

Your Finances → Your Future

Financial Literacy & Loan Repayment

Fall 2017

Prodigy
Finance



Graduation is closer than you think.

Don't let questions about budgeting, loan repayments, or personal finance keep you from enjoying your time at NYU!



Prodigy Finance + NYU Stern: By the numbers

Prodigy Finance is the pioneer in
community-based student finance.



7500+

students funded to date since inception (2008)

118

nationalities in the loan portfolio

\$350M

cumulative loan originations

98%

performing loans since repayments started in 2009

NYU Stern

MBA, TRIUM, MS Global Finance, Risk Management, EMBA

190

students funded to date

30

distinct borrower nationalities

\$7.7M

total loans offered

\$40K

average loan size



Back to Reality: Own your Personal Budget

“For many people, making a budget is a chore, but not you—as an MBA, this is your bread and butter!”¹

- Incorporate your loan repayments into your monthly budget
- Take advantage of money management tools, like Mint²



1) <https://student.drbank.com/blog/in-the-press-huffington-post-7-money-saving-tips-for-mba-students-and-new-grads/>
2) <https://www.mint.com/how-mint-works/budgets#toc>



The ABCs (& FAQs) of Loan Repayment

A few important things to remember about your Prodigy Finance Loan:

- There is a 6-month grace period from the last date of classes. One less thing to worry about in the post-MBA transition.
- Hoping to get an early start? There are NO prepayment penalties or fees.
- Many students prefer to make bulk payments. And that's just fine.
- The total amount paid each month should match, or exceed, the amount due and be received in the same currency you took your loan in (USD).



Repayment Options

The following options are available right now:

1

Flywire

- Make payments in any of 70 different currencies, from over 120 different countries
- Pay via bank transfer, Mastercard, Visa, or local payment systems
- Direct from you to us, via a dedicated intermediary, using the link that appears right on your statement

2

Direct Bank Transfer

- Pay directly from your own bank to the Prodigy account listed on your statement
- First convert your payment into the currency of the loan and then execute the transfer
- Keep in mind that wiring and transfer costs may apply

3

International Payment Platforms

- Worldpay, TransferWise, CurrencyFair and others will exchange your currency and execute your transfer
- Be sure that the platform you choose allows transfers from your country and currency to the UK



It is your responsibility to ensure your payment reaches our bank accounts on time – **avoid late fees**


Every payment must be received on or before the **28th of the month**

International transfers can take up to **10 business days** to go through



Reviewing Your Monthly Statement

Hello again, old friend.

MONTHLY LOAN STATEMENT			
Name:		Servicer:	Prodigy Finance Limited
Address:		Address:	Palladium House 1-4 Argyll Street London W1F 7LD
Email:		Lender:	MBA Community Loans PLC
Loan Number:		Address:	2 Grand Canal Square Grand Canal Harbour Dublin 2, Ireland
Loan Agreement date:			
Statement date:	2016-03-07		
Statement Nr.:	14		

You will have received your first statement electronically the month after your first disbursement, and every month afterwards.

You will continue to receive a **monthly** statement in PDF format by the 15th of each month as long as you have an outstanding balance on your loan.

You will also receive an **annual** statement summarizing the previous 12 months' transactions.



The first payment for this graduating class will be:

NOV 2018

Monthly amounts will vary based on previous payments & changes in **3-month US Libor**

No reason to go it alone, if you need help contact:

**Payments@
prodigyfinance.com**



Monthly Statements

MONTHLY LOAN STATEMENT



Name:	Servicer: Prodigy Finance Limited
Address:	Address: Palladium House 1-4 Argyll Street London W1F 7LD
Email:	Lender: MBA Community Loans PLC Address: 2 Grand Canal Square Grand Canal Harbour Dublin 2, Ireland
Loan Number:	
Loan Agreement date:	
Statement date: 2016-03-07	
Statement Nr: 14	

Loan Summary and History:

Approved Loan Amount:	6,275.00
Total amount disbursed to date:	6,275.00
Loan Currency:	GBP
First disbursement date:	2013-12-09
Repayment start date:	2015-01-08
Repayment end date:	2022-01-08
Active term (months):	27/97
Grace Term: (months):	13/13
Repayment term (months):	14/84
Fixed Margin (%)	9.00000%
BaseRate % (current):	0.58938%
Base Rate % (applicable):	0.58938%
Base Rate Type:	GBP Libor
Interest charged since inception:	1,422.84
Late fee balance due:	0.00
Expected Closing Balance:	6,134.03
Actual Closing Balance:	6,134.01
Arrears value:	0.00
Loan Status	Current

For this past period: 2016-02-08 to 2016-03-07

Remaining term (months):	70
Interest rate: ⁽²⁾	9.58938%
Opening Balance (2016-02-08)	6,199.22
Interest charged:	49.54
Late fee charged:	0.00
Payment received:	114.75
Closing Balance (2016-03-07) ⁽²⁾	6,134.01
Next Payment Due: ⁽³⁾	114.75
Next Payment Due Date:	2016-03-07

Notes:

- (1) Calculated by combining the fixed margin % with the base rate % for the current month. Please note that the base rate % is adjusted on the 8th of January, 8th of April, 8th of July and 8th of October of each year.
- (2) The closing balance does not constitute a settlement amount. Please contact us to obtain a settlement amount.
- (3) Calculated by amortizing the statement opening balance over the remaining term of the repayment period. Will show Zero while in Grace period.

MONTHLY LOAN STATEMENT



REPAYMENT OPTIONS

Unless you have received alternative direct instructions from us, you can use the details below to make payment.

Your loan currency in which payment should be made: **GBP**

Your Unique Reference Number:

Please use this reference number only when making your payment. Do not add additional information.

Option 1: Direct payment to Prodigy Finance Bank accounts:

Prodigy bank	HSBC London
Bank Address	1 Finchley Road, St John's Wood, London, NW8 8TS
Account Name	Prodigy Finance Ltd
Account Number	13663361
IBAN	GB05MIDL40060913663361
SWIFT / BIC	MIDLGB22
Sort Code	400609

Please Note: We can only receive payment from you in the currency of your loan. If you select this option you must trade your currency into GBP before you make the payment.

Option 2: Payment through Peertransfer – Flywire payment platform

Benefits of Flywire:

- Online access from anywhere in the world (using PC or mobile)
- Direct transfers in your own local currency at lower fees and conversion rates*
- Payments with Visa or Mastercard debit or credit cards*
- Online support while you make your payment

How it works:

MONTHLY LOAN STATEMENT



Transaction Date	Transaction Type	Interest Rate	Credits	Debits	Balance owed
2015-03-08	Opening Balance		0.00	0.00	6,883.69
2015-03-22	Payment		114.65	0.00	6,769.04
2015-04-07	INTEREST PAYABLE	9.55994%	0.00	54.84	6,823.88
2015-04-16	Payment		114.69	0.00	6,709.19
2015-05-07	INTEREST PAYABLE	9.56900%	0.00	54.41	6,763.60
2015-05-17	Payment		114.69	0.00	6,648.91
2015-06-07	INTEREST PAYABLE	9.56900%	0.00	53.93	6,702.84
2015-06-25	Payment		114.69	0.00	6,588.15
2015-07-07	INTEREST PAYABLE	9.56900%	0.00	53.45	6,641.60
2015-07-19	Payment		114.72	0.00	6,526.88
2015-08-07	INTEREST PAYABLE	9.57813%	0.00	53.01	6,579.89
2015-08-27	Payment		114.72	0.00	6,465.17
2015-09-07	INTEREST PAYABLE	9.57813%	0.00	52.52	6,517.69
2015-09-24	Payment		114.72	0.00	6,402.97
2015-10-07	INTEREST PAYABLE	9.57813%	0.00	52.02	6,454.99
2015-10-19	Payment		114.73	0.00	6,340.26
2015-11-07	INTEREST PAYABLE	9.58188%	0.00	51.54	6,391.80
2015-11-23	Payment		114.73	0.00	6,277.07
2015-12-07	INTEREST PAYABLE	9.58188%	0.00	51.04	6,328.11
2015-12-26	Payment		114.73	0.00	6,213.38
2016-01-07	INTEREST PAYABLE	9.58188%	0.00	50.53	6,263.91
2016-01-18	Payment		114.75	0.00	6,149.16
2016-02-07	INTEREST PAYABLE	9.58938%	0.00	50.06	6,199.22
2016-02-23	Payment		114.75	0.00	6,084.47
2016-03-07	INTEREST PAYABLE	9.58938%	0.00	49.54	6,134.01
2016-03-07	Closing Balance				6,134.01

Page 3 details your repayment history

Page 2 gives details of repayment options

Total due this month & date expected

Explanation of the most important statement contents

Please use your Prodigy loan number as payment reference for identification

Summary of different loan balances from inception

2 repayment examples: \$50k loan

1

Normal payment over 7 years:

Mary pays her \$870 monthly payment:

- Starts payment 6 months after graduation in October 2016
- Pays monthly \$870 that varies as the US Libor rate changes
- Last payment in October 2023 (7 years)

Mary ends up paying \$74k on the \$50k loan

- The \$50k loan adds **\$24k in interest** during the 7 years

2

Prepay in 3 years:

John starts making payments in January right after he gets his job:

- Initial \$10k payment with signing bonus in January 2016
- Decides to increase his monthly payments to around \$1400 per month starting in February 2016
- Ends payments in January 2019 (3 years)

John ends up paying \$62k on the \$50k loan

- The \$50k loan adds **only \$12k in interest** during the 3 years and with the extra repayment



Loan Terms

Longer loan term = lower monthly payments but **greater interest** over the duration of the loan

Shorter loan term = higher monthly payments but **lower interest** over the duration of the loan



How much is too much debt?

Personal debt ratio represents the total amount of debt as a portion of your after-tax income.

The appropriate level of debt depends on many factors

Calculate total debt by adding budget items like student loans, mortgage and credit card payments and dividing the sum into your after-tax income.



30%

According to America's Debt Help Organization. When debt payment exceeds 36% of income, it may easily become unmanageable.³

50%

Beyond a 40% debt-to-income ratio, it may be difficult to qualify for additional debt funding such as a mortgage or car loan.

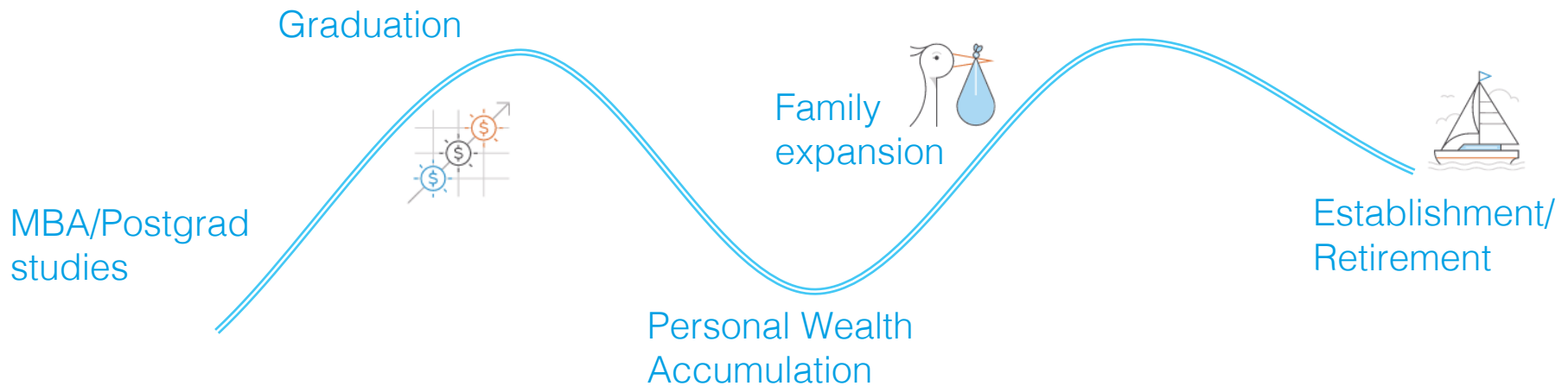
Here's a simple example:

If you earn \$4,000 (after taxes) per month, and have student loan debt of \$400 and credit card bills totaling \$600- your **debt-to-income ratio is 25%**

3) <https://www.debt.org/advice/do-i-have-too-much/>



Debt trajectory evolves



Over the course of your life, spending and savings patterns will change. So will your level of debt.

Here are some statistics on average debt:

“An individual in her 30s who earns more than \$100,000 per year has an average debt load of \$247,000...someone in his 60s with an income below \$50,000 typically has only \$24,000 in debt, a tenth of the amount of the younger person.”⁴

4) <https://www.debt.org/advice/do-i-have-too-much/>



“Big goals can carry big price tags.”⁵

The same budgeting principles you apply to paying off your loans for graduate school can be applied toward other major purchases you make now, or in the future.

Here are some of the other “pieces of the pie” to think about as you build your budget & plan for repayment.

5) <https://blog.mint.com/planning/hey-big-spender-can-you-afford-it-122016/>



Personal Savings & Investment

1

What to save, how to do it

- Save for emergencies. Most financial experts recommend having 3-6 months worth of spending in liquid/cash savings.
- Start saving for retirement early- there are several free tools, like the Betterment Retirement Savings Calculator, that you can use to determine how much you need to save each month to hit your goals.⁶
- More freebies: tools like Qapital or SmartyPig can help you resist the temptation to spend rather than save.⁷

2

Don't forget your credit score

- Your score is impacted by your repayment behavior and is important for things like buying or renting a home, or qualifying for a car loan.
- Use a credit card to establish and raise your score. Hitting 750 + can unlock lower interest rates for future debt.

3

Should you invest while repaying?

- Depending on the loan interest rate, it may be best to pay off your student loan first and invest second.⁸
- Paying your loan off is like getting a guaranteed rate of return equivalent to the rate on your loan.
- Take advantage of long-term investment options your employer might offer, like a 401K.

6) <https://www.betterment.com/retirement-calculator/>

7) <https://blog.mint.com/planning/hey-big-spender-can-you-afford-it-122016/>

8) <https://www.betterment.com/resources/life/a-college-grads-best-money-friend-time-in-the-market/>



Some basic rules for Major Purchases

Home

30

Car

15



Vacation

5

Splurge

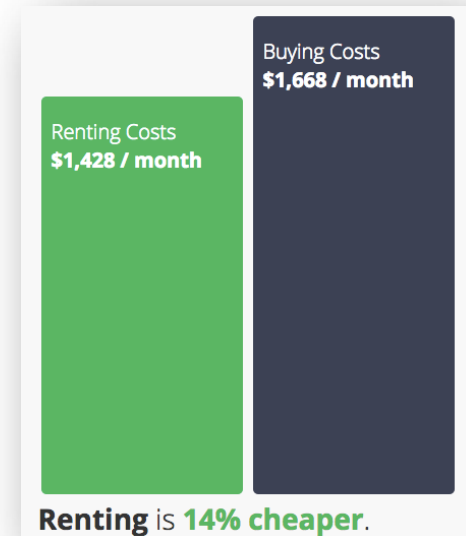
\$

Cap payments for major purchases at this % of after-tax income.⁹

Buying or renting?

The choice between buying a home and renting one is among the biggest financial decisions that many adults make. There are many factors to take into account in making this decision.

Compare scenarios using a mortgage calculator or free tools, like those available on Trulia¹⁰ or the NYT¹¹, to compare monthly rent vs purchase costs.



9) <https://blog.mint.com/planning/hey-big-spender-can-you-afford-it-122016/>

10) https://www.trulia.com/rent_vs_buy/

11) https://www.nytimes.com/interactive/2014/upshot/buy-rent-calculator.html?_r=0



Fintech to the rescue

It's never been easier to manage money than the current digital age....there are loads of apps out there!

Easy to split house costs (Splitwise), microinvesting (Acorns), challenger Banks that give monthly spend breakdowns (Revolut, Moven), AI personal finance advisory (Olivia, Penny).

You name it...there's an app for that.

Golden Rule (s):
do your due diligence,
make sure data is secure



Thank You

Have questions? Ideas? Just want to say “hello”?

Contact the Prodigy Finance Payment Team

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Contact the NYU Business Development Team

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