

# PUBLIC INTEREST FINANCIAL PLANNING TOOL



This document was designed by members of the **William Wayne Justice Center Student Advisory Board**. It is a first step in financial planning for students interested in public service lawyering.

Read through the **five steps** below and then continue to page two to start your personalized financial picture.

## STEP 1: HOW MUCH WILL YOU MAKE?

According to NALP the average starting salaries for public service lawyers are:

- Public Defenders: \$58,300
- Civil Legal Services: \$48,000
- Prosecutors: \$56,200
- Misc. Public Interest Orgs.: \$50,300



## STEP 2: HOW MUCH WILL YOU OWE?



The average out-of-state Texas Law student paying full tuition will pay:

**\$203,651**

The average Texas Law student graduates with **\$91,798** in debt

## STEP 3: WILL YOU QUALIFY FOR HELP ON YOUR LOANS?

### • Loan Repayment Assistance Programs (LRAPs)

**Texas Law LRAP** could cover 100% of your loan payments if you make under \$60,000/year if you are in a qualifying repayment plan and working at a qualifying organization.

- **PUBLIC SERVICE LOAN FORGIVENESS** could forgive 100% of your qualifying student loans after 120 qualifying payments (~10 yrs) tax free!



★ **TOGETHER, THESE TWO PROGRAMS COULD MEAN YOU PAY NOTHING IN FEDERAL STUDENT LOANS!**

## STEP 4: WHAT WILL YOUR MONTHLY BUDGET BE?



Monthly expenses can vary greatly depending where you live; so it's a **good idea** to start thinking about your future budget(s) early!

**Remember:** Budgeting is a highly personal endeavor and only you can truly know what your expenses will be.

## STEP 5: WHAT SHOULD YOU DO NOW TO START PREPARING?

- **1L:** Create a personal budget and minimize your expenses and debt now.
- **2L:** Begin thinking about what jobs you might like and where you might be interested in working.
- **3L:** Begin to research and understand PSLF and the Texas Law LRAP. Go to page 2 to understand your finances more deeply.



**IF YOU WANT MORE DETAIL ON YOUR SPECIFIC FINANCES, CONTINUE TO PAGE 2.**

# RECORD YOUR INFO

## WHAT YOU NEED TO COMPLETE THESE STEPS:

- Calculator
- Laptop with access to the internet
- About an **hour** of focus
- Patience: finances can feel stressful!

## STEP 1: HOW MUCH WILL YOU MAKE?

Fill in one of the averages from page 1 or, if you want to be more precise, NALP has region specific information here: [www.psjd.org/salary-report\\_2018](http://www.psjd.org/salary-report_2018) (you will need a PSJD account)

If you already know what your salary will be, fill that in for the most accurate results.

\$ \_\_\_\_\_

## STEP 2: HOW MUCH DO YOU/WILL YOU OWE?

Review your current loan balance on AccessLex and complete each step as prompted: <https://www.accesslex.org/student-loan-calculator/#/current-student/program-info>

- Fill your total federal loan balance:

\$ \_\_\_\_\_

Review the monthly repayment options (a great resource to understand the differences can be found here: <https://studentaid.ed.gov/sa/repay-loans/understand/plans>)

- Fill in your estimated monthly repayment amount:

\$ \_\_\_\_\_

★ **You MUST enroll in a qualifying loan repayment plan in order to qualify for both the Texas Law LRAP and PSLF (e.g. IBR, PAYE, REPAYE)!** ★

## STEP 3: WILL YOU QUALIFY FOR HELP ON YOUR LOAN?

**Texas Law LRAP basics explained here:** <https://law.utexas.edu/financial-aid/lrap/>

- Read the above link, seriously.
- It's a little complicated, but basically:
  - If you make <\$60K, the loan will cover 100% of your monthly payments
  - If you make between \$60K - \$80K, you will have to contribute 35% of your income that exceeds \$60K
  - If you are married, your spouse's income may affect the calculation of your LRAP loan.
- **Note:** Many state bars and employers will have their own LRAPs, so be sure to investigate those.

### PSLF basics explained:

- **MUST** work for a **qualifying org** (most non-profits/PD offices/govt., but always check with the U.S. Department of Education).
- **MUST** be enrolled in an **income-driven repayment plan** (e.g., PAYE, REPAYE, IBR).
- After **120 qualifying payments** the government will forgive *all* your federal student loans tax free.
- **NOTE:** if you do not stay in public interest, there are still options to have your loans forgiven via the income-driven repayment plans, but that is beyond the scope of this document.

### How do the programs work together?

- The Texas Law LRAP will issue forgivable loans to qualifying students to assist them in paying their student loans for up to ten years. The federal government's PSLF will forgive federal student loans after 120 qualifying payments.
- Thus, if you only have federal student loans, and work in a qualifying org., you could end up paying **NOTHING** on your student loans

**Based on your salary from step 1, do you qualify for LRAP/PSLF? (circle one):**

Yes

Yes, in part (i.e. income \$60K-\$80K)

No

# RECORD YOUR INFO

## STEP 4: BUILD A SAMPLE MONTHLY BUDGET

1. Salary from step 1:

\$ \_\_\_\_\_

2(a). If you answered **YES** to **step 3** you will not have to pay anything for student loans and can **skip** directly to **number 4**.

2(b). If you answered **Yes, but only partially**, then you to complete the following equation: ("Salary" - \$60,000) \* 0.35 to determine your yearly loan contribution.

\$ \_\_\_\_\_

2(c). If you answered **No** to **step 3**, then multiply your monthly loans from **step 2** by 12 to determine your yearly loan contribution.

\$ \_\_\_\_\_

3. If you answered either **2(b)** or **2(c)**, subtract your answer from your **salary** to get your yearly household income after student loans:

\$ \_\_\_\_\_

4. Fill in your **household income** and other relevant details at the following website to build a budget: <https://smartasset.com/mortgage/budget-calculator>. For **household income**, use your net or take-home salary (gross salary minus taxes). If you don't know what your net salary will be, visit <https://www.paycheckcity.com/calculator> to estimate your take-home pay for your region.

Note that this isn't 100% precise and individual circumstances may cause changes, but this website will give you a good estimate of what your monthly budget will look like.

Bottom line: The most important thing is that **you have a coherent strategy for managing your budget.**

## STEP 5: WHAT SHOULD YOU DO NOW TO START PREPARING?

### Learn about loans:

- Talk to the Texas Law Financial Aid Office to better **understand the different loans you have** and obligations they carry: <https://law.utexas.edu/financial-aid/staff-directory/>
- Ask them about the **repayment plans and public service loan forgiveness** we've described.
- Attend the amazing **Heather Jarvis'** talk on "Public Service Loan Forgiveness in Five Easy Steps" and explore her website: <http://askheatherjarvis.com/>

### Learn about budgeting:

- Budgeting tools:
  - <https://www.nerdwallet.com/blog/finance/how-to-build-a-budget/>
  - <https://www.thebalance.com/how-to-make-a-budget-1289587>
- Budgeting apps:
  - Guide to the apps: <https://millennialmoney.com/budget-templates/>
  - Mint - <https://mint.intuit.com/>
  - You Need a Budget (YNAB) - [younedabudget.com](http://younedabudget.com)
- Determining cost of living between cities:
  - <https://www.nerdwallet.com/cost-of-living-calculator/city-life/austin-tx>
  - <https://www.payscale.com/cost-of-living-calculator/Texas-Austin>

### Learn about career options:

- Talk to the **Justice Center** and **Career Services** about the different kinds of public service careers:
  - <https://law.utexas.edu/publicinterest/about/meet-with-us/>
  - <https://law.utexas.edu/career/area/cso/>
- Look at the Justice Center's **alumni database** and contact alums about their career paths: <https://law.utexas.edu/publicinterest/alumni>

# Well done!

You've taken the first step in financial planning for your public service legal career.

**Remember:** This document is not comprehensive. Be sure to read all the info on the links provided, and conduct research on your own to continue preparing.

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**Disclaimer:** this document is not meant to serve as official financial advice. Nor does the University of Texas make any guarantees about the success or ongoing availability of any of the programs mentioned herein. Financial planning is a personal venture, and this document is only meant to provide some examples of how to begin planning for the future. Please always consult other sources, and talk to a professional in order to receive accurate advice for your personal situation.