Loan Forgiveness Program – Frequently Asked Questions

**LOAN ELIGIBILITY**

**WHAT TYPES OF LOANS ARE ELIGIBLE FOR THE LFP?**

All educational loans in the students’ name that have been certified by the school are eligible for Yale School of Management Loan Forgiveness consideration, including Federal Direct Loans, Private Educational Loans, and the Yale International Loan, as long as they still have a balance due. Loans taken that meet the previous criteria but have a co-signer are also eligible.

Note to joint degree students: only loans taken during the semesters in which tuition was paid to SOM are eligible for support from the SOM MBA Loan Forgiveness Program.

Certain types of loans are not eligible, including but not limited to loans taken out in another person’s name, private loans that have not been certified by Yale School of Management, and home equity loans or lines of credit.

Loans in your grace period, deferment, or forbearance are not eligible for the Loan Forgiveness Program until their official status “In Repayment” and at least once payment has been made.

We do not reimburse participants for pre-payments made while in-school or during the standard 6-month grace period.

**WHAT TYPE OF CONSOLIDATION LOANS ARE ELIGIBLE?**

Loans that meet the initial eligibility criteria above may be consolidated into another educational loan in the graduate’s name, as long as they can document that the loans they originally took at Yale School of Management are included in the consolidated loan.

If the interest rate on the consolidated loan is lower than the interest rate(s) of the initial loan(s), the consolidated interest rate will be taken into account.

**DOES LFP COVER INTEREST ACCRUED WHILE IN SCHOOL, OR THE INTEREST PORTION OF CURRENT PAYMENTS?**

The Loan Forgiveness calculations take into account the gross need-based loan amounts taken out to finance your education and the current interest rate. We only take into account interest on the loans during the repayment period for which you are receiving Loan Forgiveness Program funding. We do not consider interest accrued while in school or in periods of deferment or forbearance while you are not receiving financial support from the Loan Forgiveness Program.
INCOME ELIGIBILITY

WHAT IS CONSIDERED INCOME?
For the purposes of the Loan Forgiveness Program, income is considered wages plus all other income as outlined on the federal tax return below.

![Image of tax form]

We also consider income that may be untaxed, such as social security or disability payments.

We do not allow losses to offset positive income. This means if your small business earned $2500 but you had a capital loss of $3000, we still count the $2500 of income regardless of how this income is counted for tax purposes.

WHAT IS CONSIDERED HOUSEHOLD INCOME?
Household income is defined by the same guidelines as above. Tax refunds, interest, dividends and capital gains are attributed half to each spouse. For other types of income (for example small business income on Schedule C) it will be attributed to the person listed on the federal schedule.

HOW ARE BONUSES HANDLED?
All bonuses are considered part of your income for that calendar year. If you receive a signing bonus, that information should be included in your initial application. If you receive a bonus at the end of the year, you must report that to the Office of Financial Aid and we will calculate how that affects your award. If you’ve already received a payment based on that income year, you may owe money back to the Loan Forgiveness Program.

WHAT HAPPENS IF I HAVE A CHANGE OF CIRCUMSTANCES?
If you have a change of circumstances, please let us know. We will request a Status Change Form that will document your updated situation. Adjustments will be determined in the two application windows in
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November and May, and you will be informed of the financial impact based on the effective date of the change.

Please note January payments are for January – June, and July payments are for July – December. Based on the effective date of your change, there may be a retroactive increase or decrease to your funding based on the new information.

If it is an increase, we will process the increase in your January or July payment. If it a decrease in funding, we will decrease your next payment by that amount or send your instructions on returning funds.

DISBURSEMENT OF FUNDS & APPLICATION RENEWAL

When can I expect my LFP payment?

Loan Forgiveness Program payments are processed twice a year. Graduates will receive their payments in January and July by the 15th of the month if Direct Deposit is authorized in advance. If a check is mailed, payment is normally received by the 21st of the month.

Except for initial applicants, compensation from the SOM Loan Forgiveness Program is a prepayment: January payments are for January – June, and July payments are for July – December.

Assuming they have continued eligibility, initial applicants will receive the upcoming six month payment as well as no more than five months retroactive support in their first payment.

How do I return funds to the LFP?

If you are required to return funds to the Loan Forgiveness Program for any reason, you will be notified by the Office of Financial Aid. A personal check should be made out to Yale University and sent to:

Yale School of Management Financial Aid
PO Box 208200
New Haven, CT 06520-8200

Please include “return of LFP funds” in the memo of the check. Please be sure to enclose the name of the Loan Forgiveness recipient if your name is not listed on the check.