

2018 - 2019 Loan Repayment Assistance Program

Applications will be accepted September 1, 2018 through November 1, 2018

The objective of the Ross School of Business (Ross) Loan Repayment Assistance Program (LRAP) is to provide financial assistance to graduates who pursue careers in nonprofit and public sector organizations. **Award amounts will vary from year to year depending on the number of eligible applicants and available funds.**

The LRAP fund pays a portion of a qualifying graduate's Ross-related, need-based loan obligations (see **Eligibility** below) while the graduate is employed full-time in a position within the public or nonprofit sectors (subject to annual re-application and review). The calculated LRAP fund amount for which the applicant is eligible is based on the applicant's financial position and that of the applicant's immediate family (as defined by Ross Graduate Financial Aid Office guidelines and the applicant's Ross graduation date).

Applicants must apply each year. **Applications are due on or before November 1** (annually) and sent to:

**Ross Financial Aid
Attention: LRAP
Ross School of Business
University of Michigan
700 East University, Room K3521
Ann Arbor, MI 48109-1234**

Email is also acceptable.

Email: rossfinaid@umich.edu

Administration

The Ross Graduate Financial Aid Office administers LRAP, within the funding constraints, terms and structure of the program. The provisions of the program, subject to change, are as follows:

Eligibility: LRAP is open to all Ross graduates: BBA, MBA (Day, Evening, Weekend, and Executive), MM, MSCM and MAcc who are now employed full-time with a qualifying employer (see **Employment** below). The applicant must have demonstrated financial need based on a completed Free Application for Federal Student Aid (FAFSA) and have received U.S. federal direct loans and/or Perkins loans during their enrollment at Ross.

- **Graduates who were enrolled and attended Ross prior to May 2010** may participate in the program within ten years of graduation.
- **Graduates who were enrolled and attended Ross beginning May 2010 and after** may participate in the program within eight years of graduation.
- All applicants must be actively repaying loans and meet the LRAP income and employment requirements.

Applicants must be current on loan repayments at the time of application. Graduates working in positions that have both historically qualified for loan deferment or forbearance and by their nature are limited term assignments (e.g., Peace Corps, Ameri Corps, etc.) are eligible for consideration under the loan repayment program.

Employment: Nonprofit organizations in the United States that are tax-exempt under sections 501(c) (3), (4), or (6) of the Internal Revenue Code are suitable employers for this program. Jobs in local state or federal governments are also acceptable. Graduates working outside the U.S. for public or nonprofit organizations may be eligible to participate in the program, subject to documentation and approval.

Assets: Qualifying asset values are calculated using the FAFSA formula. A reasonable amount of assets will not disqualify an applicant for LRAP funds. However, possession of substantial physical and financial assets with income may result in ineligibility for LRAP funding.

Application Procedures

A. Applications must include:

1. LRAP Application (page 5 in Application Packet).
2. LRAP Verification of Employment/Salary for Applicant and Spouse, if applicable (pages 6-7).
3. LRAP Income and Asset Statement (page 8 in Application Packet).
4. Signed and dated Federal Tax Return for the most recently completed tax year for applicant and spouse, if applicable. Include 1040 and W-2 only (no schedules). **NOTE: The federal tax return must be signed and dated. A current signature and date is acceptable. Electronic signatures are not acceptable.**
5. Educational Loan Summary (available from your lender or loan servicer).
6. Payment schedules (available from your lender or loan servicer) of educational loans for both Ross and non-Ross related loan obligations.

B. Deadline:

1. Applications are due in office on or before November 1 to Ross Financial Aid Office.
2. **Incomplete applications will not be processed.**

Processing

A. Calculation

1. Adjusted Income (AI):

The LRAP amount that an applicant receives is based on the applicant's AI. The AI is calculated using: Total Income + Assets (from the Income and Asset Statement), less Exemptions listed on tax return (\$9K spouse, \$8K per dependent child); and applicant's and spouse's non-Ross educational loan payment.

2. Qualifying Adjusted Incomes (see attached LRAP Historical Report)

a) Graduates who were enrolled and attended Ross prior to May 2010:

Under the LRAP formula, applicants with an AI of \$75,000 or less are not expected to contribute any payments towards the qualifying loans for that year. However, LRAP award amounts will vary from year to year depending on the number of applicants and available funds. LRAP reimbursement limits also apply. If available LRAP funds are not sufficient to cover the required payments, the applicant remains responsible for paying the balance of the loan payments due.

Under the LRAP formula, applicants with an AI over \$75,000 are expected to contribute 20% of their income over \$75,000 toward the qualifying loans for that year with the balance of loan payments funded by LRAP. However, LRAP award amounts will vary from year to year depending on the number of applicants and available funds. LRAP reimbursement limits also apply. If available LRAP funds are not sufficient to cover the required payments, the applicant remains responsible for paying the balance of the loan payments due.

b) Graduates who were enrolled and attended Ross beginning May 2010 and after:

Under the LRAP formula, applicants with an AI (adjusted income) of \$93,750 or less are not expected to contribute any payments towards the qualifying loans for that year up to \$8,000. However, LRAP award amounts will vary from year to year depending on the number of applicants and available funds. LRAP reimbursement limits also apply. If available LRAP funds are not sufficient to cover the required payments, the applicant remains responsible for paying the balance of the loan payments due.

Under the LRAP formula, applicants with an AI over \$93,750 are expected to contribute 20% of their income over \$93,750 toward the qualifying loans for that year. The balance of loan payments due will be funded by LRAP up to \$8,000. However, LRAP award amounts will vary from year to year depending on the number of applicants and available funds. LRAP reimbursement limits also apply. If available LRAP funds are not sufficient to cover the required payments, the applicant remains responsible for paying the balance of the loan payments due.

NOTE: The \$93,750 amount was calculated based on 75% of the median based salary of the 2016 graduation class. This amount will be recalculated each year based on the most recently available graduation class median based salary (2018-2019 LRAP based on the 2017 graduation class).

3. Eligible Loan(s)

a) **Graduates who were enrolled and attended Ross prior to May 2010:**

All educational loans based on the estimated cost of attendance (COA), including loans borrowed for Ross dual degree program are eligible for repayment.

b) **Graduates who were enrolled and attended Ross beginning May 2010 and after:**

Only those loans borrowed to cover the estimated COA while enrolled and paying Ross tuition are eligible for LRAP funding. Dual degree students should note that eligible loan debt is Ross specific. Proration will be used to determine LRAP funding in these cases.

4. LRAP Reimbursement Limits

a) **Graduates who were enrolled and attended Ross prior to May 2010:**

LRAP participation is limited to the ten years following graduation from Ross. LRAP reimbursement is capped at \$100,000 per applicant.

b) **Graduates who were enrolled and attended Ross beginning May 2010 and after:**

LRAP participation is limited to the eight years following graduation from Ross. LRAP reimbursement is capped at \$8,000 per year, for a total of \$64,000 per applicant.

5. Consolidated Loans

If the applicant has chosen to consolidate their student loans, LRAP will be prorated based on the applicant's qualifying loans.

B. Disbursement

1. After eligibility is determined, available funds will be distributed among all eligible applicants.

Award amounts will vary from year to year depending on the number of eligible applicants and available funds. Funds will be disbursed in January or February. These payments may be considered taxable income in the calendar year received. Please check with a tax advisor for your tax liability.

2. If the award recipient becomes ineligible for funds received, the recipient must repay that portion for which she/he has become ineligible. Therefore, **all award recipients are required to report a change in employment should one occur.** The details for repayment of LRAP funds will be determined individually with the program administrator. The terms of the repayment will be based on the participant's salary after leaving qualifying employment. The amount to be repaid will be the amount the participant is not eligible for plus 7% simple interest.

LOAN REPAYMENT ASSISTANCE PROGRAM CHECKLIST FOR APPLICANTS

This document is for your use only and does not need to be sent back to Ross Financial Aid.

Application MUST be received by Ross Financial Aid by November 1, 2018.

Incomplete applications will not be processed.

Eligibility Checklist:

- ___ Applicant is employed full-time in a position within the public or nonprofit sectors.
- ___ Applicant must have demonstrated financial need based on a completed FAFSA and have received U.S. federal direct loans and/or Perkins loans during their enrollment at Ross.
- ___ Applicant is a Stephen M. Ross School of Business graduate.
 - Applicants who were enrolled and attended Ross **prior to May 2010** may participate within ten years of graduation. LRAP reimbursement is capped at \$100,000.
 - Applicants who were enrolled and attended Ross **beginning May 2010 and after**, may participate within eight years of graduation. LRAP reimbursement is capped at \$8,000 per year and \$64,000 total per applicant.
- ___ Applicant is actively repaying loans and current on loan repayments at the time of application.

Application Checklist:

The LRAP Application consists of four pages (Pages 5 through 8). Applicant is to complete:

- ___ LRAP Application (Page 5 of Application Packet). *Be sure to include your eight digit student ID number (UMID number) or unique name on application.*
- ___ LRAP Verification of Full-Time Employment/Salary of Applicant (Page 6 of Application Packet).
- ___ LRAP Verification of Full-Time Employment/Salary of Spouse, if applicable (Page 7 of Application Packet).
- ___ LRAP Income and Asset Statement (Page 8 of Application Packet).

Applicant must also include:

- ___ Employer Proof of Tax-Exempt Status. ***NOTE: Employer is to include this with the LRAP Verification of Full-Time Employment/Salary of Applicant (Page 6 of Application Packet).***
- ___ Signed and dated Federal Tax Return for the most recently completed tax year for applicant and spouse, if applicable. Include 1040 and W-2 only (no schedules). ***NOTE: The federal tax return must be signed and dated. A current signature and date is acceptable. Electronic signatures are not acceptable.***
- ___ Educational Loan Summary (available from your lender or loan servicer).
- ___ Payment Schedules (available from your lender or loan servicer) of educational loans for both Ross and non-Ross related loan obligations.

LOAN REPAYMENT ASSISTANCE PROGRAM APPLICATION 2018-2019

Name: _____ UMID No. or Unique Name: _____

Home Address: _____

Full Address City, State and Zip

Telephone: _____ Fax Number: _____

E-Mail Address: _____

Year of Graduation: _____

Dual Degree: Yes No

Employer: _____

Full-Time Part-Time

Title: _____

Employer Address: _____

Employer Telephone: _____

Date of Employment: _____

Describe your employer's activities and your responsibilities in the organization. Address the public service aspects of the organization. You may attach additional sheets and/or a resume.

Required Additional Application Documents:

1. LRAP Verification of Full-Time Employment/Salary (pages 6-7);
2. LRAP Income and Asset Statement (page 8);
3. Signed and dated Federal Tax Return for the most recently completed tax year for applicant and spouse (if applicable). Include 1040 and W-2 only (no schedules). ***NOTE: The federal tax return must be signed and dated. A current signature and date is acceptable. Electronic signatures are not acceptable.***
4. Educational Loan Summary; and
5. Payment schedules (available from your lender or loan servicer) of educational loans for both Ross and non-Ross related loan obligations.

Signature and Certification

I declare that the information in this application is correct and complete to the best of my knowledge. The Ross Graduate Financial Aid Office may investigate and verify the information I have provided.

Signature _____

Date _____

LRAP Verification of Full-Time Employment/Salary – APPLICANT

Instructions:

Applicant: Complete Part 1 and forward directly to employer.

Employer: Complete Part 2 sign and return to applicant with Proof of Tax-Exempt Status.

PART 1

TO (Name and Address of Employer): _____

I have applied to the University of Michigan's Ross School of Business Loan Repayment Assistance Program and stated that you are my employer. My signature below authorizes you to verify my employment information to the Stephen M. Ross School of Business at the University of Michigan.

Signature of Applicant: _____ Date: _____

Applicant's Name: _____

Applicant's Address: _____

PART 2—Verification of Employment

Applicant's Date of Employment: _____ Employed Full-Time: Yes No

Present Position Title: _____

Probability of Continued Employment: _____

Current Base Salary (*Enter appropriate salary below.*)

\$ _____ Annual \$ _____ Monthly \$ _____ Weekly

\$ _____ Hourly

If paid hourly, please indicate average number of hours per week: _____

If a bonus or overtime is applicable, please describe: _____

PROVIDE PROOF OF YOUR TAX-EXEMPT STATUS

Name of Employer/Supervisor: _____

Title: _____

Signature of Employer: _____ Date: _____

LRAP Verification of Full-Time Employment/Salary – SPOUSE

Instructions:

Applicant: Complete Part 1, with spouse's signature and forward directly to their employer.
Employer: Complete Part 2 sign and return to applicant.

PART 1

Applicant's Name: _____

Applicant's Address: _____

TO (Name and Address of Spouse's Employer): _____

I (applicant) have applied to the University of Michigan's Ross School of Business Loan Repayment Assistance Program and stated that you are my spouse's employer. My spouse's signature below authorizes you to verify employment information to the Stephen M. Ross School of Business at the University of Michigan.

Signature of Applicant's Spouse: _____ **Date:** _____

Applicant's Spouse Name: _____

PART 2—Verification of Employment of Spouse

Spouse's Date of Employment: _____ Employed Full-Time: Yes No

Present Position Title: _____

Probability of Continued Employment: _____

Current Base Salary (*Enter appropriate salary below.*)

\$ _____ Annual \$ _____ Monthly \$ _____ Weekly

\$ _____ Hourly

If paid hourly, please indicate average number of hours per week: _____

If a bonus or overtime is applicable, please describe: _____

Name of Employer/Supervisor: _____

Title: _____

Signature of Employer: _____ Date: _____

LRAP Income and Asset Statement

Applicant's Name: _____

Filing Status: Married Single Number of Children (Dependents)

Name of Dependents:	<u>Relationship</u>
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Income

Applicant's Current Annual Salary	\$ _____
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Spouse's Current Annual Salary	\$ _____
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Other Current Income

Total Dividends	\$ _____	
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Total Interest	\$ _____	
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Other (List Below)	\$ _____	
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Total Other Current Income	\$ _____
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Total Income	\$ _____
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Asset Information

Cash, Savings and Checking Accounts	\$ _____
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Stocks, Bonds, CDs and Investments	\$ _____
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Trust Funds Total Value	\$ _____
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Other (e.g., Real Estate)—Please explain below.	\$ _____
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Total Assets	\$ _____
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Education Debt Prior to Ross *(Detail on Educational Loan Report)*

Applicant's Annual Payments	\$ _____
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Spouse's Annual Payments	\$ _____
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Total Annual Payments of Education Debt Prior to Ross	\$ _____
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Ross Debt *(Dual degree totals will be prorated for graduates who attended Ross beginning May 2010 per LRAP processing/calculation, step 3.)*

Principal	\$ _____
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Current Annual Payments	\$ _____
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Loan Repayment Assistance Program (LRAP) Historical Report

Academic Year	Average Payment
1997-1998	\$ 4,086.20
1998-1999	\$ 5,258.33
1999-2000	\$ 3,660.33
2000-2001	\$ 2,900.00
2001-2002	\$ 1,130.00
2003-2004	\$ 2,409.00
2004-2005	\$ 2,240.00
2005-2006	\$ 622.00
2006-2007	\$ 5,827.00
2007-2008	\$ 6,917.86
2008-2009	\$ 7,177.27
2009-2010	\$ 2,563.11
2010-2011	\$ 3,136.00
2011-2012	\$ 2,658.00
2012-2013	\$ 2,006.52
2013-2014	\$ 2,640.43
2014-2015	\$ 3,136.00
2015-2016	\$ 3,875.08
2016-2017	\$ 2,800.28
2017-2018	\$ 4,717.30

2017 – 2018 Highest Payment: \$8,000

2017 – 2018 Lowest Payment: \$996

Note: Award amounts are subject to change annually, based on funding availability.