We are Horace Mann,
and we’re proud to serve the heroes who are shaping
America’s future – teachers, school administrators
and all school employees.

Visit horacemann.com/ourstories
Dedicated to the educational community

At Horace Mann, we believe educators are taking care of our children’s future, and we need to help take care of theirs. While other companies may offer similar products and services, ours are designed specifically to provide educators the peace of mind they deserve through a lifetime of changing needs — both in and out of the classroom.

We know it’s not always easy for school districts to provide the benefits and services their employees deserve. That’s where we come in. Whether it’s recognizing your outstanding educators or providing your employees the information they need to make well-educated insurance and financial decisions, we can help.
INTRODUCTION

More than 40 million borrowers have more than $1.2 trillion in outstanding student loan debt in the United States. Horace Mann can help bring you relief and peace of mind by sharing the valuable information presented in this workshop and guiding you to the right resources to see if you qualify to have your student loans “forgiven.”

Reducing student loan debt is an important step toward achieving financial success, and you’ll also find resources in this workshop for managing your finances today and preparing for your financial future.

OBJECTIVES

At the end of this workshop, you will:

• understand the importance of budgeting and managing credit;

• know the qualifications and procedures for having student loans “forgiven”;

• understand how your pension is only a part of your retirement income puzzle; and

• understand the importance of seeking the help of financial professionals.

Topics

• Managing household finance

• Student debt and forgiveness

• Pension and retirement

• Getting the help you need
MANAGING HOUSEHOLD FINANCES

The time to start planning for financial success is now.

Build a budget (resources)
Horace Mann: horacemann.com
Federal Student Aid: www.direct.ed.gov/BudgetCalc/budget.html

Establish credit
• Establish credit cards and debt financing for things you need. Pay your balance quickly.
• Maintaining an excellent credit score gives you opportunities to save on the cost of credit and makes obtaining credit easier.

Three types of savings
• Emergency savings
• Savings to spend
• Retirement savings
FINANCIAL SECURITY

• Some of what you make is yours to keep.

• Financial security is a lifelong learning project.

• Financial security allows you to deal with current concerns as you plan for your future.
STUDENT DEBT AND FORGIVENESS

The walking debt

• Student loans are often referred to as “The Walking Debt.”

• 14% of student loans default.

• The average undergraduate borrower from the class of 2013 took on $28,400 in student loan debt.

• Giant corporations can file for bankruptcy, but bankruptcy is not an option for student loan debt relief.

• Debt delays starting a family and making major purchases.

Sources: U.S. Federal Reserve, The Institute for College Access and Success, Bankrate.com
MAKE A PLAN

• Find out if you qualify for student loan forgiveness to erase some or all of your student loan debt.
• Begin to save for your future.
• A knowledgeable expert can provide the information you need to develop a successful financial strategy.
STAFFORD/FORD LOAN FORGIVENESS PROGRAM FOR TEACHERS

Eligibility:

• Have taught full-time for at least five consecutive years in an eligible low-income school or educational service agency

• Be a “new borrower”

• Have an eligible Stafford/Ford Loan obtained through the Direct Loan or Federal Family Education Loan Programs (FFEL), Direct Loan or FFEL consolidation loan to repay an eligible Stafford Loan

• Cannot be in default unless satisfactory repayment arrangements have been made

• Have not received a benefit for the same teaching service through AmeriCorps or Public Service Loan Forgiveness Program

• Received the loan for which you are requesting forgiveness before the end of your fifth year of qualified teaching

Eligible for up to $17,500 in loan forgiveness:

• Highly-qualified special education teacher for elementary school children with disabilities

• Highly-qualified special education teacher for secondary school children with disabilities

• Highly-qualified mathematics teacher for secondary school students

• Highly-qualified science teacher for secondary school students

Eligible for up to $5,000 in loan forgiveness:

• Secondary education teacher in a subject area relevant to academic major, or highly-qualified secondary education teacher

• Elementary teacher with demonstrated knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum, or highly-qualified elementary education teacher

Source: www.studentaid.ed.gov
PERKINS LOAN CANCELLATION AND DISCHARGE

Often referred to as a “campus-based loan”

Unique requirements based on teaching field

• Full-time teacher in public or non-profit elementary or secondary school system:
  • Serving students from low-income families;
  • Providing special education for children with disabilities;
  • Teaching in fields of mathematics, science, foreign language, bilingual education or any other field of expertise determined by the state education agency to have a shortage of qualified teachers in that state; or
  • Teaching at a school operated by the Bureau of Indian Affairs or operated on Indian reservations by Indian tribal groups under contract with the Bureau of Indian Affairs.

Up to 100% of loan cancelled over five years

• 15% first two years
• 20% third and fourth years
• 30% after fifth year

Also offers concurrent deferment if performing qualifying service

Obtain an application from the business office of the college/university that made the loan.

Source: www.studentaid.ed.gov
PUBLIC SERVICE LOAN FORGIVENESS PROGRAM (PSLF)

Eligibility:
- Full-time service in public education or other qualifying public service organization
- Annually submit the Employment Certification Form
  - In some cases, additional documentation may be requested:
    - IRS W2
    - Pay stubs
- Income level does not directly impact eligibility, but does impact your required monthly payment amount
- Make 120 qualifying payments on loan (10 years) after Oct. 1, 2007

Forgiveness amounts:
- Loan balance
- First forgiveness balances not granted until October 2017

Loan types eligible for forgiveness:
- Any non-defaulted loan under the Direct Loan Program
  - Stafford/Ford
  - Direct Plus
  - Direct Consolidated

Source: www.studentaid.ed.gov
## Repayment Options

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Eligible Loans</th>
<th>Monthly Payment and Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Standard Repayment</strong></td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Subsidized and unsubsidized Federal Stafford Loans&lt;br&gt;• All Parent Loans for Undergraduate Students (PLUS loans)</td>
<td>• Fixed amount of at least $50 per month&lt;br&gt;• Up to 10 years</td>
</tr>
<tr>
<td><strong>Graduated Repayment</strong></td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Subsidized and unsubsidized Federal Stafford Loans&lt;br&gt;• All PLUS loans</td>
<td>• Payments are lower at first, then increase (usually every two years)&lt;br&gt;• Up to 10 years</td>
</tr>
<tr>
<td><strong>Extended Repayment</strong></td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Subsidized and unsubsidized Federal Stafford Loans&lt;br&gt;• All PLUS loans</td>
<td>• Payments may be fixed or graduated&lt;br&gt;• Up to 25 years</td>
</tr>
<tr>
<td><strong>Income Based (IBR)</strong> Pay as you earn</td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Subsidized and unsubsidized Federal Stafford Loans&lt;br&gt;• All PLUS loans made to students&lt;br&gt;• Consolidated loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents</td>
<td>• Maximum monthly payments will be 15 percent of discretionary income – the difference between your adjusted gross income and 150 percent of the poverty guidelines for your family size and state of residence (other conditions apply)&lt;br&gt;• Payments change as income changes&lt;br&gt;• Up to 25 years</td>
</tr>
<tr>
<td><strong>Pay as you earn</strong></td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Direct PLUS loans made to students&lt;br&gt;• Direct consolidated loans that do not include (Direct or FFEL) PLUS loans made to parents</td>
<td>• Generally, maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guidelines for your family size and state of residence (other conditions apply)&lt;br&gt;• Payments change as income changes&lt;br&gt;• Up to 20 years</td>
</tr>
<tr>
<td><strong>Revised pay as you earn</strong> (New December 2015)</td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Direct PLUS loans made to students&lt;br&gt;• Direct consolidated loans that do not include (Direct or FFEL) PLUS loans made to parents</td>
<td>• Maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guidelines for your family size and state of residence (other conditions apply).&lt;br&gt;• Payments change as income changes.&lt;br&gt;• Up to 20 years for undergraduate student borrowers&lt;br&gt;• Up to 25 years for graduate or professional student borrowers</td>
</tr>
<tr>
<td><strong>Income Contingent</strong></td>
<td>• Direct subsidized and unsubsidized&lt;br&gt;• Direct PLUS loans made to students&lt;br&gt;• Direct consolidation</td>
<td>• Payments are calculated each year and are based on adjusted gross income, family size and total amount of your Direct loans&lt;br&gt;• Payments change as income changes&lt;br&gt;• Up to 25 years</td>
</tr>
<tr>
<td><strong>Income Sensitive</strong></td>
<td>• Subsidized and unsubsidized Federal Stafford&lt;br&gt;• FFEL PLUS&lt;br&gt;• FFEL consolidated</td>
<td>• Monthly payment is based on annual income&lt;br&gt;• Payments change as income changes&lt;br&gt;• Up to 10 years</td>
</tr>
</tbody>
</table>

**Source:** Student Federal Aid (https://studentaid.ed.gov/repay-loans/understand/plans)

Append AM-C04093 (1-16)
RESOURCES

Federal Student Aid
www.studentloans.gov

Teacher Loan Forgiveness

Financial Aid Toolkit
http://www.financialaidtoolkit.ed.gov/tk/

Mapping Your Future
http://mappingyourfuture.org

Fedloan Servicing
www.myfedloan.org

U.S. Department of Education
www.ed.gov

American Student Assistance
www.asa.org

SALT
www.saltmoney.org

Your local state Department of Education website
PENSION AND RETIREMENT

Your pension is a very valuable retirement asset, but is it enough?
• Most retirees will need 60 to 80% of their pre-retirement income according to National Institute on Aging.
• Benefits are constantly on the negotiating table.
• What kind of retirement lifestyle do you want?
• What’s the best way to reach your personal financial goals?
• Building a successful retirement plan takes time and knowledge.

Americans are bad at retirement savings and finance
• A 2013 study by the National Institute of Retirement Security revealed the total personal retirement savings gap among working households, ages 25-64, is $14 trillion.
• According to the website NerdWallet.com, in January 2014:
  • average credit card debt was $15,270;
  • average mortgage debt was $149,000;
  • 23% of American households had no savings at all, and 30% have less than $1,000 in savings and retirement funds;
  • and still, over 10,000 people retire every day!
• 2013 statistics from the National Institute for Retirement Security:
  • The median retirement account balance for all working age households is $3,000, with $12,000 for near-retirement-age households.
  • Only 52% of working-age households participate in workplace retirement plans.
  • 38.3 million working-age households do not have assets in a retirement account.
• The investing site The Motley Fool cites:
  • 33% of households end up entirely dependent on Social Security in retirement – for low-wage earners, it’s 75%.
  • 56% of workers have not attempted to calculate how much they’ll need in retirement.
  • 37% of workers plan to work until they die, but half of current retirees say they left the workforce unexpectedly due to health, disability or layoff. You may not get to choose when you stop working.
  • Nearly 75% of retirees have not saved enough and say they would save more if they had to do it all over again.

NOTES
YOU CAN ONLY COUNT ON YOU TO PROVIDE FOR YOUR RETIREMENT!

- Neither the government nor businesses seem willing to provide more… in other words, you are on your own.
- The more you make, the less help they provide.
  - Social Security average benefit is $15,200 per year.
- In 1975, 88% of workers had pensions. In 2012, less than 40% had pensions, with most of those being public employees, and that number falls every year.
- Most businesses are moving from defined benefit plans to defined contribution plans, meaning the responsibility for setting funds aside for retirement shifts from the company to the individual.
- The average private pension pays under $10,000 per year in retirement. Public sector pensions average $18,289 in benefits per year.

Sources: Social Security Administration, Center for Retirement Research, Department of the Treasury, Pension Rights Center
WHICH VEHICLE SHOULD YOU USE TO SAVE FOR YOUR FUTURE?

- Pensions
- Insurance
- Savings and investments
- IRA, Roth IRA, SEP IRA
- Annuities
- 401(k), 403(b), 457
## THE COST OF WAITING

<table>
<thead>
<tr>
<th>Beginning age</th>
<th>Account balance as of 65</th>
<th>Lost earnings</th>
</tr>
</thead>
<tbody>
<tr>
<td>25 years old</td>
<td>$420,304</td>
<td>$0</td>
</tr>
<tr>
<td>30 years old</td>
<td>$300,685</td>
<td>$119,619</td>
</tr>
<tr>
<td>35 years old</td>
<td>$212,002</td>
<td>$208,302</td>
</tr>
<tr>
<td>40 years old</td>
<td>$146,256</td>
<td>$274,098</td>
</tr>
<tr>
<td>45 years old</td>
<td>$97,513</td>
<td>$322,791</td>
</tr>
<tr>
<td>50 years old</td>
<td>$61,377</td>
<td>$358,927</td>
</tr>
<tr>
<td>55 years old</td>
<td>$34,586</td>
<td>$385,718</td>
</tr>
<tr>
<td>60 years old</td>
<td>$14,724</td>
<td>$405,580</td>
</tr>
</tbody>
</table>

This illustration assumes a $210 monthly contribution that has annual earnings of 6%. It does not reflect the performance of any specific investment. The returns are hypothetical and do not reflect the past or future performance of any specific investment option. Payment of income taxes is not reflected. Systematic investing does not ensure a profit or protect against loss. You should consider your ability to invest consistently in up and down markets.
GETTING THE HELP YOU NEED

A good financial representative:

• prepares you for the road ahead,
• saves you money without costing you money,
• gives you the confidence to focus on positive outcomes, and
• helps outline your financial future based on personal goals.
We are Horace Mann,
and we’re proud to serve the heroes who are shaping
America’s future – teachers, school administrators
and all school employees.

Visit horacemann.com/ourstories