

Congratulations for coming this far!
DWM's graduation present for you.

Yes  No 

MS4, s/p Match Day,
with contract in hand

Do you have private student loans?

If you have a home, check out home equity loan rate.

If your loan amount is pretty small, you can consider 0% interest credit card balance transfers.

Check rates with private banks. Currently 2 banks refinance MS4/ PGY's and others only qualify you if your debt-to-income ratio is small (not typical single pgy's). But more banks may start refinancing typical pgy's.

3 ways to refinance private student loans. Check what gets you the best rate/term.

Does REPAYE monthly payment stop you from contributing to ROTH IRA or getting employer match?

Are **all** your federal student loans forgiveness-eligible?

Calculate REPAYE, can you afford it? (Must include spousal income)

Does REPAYE monthly payment exceed monthly accrued interest? (This means you're paying down principle monthly)

REPAYE interest subsidy does not apply to you, so consider IBR, PAYE, or refinance.

Consolidate all your federal loans into 1 **Direct** consolidation loan (DCL), eligible for forgiveness.

Note: Consolidation takes the weighted interest from all the pre-consolidated individual loans, & rounds it up by 1/8 %. DCL has slightly higher interest rate than the **true** weighted interest of pre-consolidated individual loans.

Calculate your IBR or PAYE payments, can you afford it? (May exclude spousal income if Married Filing Separately)

REPAYE subsidizes your interest by 50% of the **difference** between monthly accrued interest & monthly

Calculate your effective REPAYE interest rate* vs. Refi rates.
Is Refi interest rate lower than REPAYE interest rate?

Refinance all student loans now, get 1 monthly payment as low as \$0 to \$100/mo.

Are you inclined to work for 503c Non-Profit as a W2 employee?

1. Revisit this chart annually.
2. As you/ your household income grows, the best repayment plan evolves.
3. Be aware of opportunity costs (e.g. making larger IDR payments may prohibit you from getting company 401k match or maxing out Roth IRA.)
4. Generally, the more you make, the less IDR-PSLF saves you \$. This principle applies to training years too.

Direct freed up cash flow to get employer-match for retirement contribution or Roth IRA (tax efficient), etc. Or pay down student loans faster with lower interest rate.

Sign up for PSLF (public service loan forgiveness.)

Visit drwisemoney.com for questions or comments.

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