

COAP in Action

(For students admitted post December 1, 2011)

Law school is expensive. Many applicants and students worry about how they will pay for their student loans after graduation.

While young lawyers who work for large firms may be able to shoulder the burden of educational debt with relative ease, private practice is not for everyone. Some students dream of jobs in smaller firms, nonprofit organizations, public interest, government service or academia. These are jobs that typically pay less than those at large firms. Yale Law School has pioneered a loan repayment assistance program to allow these students to take their dream jobs without worrying about their student loans: the Career Options Assistance Program (COAP).

Established in 1989, COAP was one of the first loan forgiveness programs of its kind. Since its inception, it has served as a model for similar programs at law schools across the country. It provides substantial post-graduation assistance with educational loan repayment for those graduates who choose lower paying positions. COAP is designed to cover the shortfall between graduates' educational loan payments and what they can afford to pay from mid-level incomes. Today, it is one of the most distinctive, generous, and flexible loan forgiveness programs available.

Below are a number of sample COAP scenarios to demonstrate how COAP works in action. These are examples only. For more detailed information about the Program, please see <https://law.yale.edu/admissions/cost-financial-aid/post-graduate-loan-repayment>. If you have questions or would like to discuss your own situation, please contact the Financial Aid Office at (203) 432-1688 or email financialaid.law@yale.edu.

- In each scenario, we assume that the graduate has \$90,000 of need-based debt from Yale Law School (about the average debt at graduation for the Class of 2007) and \$10,000 of need-based undergraduate debt (\$100,000 total) at 6.8% interest rate.
- The graduate's contribution is based on the following formula:

Adjusted Income	Participant Contribution
under \$50,000	none
\$50,000 to \$65,000	15% of income over \$50,000
\$65,000 to \$80,000	\$2,250 plus 30% of income over \$65,000

Over \$80,000	\$6750 plus 60% of income over \$80,000
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- The COAP imputed loan payment schedule for years 1 - 5 in COAP would be \$888 a month, or \$10,656 per year.
(Note: COAP imputes repayment on a 15 year schedule for years 1 - 5, and on a five year schedule for years 6 - 10. COAP participants should be able to repay all of their eligible debts within ten years in the COAP program.)
- To estimate your own debt obligations under various repayment schedules, there are a number of web-based calculators, including <https://studentaid.gov/loan-simulator/> and <http://www.finaid.org/calculators/>.

Example 1:

The graduate is one year out of school. Her salary is \$49,000
Because her salary is below the \$50,000 base, she would not be expected to contribute towards her loan payments.

Graduate contribution = \$0
COAP contribution = \$10,656

Example 2:

The graduate is three years out of school. Her salary is \$64,000. She has \$6,000 in a 401k and \$10,000 in a money market fund.

Graduates are permitted to accumulate up to \$6,000 per year after graduation in assets. Assets in retirement accounts (like 401k's) do not count towards this total. The graduate has no asset contribution because she has saved \$10,000 in a money market fund, which is less than the \$18,000 she is permitted to accumulate in assets in three years (\$6,000 per year for three years). Based on the graduate's salary level of \$64,000 - we use the \$50,000 - \$65,000 threshold on the COAP calculation table to determine a participant contribution of \$2,100 (15% of income over \$50,000).

Graduate contribution = \$2,100
COAP contribution = \$8,556 (Graduate retains \$61,900 in income after loan payment)

Example 3:

A married graduate is one year out of school. Her salary is \$50,000. Her spouse's salary is \$70,000. Her spouse has annual educational debt payments of \$10,000.

The spouse's annual educational debt payments are subtracted from his salary, leaving \$60,000. The spouse can shield up to \$40,000 of income. The remaining \$20,000 is added to the graduate's income for a household income of \$70,000.

Using the \$65,000- \$80,000 income threshold on the COAP calculation table to determine a participant contribution of \$2,250 plus \$1,500 (30% of income over \$65,000).

Graduate contribution = \$3,750

COAP contribution = \$6,906 (Graduate and spouse retain \$106,250 (\$116,250 minus spouse's educational debt payment of \$10,000))

Example 4:

A graduate in a domestic partnership is five years out of school. Her salary is \$100,000. Her partner's salary is \$82,000. He has \$10,000 in educational debt. They have two-year-old twins in daycare.

The partner's educational debt payments are subtracted from his salary, leaving \$72,000. The partner can shield up to \$40,000 of income. The remaining \$32,000 is added to the graduate's income for a total of \$132,000.

There is an \$8,000 deduction for each child (\$16,000 total), plus up to \$17,000 in dependent care expenses for each child (total \$34,000). After subtracting these deductions, the household income is \$82,000.

Using the over \$80,000 income threshold on the COAP calculation table to determine a participant contribution of \$6,750 plus \$1,200 (60% of income over \$80,000).

Graduate contribution = \$7,950

COAP contribution = \$2,706 (Graduate and partner retain \$130,050 (\$174,050 minus partner's educational debt of \$10,000 and actual daycare expenses of \$34,000))

Example 5:

A married graduate is two years out of school. Her salary is \$100,000. She has three children. Her husband is a full-time stay-at-home father.

There is an \$8,000 deduction for each child (\$24,000 total), plus a deduction of the full dependent care allowance for the spouse engaged in full-time caregiving (\$17,000). After subtracting these deductions, the household income is \$59,000.

We use the \$50,000 - \$65,000 threshold on the COAP calculation table to determine a participant contribution of \$1,350 (15% of income over \$50,000). (Graduate and spouse retain \$98,650 income)

Graduate contribution = \$1,350

COAP contribution = \$ \$9,306