$45,319.20	$315.75	$57,203.75
14.00%	$389.50	$45,917.40	$322.75	$58,494.75
14.50%	$398.50	$46,515.60	$329.75	$59,785.75
15.00%	$407.50	$47,113.80	$336.75	$61,076.75
15.50%	$416.50	$47,712.00	$343.75	$62,367.75
16.00%	$418.75	$50,254.00	$350.75	$63,658.75
16.50%	$426.50	$51,192.75	$357.75	$64,949.75
17.00%	$434.25	$52,139.25	$364.75	$66,240.75
17.50%	$442.50	$53,093.75	$371.75	$67,531.75

Payment Amount & Total Balance to Repay			
TERM			
20 Year		30 Year	
Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
$151.50	$36,360.00	$119.25	$42,967.25
$158.25	$37,980.00	$126.50	$45,601.50
$165.00	$39,600.00	$134.00	$48,313.75
$172.00	$41,280.00	$142.00	$51,101.00
$179.00	$42,960.00	$150.00	$53,959.50
$186.50	$44,760.00	$158.25	$56,886.00
$193.75	$46,500.00	$166.25	$59,877.25
$201.50	$48,360.00	$174.75	$62,929.25
$209.00	$50,160.00	$183.50	$66,035.50
$217.00	$52,080.00	$192.50	$69,152.50
$225.00	$54,000.00	$201.50	$72,269.50
$233.00	$55,920.00	$210.50	$75,386.50
$241.25	$57,900.00	$219.50	$78,503.50
$266.50	$63,960.00	$228.50	$81,620.50
$258.00	$61,920.00	$237.50	$84,737.50
$266.50	$63,960.00	$246.50	$87,854.50
$275.25	$66,060.00	$255.50	$90,971.50
$284.00	$68,160.00	$264.50	$94,088.50
$293.00	$70,320.00	$273.50	$97,205.50
$301.75	$72,420.00	$282.50	$100,322.50
$311.00	$74,640.00	$291.50	$103,439.50
$320.00	$76,800.00	$300.50	$106,556.50
$329.25	$79,020.00	$309.50	$109,673.50
$338.50	$81,240.00	$318.50	$112,790.50
$347.75	$83,460.00	$327.50	$115,907.50
$357.25	$85,740.00	$336.50	$119,024.50
$366.75	$88,020.00	$345.50	$122,141.50
$376.25	$90,300.00	$354.50	$125,258.50

$30,000 Loan Amount Requested, Estimated Monthly				
	TERM			
Sample Interest Rate	10 Year		15 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
4.00%	$303.60	$36,448.20	$221.70	$39,942.90
4.50%	$310.80	$37,309.80	$229.20	$41,309.40
5.00%	$318.21	$38,184.07	$237.00	$42,702.60
5.50%	$325.47	$39,069.60	$245.40	$44,122.50
6.00%	$333.00	$39,967.50	$253.20	$45,568.20
6.50%	$340.75	$40,922.85	$261.60	$47,039.70
7.00%	$348.30	$41,799.00	$269.70	$48,536.70
7.50%	$356.03	$42,619.32	$278.10	$50,058.60
8.00%	$363.90	$43,677.90	$286.50	$51,603.30
8.50%	$372.30	$44,635.00	$294.90	$53,152.50
9.00%	$380.10	$45,603.30	$303.30	$54,701.70
9.50%	$388.05	$46,591.20	$311.70	$56,250.90
10.00%	$395.97	$47,577.60	$320.10	$57,800.10
10.50%	$404.70	$48,576.60	$328.50	$59,349.30
11.00%	$414.11	$49,568.10	$336.90	$60,898.50
11.50%	$423.65	$50,597.70	$345.30	$62,447.70
12.00%	$430.03	$51,655.38	$353.70	$63,996.90
12.50%	$437.15	$52,701.30	$362.10	$65,546.10
13.00%	$445.80	$53,665.20	$370.50	$67,095.30
13.50%	$456.60	$54,383.04	$378.90	$68,644.50
14.00%	$467.40	$55,100.88	$387.30	$70,193.70
14.50%	$478.20	$55,818.72	$395.70	$71,742.90
15.00%	$489.00	$56,536.56	$404.10	$73,292.10
15.50%	$499.80	$57,254.40	$412.50	$74,841.30
16.00%	$502.50	$60,304.80	$420.90	$76,390.50
16.50%	$511.80	$61,431.30	$429.30	$77,939.70
17.00%	$521.10	$62,567.10	$437.70	$79,488.90
17.50%	$531.00	$63,712.50	$446.10	$81,038.10

Payment Amount & Total Balance to Repay				
	TERM			
	20 Year		30 Year	
	Monthly Payment Amount	Total to Repay	Monthly Payment Amount	Total to Repay
	$181.80	$43,632.00	$143.10	$51,560.70
	$189.90	$45,576.00	$151.80	$54,721.80
	$198.00	$47,520.00	$160.80	$57,976.50
	$206.40	$49,536.00	$170.40	$61,321.20
	$214.80	$51,552.00	$180.00	$64,751.40
	$223.80	$53,712.00	$189.90	$68,263.20
	$232.50	$55,800.00	$199.50	$71,852.70
	$241.80	$58,032.00	$209.70	$75,515.10
	$250.80	$60,192.00	$220.20	$79,242.60
	$260.40	$62,496.00	$231.00	$82,983.00
	$270.00	$64,800.00	$241.80	$86,723.40
	$279.60	$67,104.00	$252.60	$90,463.80
	$289.50	$69,480.00	$263.40	$94,204.20
	$319.80	$76,752.00	$274.20	$97,944.60
	$309.60	$74,304.00	$285.00	$101,685.00
	$319.80	$76,752.00	$295.80	$105,425.40
	$330.30	$79,272.00	$306.60	$109,165.80
	$340.80	$81,792.00	$317.40	$112,906.20
	$351.60	$84,384.00	$328.20	$116,646.60
	$362.10	$86,904.00	$339.00	$120,387.00
	$373.20	$89,568.00	$349.80	$124,127.40
	$384.00	$92,160.00	$360.60	$127,867.80
	$395.10	$94,824.00	$371.40	$131,608.20
	$406.20	$97,488.00	$382.20	$135,348.60
	$417.30	$100,152.00	$393.00	$139,089.00
	$428.70	$102,888.00	$403.80	$142,829.40
	$440.10	$105,624.00	$414.60	$146,569.80
	$451.50	$108,360.00	$425.40	$150,310.20

Compare 2020-21 State of New Jersey NJCLASS vs. Federal PLUS vs. Sallie Mae Smart Option
NJCLASS cannot be compared to Federal Direct Loans, subsidized or unsubsidized, because borrowers must family loan is a supplemental loan that can only be used to cover unmet need after all other aid, including features of NJCLASS Loans and Federal PLUS Loans or other Private lenders.

Loan Type	NJCLASS 10 Year- Fixed Rate Loan Click to Apply	NJCLASS 15 Year- Fixed Rate Loan Click to Apply	NJCLASS 20 Year- Fixed Rate Loan Click to Apply	Federal PLUS 10 Y Click
Who Can be a Party to the Loan	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may co-sign the loan.	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may co-sign the loan.	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may co-sign the loan.	Parent Only
Repayment Option	Immediate repayment of principal & interest	Interest only while in school	Full deferment while in school	Immediate repayr interest (Other rep available)
Loan Type	Fixed	Fixed	Fixed	Fixed
Sample Loan Amount Requested – can borrow up to cost of attendance – minus other aid[4]	$16,000	$16,000	$16,000	$16,000
Total Amount Borrowed (Including Fees)	$16,494.85	$16,495	$16,495	$16,707.74
Interest Rate/APR	3.70%[1]/4.45%	4.25%[1]/ 4.96%	5.10%[1]/5.51 %	5.30%[2]/6.253%
Loan Fee	3.00%	3.00%	3.00%	4.236%[3]
Years in Repayment	10 (120 months)	15 (180 months)	20 (240 months)	10 (120 months)
Payment while in School (Assuming One Loan Only)[5]	$165.07	$58.82	$0.00	$179.67
Payment when out of School (Assuming One Loan Only)[5]	$165.07	$148.56	$175.91	$179.67
Total finance charges & administrative fee (Assuming One Loan Only)	$3,263.00	$7,171.00	$10,744.00	$4,852.30
Total Cost of Loan	$19,758.00	$23,666.00	$27,239.00	$21,560.04
Estimated cost of borrowing over 4 years, at 16,000 per year, assuming that the interest rate is the same from year to year.	$660.28 per month $79,032.00 over life of loans	$594.24 per month $94,664.00 over life of loans	$703.64 per month when out-of-college $108,956.00 over life of loan	$718.68 per month $86,240.16 over life c
Repayment Relief Options Including Income Contingent Repayment Plans	Relief Options http://www.hesaa.org/Pages/NJCLASSDefermentOptions.aspx Repayment Assistance Program (RAP) http://www.hesaa.org/Pages/RAPInfo.aspx for loan applications received on or afte June 1, 2017, and for NJCLASS loan applications received prior to June 1, 2017 that are used for academic terms that begin on or after August 1, 2017. Once "RAP" Repayment Assistance program relief is exhausted; borrowers, co-borrowers and co signers collectively can look to "HIARP" Household Income Affordable Repayment plan for additional relief for loan applications received on or after June 1, 2018 that are used for academic terms that begin on or after August 1, 2018.			
Average Default Rate	6.85%[6]			http
Average # of Administrative Wage Garnishments	For FY 2017, 132 AWG orders were sent to employers.			
Percent of Deferment and Forbearance Relief Granted	Data being collected for 2019			
Rehabilitation Relief	Yes, if parties to a defaulted NJCLASS loan make 9 out of 10 voluntary monthly on-time payments pursuant to a settlement agreement, the loan shall be considered rehabilitated for the limited purposes of meeting the requirements of Title VI of the federal "Economic Growth, Regulatory Relief, and Consumer Protection Act," Pub.L.115-174.			
Average # of Law Collection Lawsuits	Data being collected for 2019			

1 Fixed interest rate for the life of the loan

2 For Direct PLUS Loans first disbursed on or after July 1, 2020, and before June 30, 2021, the interest rate is 7.08%

3 For loans disbursed on or after October 1, 2019 and before October 1, 2020

4 The average NJCLASS loan amount is $16,000.

To see the monthly payment amount and total amount for other loan amounts at sample interest rates

ranging from 4.00% to 17.50% see the Student Loan Guide http://www.hesaa.org/Documents/Student_Loan_Guide.pdf

5 To calculate the in-school and out-of-school payment amounts for other NJCLASS loan amounts see the NJCLASS loan

determined as the percentage of loans that have been placed in a defaulted status, divided by the original total amount of

first take Federal Direct Loans prior to NJCLASS loans. Like the Federal Parent PLUS loan, the NJCLASS Federal Direct Loans, is subtracted from the cost of attendance. The chart below compares different

Year-Fixed Rate Loan to Apply	Federal PLUS 15 Year-Fixed Rate Loan Click to Apply	Federal PLUS Loan 20 Year- Fixed Rate Loan Click to Apply	Sallie Mae Smart Option	Sallie Mae Smart Option
	Parent Only	Parent Only	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may co-sign the loan.	The student or parent is the borrower. A parent, relative or other US Citizen or eligible Non-Citizen may co-sign the loan.
ment of principal & payment options	Interest only while in school	Full deferment request	Immediate repayment of principal & interest	Full deferment while in school
	Fixed	Fixed	Varible/Fixed	Varible/Fixed
	$16,000	$16,000	$16,000	$16,000
	$16,707.74	$16,707.74	$16,000	$16,000
	5.30%[2]/6.158 %	5.30%[2]/ 5.819 %	Weighted Average* Annual Borrower Interest Rate 10.05% (published fixed range as of June 2019 4.74% to 11.85%)	Weighted Average* Annual Borrower Interest Rate 10.05% (published fixed range as of June 2019 4.74% to 11.85%)
	4.24%	4.236%[3]	0.00%	0.00%
	15 (180)	20 (240 months)	10 (120 months)	10 (120 months)
	$73.79	$0.00	$212.00	$0.00
	$164.57	$153.42	$212.00	$384.20
	$8,557.42	$20,112.34	$9,426	$25,344
	$25,265.16	$36,820.08	$25,426	$41,344
f loans	$658.28 per month $101,060.64 over life of loans	$613.68 per month when out-of-school $147,280.322 over life of loan	$848.00 per month when out-of-college $101,704.00	$1,536.80 per month when out-of-college $165,376.00
Deferment/Forbearance Options https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance			Sallie Mae Investor Presentation First Quarter 2020 https://www.salliemae.com/assets/investors/webcasts/2020_Q1_Investor_Presentation.pdf	Sallie Mae Investor Presentation First Quarter 2020 https://www.salliemae.com/assets/investors/webcasts/2020_Q1_Investor_Presentation.pdf
Federal Repayment Plans https://studentaid.ed.gov/sa/repay-loans/understand/plans				
://www.nasfaa.org/news-item/1359/ED_Releases_Cohort_Default_Rate_Data_For_PLUS_Loans				
Data Not Available				
Data Not Available				
Yes - If no legal judgement was issued/granted				
Data Not Available				

calculator https://www.hesaa.org/oNJCLASS/jsp/world/amortizationCalculator.jsp6 The average default rate is

loans disbursed for currently outstanding trusts.

HESAA Student Loan Dictionary

Borrower
The person who applies for a loan and receives the proceeds (or money) of the loan.

Cosigner
A person who signs the promissory note in addition to the borrower and is responsible for the obligation if the borrower does not pay. A cosigner must be able to pass a credit review and must live in the United States.

Default
Failure to repay a loan according to the terms agreed to when the borrower signed a promissory note for the loan. Default on federal student loans occurs at 270 days delinquent. Private loans may have different periods for default.

Deferment
A period during which a borrower, who meets certain criteria, may temporarily suspend loan payments. For some loans the federal government pays the interest during a deferment. On others, the interest accrues and is capitalized, and the borrower is responsible for paying it.

Delinquency
Failure to make monthly loan payments when due. Delinquency begins with the first missed or late payment.

Disbursement
The release of loan funds to the school for delivery to the borrower. Disbursements are usually made in equal multiple installments co-payable to the borrower and the school. Disbursement of funds may be sent electronically to the school.

Entrance Loan Counseling
Students with federal educational loans are required to receive counseling before they receive their first loan disbursement and before they graduate or withdraw, during which the borrower's rights and responsibilities and loan terms and conditions are reviewed with the student. These sessions may be conducted online, by video, in person with the Financial Aid Advisor (FAA) or Financial Aid Office (FAO), or in a group meeting.

Exit Counseling
Students with federal educational loans are required to receive counseling before they graduate or withdraw (i.e., leave school), during which the borrower's rights and responsibilities and loan terms and conditions are reviewed with the student. This session may be conducted online, by video, in person with the FAA or FAO, or in a group meeting.

FAFSA
The Free Application for Federal Student Aid is the form that the student (and parents of dependent students) must complete to apply for federal financial assistance. The FAFSA is also required for State aid.

Federal Direct Stafford Loans
Loans, both Subsidized (need based) and Unsubsidized (non-need based), guaranteed by the federal government and available to students to fund education.

Federal Loan Consolidation
Combining several federal loans from multiple lenders into a single loan to reduce the monthly payment amount and/or increase the repayment period.

Federal PLUS Loan
Parent Loans for Undergraduate Students. Federally-insured loans for parents of dependent students and students. The amount of a PLUS Loan can not exceed the cost of attendance minus all other financial aid.

Financial Aid Package
The total amount of financial aid a student is offered by the school. This information, which includes grants, scholarships, work-study and loans, is listed in the college's financial aid "Award Letter."

Fixed Interest Rate
On a fixed interest rate loan, the interest rate remains the same for the life of the loan.

Forbearance
Temporary cessation of regularly scheduled payments or temporarily permitting smaller payments than were originally scheduled. Interest still accrues and you are responsible for the added interest and may lead to higher monthly payments.

Grace Period
The period that after a borrower ceases to be enrolled at least half-time at an eligible school. Not all loans have grace periods when payments of principal are not required.

Graduate PLUS Loan
Graduate PLUS loans allow students enrolled in graduate school to borrow up to the cost of attendance. After exhausting the maximum Stafford loan amount, this loan can be a useful alternative to private education loans.

Graduated Repayment
A repayment schedule where the monthly payments are lower at the start of the repayment period and later increase in payment.

Interest
An amount calculated as a percent of the principal loan amount that is charged for borrowed money. ***See Fixed Interest and Variable Interest Rates***.

Interest Capitalization
Addition of unpaid interest to the principal balance of a loan which increases the total outstanding balance due.

Interest-Only Payment
A payment that covers only accrued interest owed on a loan and none of the principal balance. Interest-only payments do not prohibit borrowers from making additional or larger payments at any time if the borrower desires.

Lender
An organization that funds education loans for students and parents.

LIBOR
LIBOR is the interest rate that banks charge each other for one-month, three-month, six-month and one-year loans. LIBOR is an acronym for London InterBank Offered Rate. This rate is that which is charged by London banks, and is then published and used as the benchmark for bank rates all over the world. This rate fluctuates based on economic conditions and is used to guide banks in setting rates for adjustable-rate loans, including interest-only mortgages, credit card debt and private student loans. Lenders typically add a point or two to create a profit. LIBOR is compiled by the British Bankers Association (BBA), and is published 11am each day in conjunction with Reuters. It is comprised of a panel of banks representing countries in each currency.

Loan
A type of financial aid that is available to students and their parents that must be repaid to the lender. Student loan programs have varying interest rates and repayment provisions.

Loan Proceeds
The money the borrower receives from a loan (or the amount borrowed minus fees).

Master Promissory Note (MPN)
Is a legal contract a student signs when taking out a Federal Student Loan. The Master Promissory Note covers both the Federal Subsidized and Unsubsidized Stafford Loans the student may receive for the same enrollment period. The Master Promissory Note covers Federal Subsidized and Unsubsidized Stafford Loans the student may receive for future enrollment periods. One note for Federal loans obtained to complete the degree at one institution.

Origination Fee
An amount, payable by the borrower and deducted from the principal of a loan prior to disbursement to the borrower. For federally backed loans, the origination fee is paid to the federal government to offset the cost of the interest subsidy to borrowers. For private loan programs, the origination fee is generally paid to the originator to cover the cost of administering and insuring the program.

Prepayment
Payment received for a borrower account for more than the amount due.

Prime Rate
The prime interest rate is the rate charged by commercial financial institutions for short-term loans to corporations or individuals whose credit standing is so high that little risk to the lender is involved in making the loan. This rate fluctuates based on economic conditions and may be different among financial institutions. The prime rate serves as a basis for the interest rates charged for other, higher-risk loans.

Principal
Amount borrowed, which may increase as a result of interest capitalization, and the amount on which interest is calculated. Also known as principal balance.

Private Loans
Private loans provide supplemental funding when other financial aid does not cover costs. These loans are offered by banks, other financial institutions, and schools to parents and students.

Promissory Note
Contract between a borrower and a lender that includes all the terms and conditions under which the borrower promises to repay the loan.

Repayment
The time during which a borrower actively pays back an education loan.

Servicer
Organization that administers and collects loan payments. May be either the loan holder or an agent acting on behalf of the holder. The federal government contracts with multiple entities to administer and collect federal loans.

Standard Repayment
A repayment schedule reflecting equal monthly payments over the term of the loan.

Subsidized Stafford Loans
Subsidized Stafford Loans are awarded to students who demonstrate financial need (i.e., need-based loans). Because the U.S. Department of Education subsidizes the interest, borrowers are not charged interest while they are enrolled in school at least half-time and during grace and deferment periods.

Term
A length of time in which to repay a loan. The term is usually agreed to by lender and borrower within the borrower's contract or promissory note. Also refers to language used in legal documents, such as the promissory note, that defines how a loan will be borrowed and repaid. Also refers to some postsecondary educational institutions' academic period.

Unsubsidized Stafford Loans
Unsubsidized Stafford Loans are available to students regardless of financial need (i.e., non-need based). Borrowers are responsible for the interest that accrues during any period.

Variable Interest Rate
With a variable interest rate loan, the interest rate changes periodically. For example, the interest rate might be affected by the cost ofU.S. Treasury Bills (e.g., T-Bill rate plus 1.7%) and be updated monthly, quarterly, semi-annually, or annually.

Wage Garnishment
If you default on your student loan, money may be withheld from your paycheck and paid to your lender on your behalf.

HIGHER EDUCATION STUDENT ASSISTANCE AUTHORITY

PO Box 071
Trenton, NJ 08625

www.hesaa.org

Phone: 609-584-4480
Monday - Thursday, 8 a.m. to 8 p.m.
Friday, 8 a.m. to 5 p.m.

Helpful Web Sites

U.S. Department of Education

Federal Student Aid Programs
1-800-4-FED-AID (1-800-433-3243)
TTY 1-800-730-8913 | www.studentaid.ed.gov

Complete the FAFSA Online | www.fafsa.gov

NJ Colleges and Universities | www.njedge.net

Private Career School Association of NJ | www.pcsanj.com

College Planning and Money Management
www.mappingyourfuture.org

Free Scholarship Searches | www.fastweb.com

Online Guide to Financial Aid | www.finaid.org

NJ College Credit Transfer Information | www.njtransfer.org

Consumer Financial Protection Bureau
www.consumerfinance.gov

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