



SMART MONEY

Should I pay interest now or later?

Example: Loan Amount \$5,000
Interest Rate: 6.8%

If you pay interest quarterly:

Principal after:	First Year	\$5,000
	Second Year	\$5,000
	Third Year	\$5,000
	Fourth Year	\$5,000
Total Interest Paid After Four Years		\$1,360
Principal To Be Repaid		\$5,000
Total Payments	\$58 for 120 months	\$6,904.82

If you do not make payments:

(Interest accrues and capitalizes at repayment)

Principal and interest after:	First Year	\$5,340
	Second Year	\$5,680
	Third Year	\$6,020
	Fourth Year	\$6,360
Total Interest Paid After Four Years		\$0
Principal To Be Repaid		\$6,360
Total Payments	\$73 for 120 months	\$8,782.93

Sample Repayment Chart

(Accrued Daily Interest PAID Quarterly Prior to Repayment)

Sample Repayment Chart

(Accrued Daily Interest Capitalized at Repayment)

Amount Borrowed	Pmt. Amount and Term	Total of Payments	Amount Borrowed + Cap. Interest	Pmt. Amount and Term	Total of Payments
\$2,000	\$50 for 46 months	\$2,300	\$2,544 (Orig. Bal. \$2,000)	\$50 for 61 months	\$3,050
\$3,000	\$50 for 74 months	\$3,700	\$3,816 (Orig. Bal. \$3,000)	\$50 for 101 months	\$5,050
\$4,000	\$50 for 107 months	\$5,350	\$5,088 (Orig. Bal. \$4,000)	\$59 for 120 months	\$7,080
\$5,000	\$58 for 120 months	\$6,960	\$6,360 (Orig. Bal. \$5,000)	\$73 for 120 months	\$8,760
\$10,000	\$115 for 120 months	\$13,800	\$12,720 (Orig. Bal. \$10,000)	\$146 for 120 months	\$17,520

Minimum payment is \$50. Amortization assumes rate of 6.8% for the life of the loan. All figures are rounded off and actual payment schedules may vary. On schedules where borrower elects to capitalize interest, it is assumed the loan is taken out at the beginning of freshman year, interest is accrued daily and capitalized once at repayment, and principal and interest begins four years later after loan origination.