

CSLA TECH

A SMARTER WAY TO REPAY

CSLA Tech LLC Application Training

The following set of exercises are provided to help advisors get comfortable with modeling various life scenarios into repayment analysis. The examples included in the document are for demonstration purposes only and do not apply to any person's unique circumstances. Since the loan data in Test1 User1 is stagnant the exercises herein will not take into account loan dates, or types to determine which IDR plans would be available to the client. Please refer to the CSLA courses for information about qualifications for the various IDR plans.

Exercise 1 - Simple Illustration

Test1 Client1

In this example we have a single client who has not yet entered into repayment and only borrowed for an undergraduate degree. The income expectations are a current income of \$22,000/yr with a simple 3%/yr income increase only. She does not expect to get married nor does she anticipate having any children in the future. The tax rate on her forgiven debt will be modeled at 25% with a monthly savings amount in each repayment plan as follows: IBR - \$12/mo, New IBR \$20/mo, PAYE \$20/mo, REPAYE, \$11/mo, and ICR N/A.

Exercise 2 - Comparison to Private Loan Consolidation

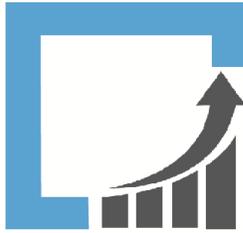
In this example we would like to compare the results from the previous exercise to a private consolidation of 4.5% interest over 10 years.

Exercise 3 - Personalizing Income Expectations

In this example we have a single client that has not yet entered into repayment and only borrowed for an undergraduate degree. The income expectations are more complex. Her current income is \$14,000/yr and she expects her income to change along the following schedule:

2016-2017 North Carolina Public School Salary Schedule (Bachelor's Teacher)

YEAR	2	3	4	5	6	7	8	9	10
INCOME	35000	35750	36000	36250	36750	37250	38000	38500	39000
YEAR	11	12	13	14	15	16	17	18	19
INCOME	39500	40250	41000	41750	42500	43250	45250	45250	45250
YEAR	20	21	22	23	24	25			
INCOME	45250	45250	48000	48000	48000	48000			



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Exercise 4 - Personalizing Family Size Expectations

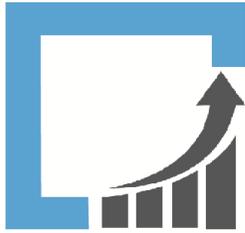
In this example we will model in expected changed in the borrower's family size using the already entered income expectations from the previous exercise. Let's assume the borrower anticipates marriage in 4 years to someone making \$40,000/yr with a 4% per year income increase. Once married the couple would like see their options if they file jointly or separately. In this example they also expect to have 3 children, 2, 4 and 7 years after getting married.

Exercise 5 - Pre-Tax Retirement Contributions

In this example we will model in expected changes in the borrower's payments due to recommended pre tax retirement contributions. The prospective client is already married (no student loans) filing their taxes separate with 2 children ages 1 and 3 and the borrower has a current income of \$17,000 with the following future income expectations. Along with each year is the recommended annual 403b contributions (almost \$280K in total)

2016-2017 San Diego Unified School District Salary Schedule (Bachelor's Teacher)

YEAR	2	3	4	5	6	7	8	9	10
INCOME	\$44,337	\$46,001	\$47,733	\$49,535	\$51,409	\$53,356	\$55,384	\$57,491	\$59,680
403b	\$1,200	\$1,664	\$3,396	\$5,498	\$7,072	\$9,019	\$11,047	\$13,154	\$15,343
AGI	\$43,137	\$44,337	\$44,337	\$44,037	\$44,337	\$44,337	\$44,337	\$44,337	\$44,337
YEAR	11	12	13	14	15	16	17	18	19
INCOME	\$61,959	\$64,327	\$64,327	\$64,327	\$64,327	\$64,327	\$66,591	\$70,069	\$70,069
403b	\$17,622	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
AGI	\$44,337	\$46,327	\$46,327	\$46,327	\$46,327	\$46,327	\$48,591	\$52,069	\$52,069
YEAR	20	21	22	23	24	25			
INCOME	\$70,069	\$70,069	\$70,069	\$70,069	\$70,069	\$70,069			
403b	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000			
AGI	\$52,069	\$52,069	\$52,069	\$52,069	\$52,069	\$52,069			



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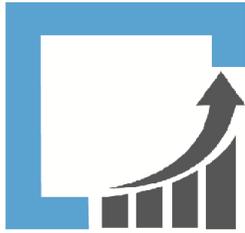
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Exercise 6 - Borrower is assuming loan forgiveness from PSLF

In this exercise we will use the same Jane Doe income information from the San Diego Unified School District and the 403b contributions recommended from the previous exercise but assume the borrower will benefit from PSLF in year 2027.

Exercise 7 - Borrower is already in an income driven repayment plan

This exercise can be used as the annual review of a client or if you come across a borrower who has already enrolled in an IDR plan. You can use this functionality to determine if there is a better plan available and track their progress toward their max repayment period. Let's assume our case of Jane Doe working towards PSLF, but she enrolled in IBR in 2015



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Exercises for coming features

Both spouses have student loans

Changing future tax filing status

Changing future IDR plans