

Stephen M. Ross School of Business
Office of Financial Aid
University of Michigan
701 Tappan Street, Room E2420
Ann Arbor, MI 48109-1234

Loan Repayment Assistance Program

The objective of the Ross School of Business (RSB) Loan Repayment Assistance Program (LRAP) is to attract a diverse group of highly qualified prospective students and to expand the career options of its graduates by actively encouraging them to help fill the need for skilled managers in nonprofit and public sector organizations. The program will allow for and encourage such career choices by reducing the degree to which the burden of graduates' educational debt obligation restricts them from pursuing important but relatively low-salaried positions within these sectors.

The program accomplishes this objective by paying a portion of a graduate's Business School-related need-based loan obligations while the graduate is employed full-time in a management related position within the public or nonprofit sectors (subject to annual re-application and review). The calculated amount the applicant is eligible for from the LRAP fund is based on an individual's financial position and that of the applicant's immediate family (as defined by Ross Graduate Financial Aid Office guidelines). Applications are due by November 1 annually for the following year and should be sent to; Ross Financial Aid Office (address provided above).

Administration:

The Ross Graduate Financial Aid Office Assistant Director will administer this program. The Assistant Director is responsible for reviewing, evaluating and adjusting the policy, terms and structure of the program as needed. Additionally, the Assistant Director will rule on special cases in which eligibility for the program is not clear-cut.

The provisions of the program, subject to change at any time, are as follows:

Eligibility:

Open to Ross BBA and MBA graduates employed full-time with a qualifying employer. The student must have demonstrated financial need and received U.S. recognized need-based financial aid (Direct and Perkins loans) during their enrollment at RSB. Alumni (within ten years of graduation) may participate in the program any time before their loan repayment schedules expire, provided they meet the income and employment requirements. The LRAP reimbursement is capped at \$100,000 per applicant. All RSB educational loans based on the estimated cost of attendance (including alternative loans) are eligible for repayment. Loan repayment assistance will terminate as of the date when individuals leave public or nonprofit sector service. Applicants must be current on loan repayments at the time of application, and assistance will be calculated based on the typical 10-year repayment period. Graduates working in positions that have both historically qualified for loan deferments 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.

A. 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 approval.

B. Assets: A reasonable amount of assets will not disqualify an applicant for LRAP funds. However, possession of substantial physical and financial assets will lead to a reevaluation of the candidate's financial condition.

Application Procedures:

A. Applicants must reapply each year.

B. Applications must include:

1. LRAP Application
2. LRAP Income and Asset Statement
3. LRAP Verification of Employment Salary of Applicant/Spouse (if applicable)
4. Latest Federal income tax return, signed and dated, including W-2s and all schedules
5. Summary of applicant's RSB debt
6. Documentation (payment schedules) of need-based educational loans for RSB and non-RSB related loan obligations for both applicant and spouse (if including spouse debt information, then spouse income and asset information must also be included.)

C. **Deadline:**

1. Applications are due on November 1 annually at the Ross Graduate Financial Aid Office.
2. Incomplete applications will not be processed.

Processing

A. **Calculation**

1. The amount that an applicant receives is based on the applicant's Adjusted Income (AI). The AI is calculated using: Total Income + Assets (from the Income & Asset Statement), less Exemptions (\$9K spouse, if spouse information is provided; \$8K per dependent child listed on tax return; applicant's non RSB educational loan payment and spouse's required educational loan payment).
2. Applicants with an AI of \$75,000 or less are not expected to contribute any payments towards the qualifying loans for that year. 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.
3. If the applicant has chosen to consolidate his/her student loans, payments from the LRAP will be based on the RSB related portion of the consolidated repayment schedule.

B. **Disbursement:**

1. After eligibility is determined, available funds will be distributed among all eligible applicants. **Note: Award amounts may vary, depending on the number of eligible applicants and available funds.**
2. Funds will be disbursed in mid to late January. These payments may be considered taxable income in the calendar year received. Please check with a tax advisor for your tax liability.
3. 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.

LRAP Application

Name: _____ Year of Graduation: _____

Home Address: _____

Home Phone: _____ Work Phone: _____

Fax Number: _____ Social Security #: _____

E-Mail Address: _____

Employer: _____ Full-Time: (circle): Y or N

Your Title: _____

Employer Address: _____

Employer Phone: _____

Dates of Employment: _____

Please 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 Attachments

1. Income and Asset Statement, 2. Candidate's and Spouse's (if applicable) Verification of Employment and Salary Level, 3. Federal tax return (**signed and dated**) for the most recently completed tax year (1040, W-2, 1099, and all schedules), 4. Educational Loan Summary 5. Documentation (payment schedules available from your lender) of educational loans for both RSB and non-RSB 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

