

## **Highlights of CAMC Pharmacy Education Loan**

CAMC Federal Credit Union (the Credit Union) has agreed to finance up to \$ 90,000 of qualifying cost of education expenses for students recruited through the CAMC Pharmacy Education Loan Program upon receipt of all properly executed documents required by the program. While certain agreements between CAMC and the student loan applicant may call for CAMC to repay all or a portion of the loan on behalf of the student loan applicant, the responsibility to repay the loan in full remains with the applicant.

The periodic interest rate on the CAMC Education Loan will be a variable interest rate based on an independent index, the Prime Interest Rate published in the Wall Street Journal (WSJ), as outlined in the loan agreement with the Credit Union. A different annual percentage rate (APR) will be charged during the deferment period and repayment period. Advances will be made at the request of the student at designated timeframes during the education period that applicant remains enrolled in the loan program. The student will not be required to make payments during the education period. Thus, the interest accrued during the education period is deferred until the repayment period, at which time it is capitalized (compounded) for repayment. Deferring the interest increases the amount of money you will eventually have to repay but also increases the benefit you may receive under this loan program. The amount of accrued interest to be capitalized is impacted by changes in the interest rate and amount of unpaid principal. The deferment period expires on October 31 after graduation or when the student eligibility status in the loan program ceases.

The existing balance upon expiration of the deferment period (e.g. the loan principal and accrued interest) will be capitalized and amortized. The length of the repayment period will not exceed 60 months (the minimum length of the commitment period under this program). Because the CAMC Education Loan is a variable rate loan, the payment will be set each year to adjust for changes in the rate during the repayment (payoff) period. There is no limit on the amount by which the interest rate can change. A change in the interest rate will cause the balance to be repaid more quickly or more slowly during the repayment period. Accordingly, the total benefit received under this CAMC recruitment agreement will vary based on factors which include the timing of amounts borrowed, the prime interest rate during the term of the loan and the periodic payment amounts during the repayment period. Periodic statements of education loan account activity will be available throughout the term of the loan.

Upon acceptance of employment with CAMC under the terms of the recruitment agreement, CAMC will make the CAMC Education Loan payments on your behalf in accordance with the terms and conditions of the loan agreement with the Credit Union. Such payments will continue until employment obligations with CAMC under this recruitment agreement are complete and the education loan is paid-in-full. Upon each payment of the loan obligation made by CAMC, you will incur income tax consequences. The money paid by CAMC on your behalf will become taxable income for which the CAMC Education Loan recipient, now employee, will be responsible.

The following is an illustration of the potential total benefit a CAMC Education Loan Program recipient might receive:

Nick and Kim are both students seeking a professional education in pharmacy and have two years of graduate school remaining. Nick does not apply to participate in the CAMC Education Loan Program but Kim does and is selected to sign the recruitment agreement. The estimated cost of attendance determine

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by the school is the same for both Nick and Kim. Kim is determined to be eligible for the full \$90,000 in education assistance money and elects for full amounts available to her at the beginning of each semester/summer term until graduation. Both Nick and Kim graduate and start their career with CAMC on the same date and at the same pay rate. As a result of Kim's decision to sign the CAMC recruitment agreement and utilize the full amount available to fund her estimated cost of attendance, Kim would receive an additional \$2,030 per month\* (\$24,360 annualized) in taxable compensation under the terms of the recruitment agreement for payments CAMC would make on her behalf to repay her education loan obligations obtained under the CAMC Education Loan Program during the 60 month repayment period. This is a potential total benefit of \$121,800!

Please review the following table illustration of the steps and assumptions used to calculate the estimated potential total benefit (additional taxable compensation) Kim would receive each month in the fulfillment of her obligations to CAMC under the CAMC Education Loan Program. It is important to note that the actual benefit to be received will depend on several factors such as disbursement dates, disbursement amounts, the variable interest rate applicable each month, the repayment period dates and payment frequency and amounts. To simplify the illustration above, we assumed a constant Prime Interest Rate of 6.0% throughout the term of the loan (e.g. throughout the deferment and repayment periods). You may use the following table to estimate your own potential total benefit based on your individual expectations and assumptions.

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Follow these steps to estimate your loan payment (and potential benefit under the CAMC Education Loan Program)

**Step 1: Calculate Your Estimated Monthly Interest Charges.**

Loan Advance	6.00%	7.00%	8.00%	9.00%	10.00%	11.00%	12.00%
\$ 1,000	\$ 5.00	\$ 5.83	\$ 6.67	\$ 7.50	\$ 8.33	\$ 9.17	\$ 10.00
\$ 2,000	\$ 10.00	\$ 11.67	\$ 13.33	\$ 15.00	\$ 16.67	\$ 18.33	\$ 20.00
\$ 5,000	\$ 25.00	\$ 29.17	\$ 33.33	\$ 37.50	\$ 41.67	\$ 45.83	\$ 50.00
\$ 10,000	\$ 50.00	\$ 58.33	\$ 66.67	\$ 75.00	\$ 83.33	\$ 91.67	\$ 100.00
\$ 15,000	\$ 75.00	\$ 87.50	\$ 100.00	\$ 112.50	\$ 125.00	\$ 137.50	\$ 150.00
\$ 20,000	\$ 100.00	\$ 116.67	\$ 133.33	\$ 150.00	\$ 166.67	\$ 183.33	\$ 200.00
\$ 25,000	\$ 125.00	\$ 145.83	\$ 166.67	\$ 187.50	\$ 208.33	\$ 229.17	\$ 250.00
\$ 30,000	\$ 150.00	\$ 175.00	\$ 200.00	\$ 225.00	\$ 250.00	\$ 275.00	\$ 300.00
\$ 40,000	\$ 200.00	\$ 233.33	\$ 266.67	\$ 300.00	\$ 333.33	\$ 366.67	\$ 400.00
\$ 45,000	\$ 225.00	\$ 262.50	\$ 300.00	\$ 337.50	\$ 375.00	\$ 412.50	\$ 450.00
\$ 50,000	\$ 250.00	\$ 291.67	\$ 333.33	\$ 375.00	\$ 416.67	\$ 458.33	\$ 500.00

**Step 2: Estimate of your capitalized interest. This is an estimate only. Actual interest will depend on factors such as disbursement date(s), disbursement amount(s), and the variable interest rate applicable each month.**

Disbursement date (month)*	Advance Amount	Estimated Monthly Interest (From Step 1)	Number of Months in deferment *	Estimate of Capitalized Interest
Fall semester	\$20,000	\$ 150.00	multiply by 27 equals	\$ 4,050.00
Spring semester	\$20,000	\$ 150.00	23	\$ 3,450.00
Summer	\$6,000	\$ 45.00	19	\$ 855.00
Fall semester	\$22,000	\$ 202.50	15	\$ 3,037.50
Spring semester	\$22,000	\$ 202.50	11	\$ 2,227.50
<b>total</b>	<b>\$90,000</b>			<b>\$13,620</b>

\* - For illustration, disbursement dates are assumed to be in the months of August, December and May, as applicable, and the deferment period ending October 31 in the year after graduation. We also assumed a constant interest rate of 9.0% during the deferment period.

**Step 3: Estimate your monthly payment for 60 month term. This is an estimate only. Actual interest will depend on factors such as actual amount of new loan balance at beginning of repayment period, payment dates and frequency, and the variable interest rate applicable each month.**

	New balance for repayment period	6.00%	7.00%	8.00%	9.00%	
Total principal advances	\$90,000					
Total estimate of interest to be capitalized	\$13,620	\$ 80,000	\$1,547	\$1,585	\$1,622	\$1,661
New Principal Amount for repayment period	\$103,620	\$ 85,000	\$1,644	\$1,684	\$1,724	\$1,795
Rounded up to nearest \$5,000 for illustrative purposes	\$105,000	\$ 90,000	\$1,740	\$1,783	\$1,825	\$1,869
		\$ 95,000	\$1,837	\$1,882	\$1,927	\$1,973
		\$ 100,000	\$1,934	\$1,980	\$2,028	\$2,076
		\$ 105,000	\$2,030	\$2,080	\$2,130	\$2,180
		\$ 110,000	\$2,127	\$2,179	\$2,231	\$2,284
		\$ 115,000	\$2,224	\$2,278	\$2,332	\$2,388
		\$ 120,000	\$2,320	\$2,377	\$2,434	\$2,492

\* - For illustration, we assumed a constant interest rate of 6.0% during the entire 60 month repayment period, with the estimated monthly payment rounded up to the next dollar.