Student Loan Solutions

Remove Debt, Reduce Payments, Reinvest Savings

Educators are taking care of our children’s future, and we believe they deserve someone to look after theirs.

Burdened by Debt

Average Teacher Starting Salary $36,141* Average College Graduate Loan Debt $35,000 **

13% of take-home pay could be spent paying down student loan debt for the next ten years.


***Horace Mann Educator Advisory Panel, 2015
Out-of-Pocket Expenses

- 85% of teachers spend their own money on classroom supplies *
- 92% of teachers buy instructional materials for their students *
- Each teacher spends an average of $500 per year **

Lower Earnings...

and the gap continues to widen

Teacher salaries are 12.5% less than the salaries of professionals in occupations with similar educational requirements. *

Unfortunately, there's evidence to suggest that this gap widens with time.

12% Salary gap for teachers

Teacher Shortage

Increased Demand for Teachers

Schools continue to reinstate classes and programs terminated during the Great Recession

Decreased Supply of Teachers

Teacher attrition remains high and is the single, biggest contributor to the shortage

35% decline in teacher prep programs

2/3 of the profession thinks retirement is significantly sooner. *

35% of teachers leave the profession because they are dissatisfied

Sources: * "America has a teacher shortage, and a new study says it's getting worse" by Joe Williams, Washington Post, 9/14/16, and "A Coming Crisis in Teaching? Teacher Supply, Demand and Shortages in the U.S.," Learning Policy Institute.
Solving Financial Issues Helps Retention

**Educator Financial Issues**
- Not saving enough (or at all)
- Uncertainty about pensions & Social Security
- Not making enough to pay off student loan debt
- Spending own money in the classroom

**Effect on School Districts**
- Strains ability to attract & retain talent
- Diminished employee morale
- Lower productivity
- Employees working later into life, resulting in higher benefit costs

Helping students focus on their financial success can help districts improve retention of new educators

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Create a Plan

**Solve for Barriers**
- Give students the information they need to help address concerns – and put money back in their pocket.

**Meet Financial Goals**
- Redeploy savings to protect against unnecessary loss and plan for long term financial goals.

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Millennial mindset

- Frequently talk about savings and retirement
- Expect to fund most of their retirement
- Want retirement education and advice
- Guess at how much they will need
- Focused on the "Now" – money for experiences and enjoying life
Managing Student Loan Debt

$1.2 Trillion

Student loan debt nationwide tops $1.2 trillion — more than credit card debt or auto loans

$35,000

Average student loan debt is more than $35,000 — which can be close to a full year’s salary for a new teacher ($36,141)

71%

71% of educators agree: “For many young teachers today, student loan debt is the difference between wanting to continue to teach and wanting to change career paths to a career that pays better.”

Student Loan Solutions

Horace Mann has a Student Loan Solutions team dedicated to helping educators manage their student loan debt

Remove

Under certain conditions, student loan debt can be forgiven

Reduce

Repayment & refinancing options may help lower payments

Redirect

Savings can be redirected toward other financial goals

Teacher Loan Forgiveness Program

Encourages individuals to enter and continue in the teaching profession

In order to qualify…

• Must teach for five consecutive years in a qualified low income school
• No loans prior to Oct 1, 1998
• Most teachers receive $5,000
• Secondary math, science, and special education classroom teachers receive $17,500

Source: Federal Student Aid
Public Service Loan Forgiveness

The amount forgiven is = remaining loan balance*...on direct loans... ...while working for a qualifying employer...

*Per IRS, forgiven amount is not taxable income.

Source: Federal Student Aid

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Repayment plans based on income

Income-driven repayment options may reduce monthly payments and make them more manageable.

<table>
<thead>
<tr>
<th>REPAYMENT PLAN</th>
<th>FIRST MONTHLY PAYMENT</th>
<th>LAST MONTHLY PAYMENT</th>
<th>TOTAL AMOUNT PAID</th>
<th>PSLF LOAN FORGIVENESS</th>
<th>REMAINING PERIOD</th>
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<tbody>
<tr>
<td>Standard</td>
<td>$755</td>
<td>$755</td>
<td>$90,565</td>
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<td>Graduated</td>
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<td>Extended Graduated</td>
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<tr>
<td>Revised Pay as You Earn</td>
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<td>$169</td>
<td>$13,734</td>
<td>$75,438</td>
<td>120 months</td>
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</tbody>
</table>

Reduce

Loan repayment or refinance options may reduce your student's monthly payments.

Reduce

Refinancing may be the right option

Citizens Bank Education Refinance Loan ® customers save an average of $137 per month.

1. Average savings based on 33,437 actual customers who refinanced their federal and private student loans through Citizens Bank between January 6, 2014 and March 31, 2016. The borrower’s savings may vary based on the interest rates, balances and remaining repayment term of the loans they are refinancing. The borrower’s overall repayment amount may be higher than the loans they are refinancing even if their monthly payments are lower. Refinancing provided by Citizens Bank. Refinancing a federal student loan will make borrower ineligible for loan forgiveness programs, could lengthen the repayment period of the loan, and would waive any current and future benefits of the program. For information on eligibility requirements go to https://studentloans.citizensbank.com/lr/ERL?HoraceMann. Citizens Bank is a brand name of Citizens Bank, N.A. and Citizens Bank of Pennsylvania Member FDIC. Horace Mann receives compensation from Citizens Bank for each loan funded through this program. Horace Mann and Citizens Bank are unaffiliated.

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Redirecting Student Loan Debt

New educators can invest these savings to help meet their financial goals.

Assumes 6% annual earnings and no withdrawals. Results are hypothetical for illustrative purposes only and do not reflect the performance of any specific investment.

We can help your students redirect savings from their student loan payments to achieve their retirement goals.

Saving just a small amount can add up over time.

Redirecting Student Loan Debt

See how it works...

$40,000 in debt eliminated and $60,000 in retirement savings gained

Meet Kate McGhee

Income-based Repayments

Redirect Loan Debt

403(b) Investments

Retention & Confidence

Financial Success

Meet Kate

Age: 24
Student Loan Debt: $40,000
Monthly Payments: $310
Retirement Savings: $0

Reduce the future

Direct Loan Payment: $400
New Loan Payment: $90

Save for the future

Old Loan Payment: $0
New Loan Payment: $260
Adjustment Loan Payment: $0

Continue teaching

Old Retirement: 10 years
Continue investing: $260+6% annual

Goals achieved

Age: 34
Debt eliminated: $40,000
Total saved for retirement: $60,000

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What’s Next?

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