

YALE LAW SCHOOL

CAREER OPTIONS ASSISTANCE PROGRAM

For students admitted post September 1, 2011

“COAP: Supporting Yale Law School graduates and their professional goals.”

Yale Law School has long encouraged its graduates to pursue public service activities. Rising educational debt burdens and stagnant public sector salaries, however, increasingly deter graduates from choosing public interest careers. Large debt and low salaries also discourage career options in academia and some types of private practice. To give financial expression to the Law School's commitment to a full range of career opportunities, the School established the Career Options Assistance Program (COAP) in 1989 to provide 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 modest incomes.

Given the diversity and complexity of the situations that will be covered by the Program and the ever-changing landscape of financial aid and loan programs, the specific language of this Program description should be interpreted as guiding principles rather than rigid regulations. As our experience with the Program increases and as circumstances that motivate the existence of the Program change, there will be ongoing review and adjustment of the Program by the Yale Law School faculty and administration.

COAP APPLICATION DEADLINES

In order to be eligible for a COAP award, applications and all supporting documentation must be received annually.

COAP has two application cycles:

- Cycle 1: Cycle opens on November 1st and closes on May 31st - support for January-July loan payments. Deadline is January 15th.
- Cycle 2: Cycle opens on June 1st and closes on October 31st - support for August-December loan payments. Deadline is August 1st.

ELIGIBILITY

COAP is open to all Yale Law School graduates. Graduates may join the Program at any time within ten years of graduation.

Eligibility is based upon the graduate's income and debt level, not the type of employment. Examples of employment areas from which we expect to draw participants include, but are not limited to, (1) local, state, and federal government, (2) private not-for-profit public interest law

practice, (3) low wage private law practice, (4) non-legal, not-for-profit organizations serving the public interest, (5) academic jobs, and (6) self-employed alumni. The political or ideological orientation of the graduate, employer or work is not a factor in determining eligibility. Self-employed alumni are eligible for COAP as long as they are compensated for their services. Please contact the Financial Aid Office for more information. Judicial clerkships are treated separately as outlined in the **Judicial Clerkships** section, page 6.

CONTRIBUTION FORMULA

The amount that a participant is expected to contribute to educational loan repayment depends on the participant's annual income, and is calculated as follows:

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	\$6,750 plus 60% of income over \$80,000

The contribution formula will be adjusted periodically taking various economic factors into account. However, the formula and terms of COAP in place at the time a student is admitted to YLS will apply to them throughout their participation in the COAP program.

ADJUSTMENTS TO THE CONTRIBUTION FORMULA

1. Spousal/Partner Income and Indebtedness

The graduate’s expected contribution will be based on his/her annual household income. The “household income” is the graduate’s income plus income of the graduate’s spouse or partner in excess of \$40,000. In determining household income, the educational loan payments by the spouse/partner will be subtracted in determining the spouse’s/partner’s annual income.

Example:

Graduate's salary = \$ 70,000 Spouse's salary = \$50,000

Spouse's educational loan payments = \$5,000

Household income = \$70,000 (graduate salary) + \$10,000 (spouse salary in excess of \$40,000) - \$5,000 (spouse's educational loan payment)

Household income = \$75,000

Contribution formula: For \$75,000 (household income): \$2,250 + \$3,000 (30% of income over \$65,000) = \$5,250 contribution towards graduate's loan repayment.

If both the graduate and the spouse/partner are eligible for COAP, the special rule provided in #4 below applies.

2. **Dependents**

Before calculating the contribution, we will deduct from gross income \$8,000 per dependent, plus reasonable documented expenses incurred for dependent care (up to \$17,000).

Dependent Care by Spouse/Partner

If the spouse/partner has foregone outside employment in order to care for dependent children not yet in school, a deduction equal to the maximum allowed for dependent care (currently \$17,000) will be subtracted from the graduate's salary.

3. **Assets**

A portion of the graduate's assets will be added to the contribution from income. The calculation may vary according to individual circumstances, but a base amount of \$6,000, plus \$6,000 per COAP year since graduation from the Law School will always be excluded from any asset contribution formula. Qualified retirement accounts (e.g., 401K, IRA, etc.) will be excluded from the asset calculation.

4. **Contributions to Tax-Deferred Retirement Plans**

Based on documentation COAP will adjust from the participant's gross income contributions to retirement plans (401K, 403B, IRAs, etc.) up to the annual maximum contribution limit as established by the IRS.

5. **Graduate and Spouse Eligible for COAP**

In the occasional case in which the graduate and his/her spouse/partner are both eligible for COAP, the income for each will be calculated as half of the couple's combined income, educational loan repayment will not be deducted from the spouse's income, each

may deduct half of the dependent allowance, and each may take the full asset exclusion. Each graduate's contribution will then be calculated using his or her half of the adjusted income and the formula above.

6. **Adjustments for inflation**

All of the amounts in this section will be adjusted periodically, taking inflation and other economic factors into account.

LOANS COVERED

All need-based loans for Yale Law School that have been processed through the YLS Financial Aid Office, including loans to replace the expected parental contribution portion of the YL'S budget will be included in calculating a graduate's annual repayment obligation. *Please note: student and parent must complete the Financial Aid Application and Scholarship Tool (FAAST) application for the parental contribution to be determined.*

Transfer Students: Students who transfer into YLS for the 2L year are eligible to have one year of need-based loans from their prior educational institution included in their COAP eligible loan balance.

Undergraduate Loans: Up to \$30,000 of educational loans for undergraduate education will also be included in calculating the debt eligible to be forgiven through COAP. The Financial Aid Office will review entering students' financial aid records to determine the undergraduate loans that are eligible for coverage.

Joint Degrees: Six terms of eligible loan borrowing will be assumed into the COAP loan balance. YLS terms will be credited first to this six term limit. Law debt from approved and declared joint degree programs (whether Yale or another institution) can be assumed for the balance up to the six term limit.

Bar Loans: Loans up to \$10,000 to cover bar expenses will be covered, but these loans **must** be taken **prior** to graduation from the Law School.

Graduate students: For graduates of the M.S.L., LL.M., and J.S.D. programs, only need-based loans awarded through the Yale Law School will be covered by COAP.

LEAVES AND PART-TIME WORK

1. **Maternity/Paternity Leave**

Current COAP participants may take up to six months of maternity/paternity leave for the birth or adoption of each child. To be eligible the participant must have received COAP benefits in the COAP cycle immediately prior to the maternity/paternity leave. If the

participant is receiving paid maternity/paternity leave from the employer, the COAP income will be based on actual employer compensation. If on unpaid leave, the COAP employment income will be calculated as “zero.”

2. Part-time Work

A participant solely working in a part-time position will be eligible for COAP if he/she can prove that he/she is earning a living wage sufficient to provide the necessities and comforts essential to an acceptable standard of living. However, for the COAP calculation, his/her income contribution will be based on an imputed full-time salary based on the higher of: 1) a 35 hour full-time work week or 2) the definition of full-time employment hours as established by your employer.

CALCULATION OF COAP AWARDS

For each eligible graduate, the Program will impute a loan repayment schedule that will enable the graduate to repay all covered loans in ten years from the time the graduate enters the Program. For the first five years, the repayment amount will be based on a fifteen-year straight line repayment of principal and interest at the loan repayment interest rate. For the second five years, the repayment amount will be based on a five-year straight line repayment of remaining principal and interest.

For graduates who do not enter the Program immediately after graduation, the loan amount on which the COAP award will be calculated will be reduced by the amount that the loans would have been reduced had the graduate paid the loans on a ten-year straight line repayment schedule since graduation.

Graduates who are eligible for post-graduation loan repayment assistance from sources other than the Law School are expected to apply for such benefits. COAP awards will be reduced by the amount of the assistance for which the graduate is eligible.

The Program will provide to the graduate a direct award for the difference between the imputed loan repayment that is not covered by other sources and the participant's expected contribution toward loan repayment.

Graduates are free to select whatever loan repayment option they wish, but Program benefits will be based on the imputed repayment, not the actual repayment. In order to match most closely the actual repayments to the COAP awards in the first five years of the Program, participants may wish to consider consolidating their loans on a 15 year repayment schedule. However, each participant must determine the repayment arrangement that will best fit her financial needs.

The graduate is responsible for making all loan repayments and complying with all requirements imposed by lenders and collection entities. A graduate must be in good standing with both the Law School and the lender at all times. Failure to remain in good standing with the lender and

with the Law School will result in termination of eligibility for the COAP Program.

TAXES

The Law School is not in a position to offer tax advice. We encourage you to consult with your tax advisor about the taxability of COAP awards. With regard to COAP participants working for employers other than a governmental entity in the United States or 501(c)(3) organization, the University will file an IRS 1099 form reporting "miscellaneous income" to the Internal Revenue Service. Pursuant to Section 108(f), awards to participants employed by Yale University will also be reported as "miscellaneous income".

In calculating COAP awards, there will be a reduction for tax savings that Program participants may receive from the tax deductibility of interest paid on educational loans.

JUDICIAL CLERKSHIPS

Graduates working as judicial clerks may participate in COAP, but program benefits for clerkships will be in the form of a loan rather than a grant. The amount of loan for which a graduate may qualify is calculated the same way that non-clerkship COAP eligibility is calculated. The maximum total amount of a clerkship loan is \$10,000 per clerkship year to a maximum of two years (or \$20,000). The loan will carry an interest rate equal to the Yale Student Loan rate (currently 7.5%), and it will be payable in full within one year of leaving the clerkship. Extensions may be arranged for graduates who have multiple year or consecutive clerkships.

If, after the clerkship, the graduate takes a position that qualifies for the COAP Program, the loan will be treated as a qualifying educational loan covered by the Program, and the Program will make the necessary payments of principal and interest on the participant's behalf for as long as the participant is in the Program. Clerkship loan recipients should consult with their tax advisors about the appropriate treatment of imputed interest. Upon leaving a qualifying position, any remaining balance due on the loan will be payable in full within one year. The one year repayment requirement is based on the assumption that a graduate in a high paying post-clerkship position will be able to repay the loan or refinance the loan through manageable commercial options and thereby free Program funds for others. Should this assumption be inaccurate, individual adjustments sensitive to the graduate's circumstances may be made.

INDIVIDUAL FACTORS AND PROGRAM DEVELOPMENT

As with all of the School's financial aid policies, individual factors and special needs will be considered in administering COAP. Special situations created by leaves of absence and movement between qualifying and non-qualifying positions will be treated on a case-by-case basis.

Finally, we ask you to remember that resources for the COAP program are not unlimited. Please help us to conserve and safeguard these resources so that future generations of graduates can benefit from the Program as well.

