

## COAP in Action (for the Class of 2010 and Later)

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 <http://www.law.yale.edu/admissions/COAP.htm>. If you have questions or would like to discuss your own situation, please contact the Financial Aid Office at (203) 432-1688 or email [patricia.barnes@yale.edu](mailto:patricia.barnes@yale.edu) or [roselyn.llanos-robles@yale.edu](mailto:roselyn.llanos-robles@yale.edu).

- In each scenario, we assume that the graduate has \$95,000 of need-based debt from Yale Law School (about the average debt at graduation for the Class of 2008) and \$10,000 of need-based undergraduate debt (\$105,000 total) at 6.8% interest rate.
- The graduate's contribution of the base salary is 25% if single and 20% if married or in a partnership.
- The COAP imputed payment schedule for years 1 – 5 in COAP would be \$932 a month, or \$11,185 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

[http://www.collegeanswer.com/financing/lt\\_financial\\_planning/ltfp\\_monthrep.jsp](http://www.collegeanswer.com/financing/lt_financial_planning/ltfp_monthrep.jsp) and <http://www.finaid.org/calculators/>).

Example 1:

The graduate is two years out of school. Her salary is \$55,000.

Because her salary is below the \$60,000 base, she would not be expected to contribute towards her loan payments.

Graduate contribution = \$0  
COAP contribution = \$11,185

Example 2:

The graduate is four years out of school. Her salary is \$90,000. She has \$10,000 in a 401k and \$20,000 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's salary is \$30,000 over the COAP threshold income (\$60,000). (The graduate has no asset contribution because she has saved \$20,000 in a money-market fund, which is less than the \$24,000 she is permitted to have accumulated in assets in four years (\$6,000 per year for four years)). The graduate will contribute 25% of the amount over \$60,000 to her loan repayment (keeping the other 75%).

Graduate contribution = \$7,500  
COAP contribution = \$3,685

(Graduate retains \$82,500 in income.)

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.

The household income is \$10,000 over the COAP threshold income (\$60,000). The married graduate will contribute 20% of the amount over \$60,000 to her loan repayment (keeping the other 80%).

Graduate contribution = \$2,000  
COAP contribution = \$9,185

(Graduate and spouse retain \$108,000 (\$118,000 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 \$90,000. 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 \$80,000. The partner can shield up to \$40,000 of income. The remaining \$40,000 is added to the graduate's income for a total of \$140,000.

There is an \$8000 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 \$90,000.

The household income is \$30,000 over the COAP threshold income (\$60,000). The married graduate will contribute 20% of the amount over \$60,000 to her loan repayment (keeping the other 80%).

Graduate contribution = \$6,000  
COAP contribution = \$5,185

(Graduate and partner retain \$140,000 (\$184,000 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.

Because the household income is below the \$60,000 base, the graduate would not be expected to contribute towards her loan payments. (Graduate and spouse retain \$100,000 income)

Graduate contribution = \$0

COAP contribution = \$11,185