



Alison Monahan: Welcome back to the Law School Toolbox Podcast. Today, we're talking with Travis Hornsby, founder and CEO of Student Loan Planner, about everyone's favorite topic, law school debt.

Your Law School Toolbox host today is Alison Monahan, and typically I'm with Lee Burgess. We're here to demystify the law school and early legal career experience, so that you'll be the best law student and lawyer you can be.

Together we're the co-creators of the [Law School Toolbox](#), the [Bar Exam Toolbox](#), and the career-related website, [CareerDicta](#). I also run [The Girl's Guide to Law School](#). If you enjoy the show, please leave a review or rating on your favorite listening app and if you have any questions, don't hesitate to reach out to us. You can always reach us via the [contact form](#) on LawSchoolToolbox.com, and we would love to hear from you. With that, let's get started.

Today, we're excited to be talking with Travis Hornsby, who is the founder and CEO of [Student Loan Planner](#), about everyone's favorite topic. Law school loans. Welcome, Travis.

Travis Hornsby: Great to be here, Alison.

Alison Monahan: My pleasure. Could you tell us briefly what Student Loan Planner is and what it is that you guys actually do?

Travis Hornsby: Absolutely. We're a consulting service and a place to get refinancing bonuses for your law school loans.

Alison Monahan: Nice.

Travis Hornsby: We have tons of free content that we publish from our team and from our writers, and we're trying to also be an educational hub for anything related to paying down your student loan debt in a way that saves you the most money possible so that you can spend it more on fun stuff instead of ugly stuff, like student debt.

Alison Monahan: Yeah. That's pretty much just not something you want to be spending extra money on, if you can avoid it.

Travis Hornsby: Absolutely not, yeah. What's crazy is like, the typical attorney that we speak with probably costs themselves tens of thousands of dollars simply by not having the right repayment strategy for what their life goals are. I mean, that ranges from forgiveness, to not refinancing when they should, or refinancing when they shouldn't, to not being set up right for the Public Service Loan Forgiveness program, so we really see all kinds of very, very costly mistakes that people make.



- Alison Monahan: Yeah, and I saw from your website, I mean, you guys deal with some extremely high loan balances.
- Travis Hornsby: Yeah. We're, like I say the worse it is, the more we can help.
- Alison Monahan: That's probably true. I was looking at it, and I was like, "Wow. Good thing I'm not a doctor. I mean, law school's bad enough..."
- Travis Hornsby: I know.
- Travis Hornsby: Yeah. Right. Well, so I tell people our range of expertise is like 50,000 to a million-
- Alison Monahan: Wow.
- Travis Hornsby: ... and our average client has like 280,000. Our average attorney probably has somewhere in the 220K range, so we do tend to speak to folks that have a slightly higher than average student loan debt compared to all lawyers overall, but certainly, we've talked to people who have 100,000, who are making 60,000 a year, who are public defenders who are trying to get PSLF, all the way to somebody who's big law that wants to do a career change who has private law school level debt who is just like, "Yeah, I could tough it out for another five years in big law and pay it all off, but I would just go crazy."
- Alison Monahan: Yeah, and we'll talk through some of these scenarios and some of these acronyms in a minute, if you're like, "What in the world is PLSF whatever?" No, I mean, I remember going, I mean, I graduated from law school in 2006, so it was even not as much of an issue as it is now, although it was still a big issue, and I remember just being, having my mind absolutely blown when I went to the exit counseling session, and they said, "Look around the room." It was just a normal classroom, not a big room. "The people in this room collectively owe something like \$20 million," and that was only one of the sessions they were running. You're just like, "How is this possible?"
- Travis Hornsby: Yeah. You do the same session today, everybody owes \$50 million.
- Alison Monahan: Yeah, no, I mean, exactly. It was bad enough at that point, but it's gotten a lot worse. I mean, obviously, a lot of law graduates end up taking on tons of student loan debt. Maybe not compared to doctors and other people like that, but a lot. What do you think a potential law student should be thinking about before they make that commitment?
- Travis Hornsby: Well, most of my friends that are law school graduates tell me like, "Don't go to law school." Right? Like the old joke, like unless you want to practice law and that's your only thing you want to do, I mean, but in all seriousness-



Alison Monahan: I'm like-

Travis Hornsby: ... I think that the-

Alison Monahan: ... "Wait, is that a joke?" What-

Travis Hornsby: Yeah, I know. Yeah.

Alison Monahan: "Is that funny?"

Travis Hornsby: Yeah. I know, right? No, but I think that the, from a pre-debt standpoint, I think it's very important to either go to the most prestigious place possible that's going to get you a job that you definitely could not get if you went somewhere else, or go to the very cheapest, lowest-cost school possible, where you're going to come out with a very limited amount of debt, because, and somewhere in between doesn't make a whole lot of sense.

For example, like I had somebody that went to one of the very high-cost, DC-area law schools, but he was not looking to do any kind of career with like the State Department or something like that. He just ended up being like a family lawyer in like the suburbs of DC. From a financial perspective, that's one of the worst things you can possibly do. Right? Because you've got \$200,000 in law school debt, and you're making like \$70,000 a year. Well, you could have made \$70,000 a year probably doing something else without a law school education, and you could have made that \$70,000 a year while you were in law school too, so you also have to factor in the opportunity cost.

Alison Monahan: Yeah. That's a great point. I mean, one of the early posts I did on The Girl's Guide to Law School is actually about this bimodal salary distribution, particularly for entry-level employees. People get this idea they graduate from law school, and say they're making like \$60,000, \$50,000, something like that, beforehand, and they say, "Oh, well, I'm going to be making so much more money if I go to law school," but if you look at it, a small percentage of the people make big law money.

They do make a lot, and most of them quit within a few years, and that's a different issue, but most people, when they come out of law school, are making like \$60-70,000 if they're pretty lucky, so you really haven't upgraded that much, and you've taken on an enormous amount of debt that you just cannot basically get rid of later very easily.

Travis Hornsby: Yeah, and so people know, like when you graduated, everything was on this FFEL loan program, the F-F-E-L loan program, which had different rules, and then in 2006, they passed Grad PLUS, which means that you can borrow all the way up to the cost of attendance, and so law schools figured this out. Basically,



the ones that could still claim like decent employment results where people were just like, "No way am I going to this school," now they can charge way more money for the same education. Now, I guess in the legal world, you're seeing the cracks have already happened, because of the very well-publicized trouble with the legal job availability. Right?

Alison Monahan: Well, you think, but ...

Travis Hornsby: Well, I mean, like you're seeing-

Alison Monahan: People are still going to a lot of these schools and paying full-

Travis Hornsby: That's true.

Alison Monahan: ... price for it.

Travis Hornsby: Yeah. That's true. I mean, people are still making all these tough decisions, but at least you're seeing things like schools closing and-

Alison Monahan: Well-

Travis Hornsby: ... schools having-

Alison Monahan: ... a few.

Travis Hornsby: ... to heavily discount, like when they didn't have to in the past, like you're starting to see pushback, at least, but in other professions, I'm seeing kind of like that, but in the earlier stages, where people are still running into the debt without any second thought. For sure, I think that the number of people that want to go to law school with the current loan debt rules, it's basically you're walking into a minefield if you don't have a plan for what you're going to do when you come out.

Alison Monahan: Right, and I think you have to look seriously about things like educational outcomes, bar passage rates, before you take on this debt. One good resource, if people are not familiar with it, is a site called [Law School Transparency](#). They try to make sense of a lot of this, of a lot of these numbers for you, so if you are kind of on the fence, and you're like, "I'm not sure if this is going to be a great investment," you can look up an individual school and kind of get an idea what your results are likely to be, coming out of that school.

That being said, of course, everyone thinks they're going to be at the top of the class, but I would encourage you not to take that approach as sort of your assumption, but to assume that you're going to be in the middle of the class, which is probably more likely, or even possibly at the bottom, and really think



about, "What would it look like if I graduated with \$20,000," or, sorry, "\$200,000?" I can't even keep those straight in my head. "\$200,000 in debt at the bottom of my class from this school." A lot of times, that's not a pretty scenario.

Travis Hornsby: Yeah, 20K still sounds a little expensive, right?

Alison Monahan: Yeah. Exactly. I was like, "20? No, 200." I mean, it's almost mind-boggling, like you really cannot even imagine what these numbers are and what that means for your life.

Travis Hornsby: Right, and so the bimodal thing is super important to have the strategy that fits where you're going to be on that-

Alison Monahan: Exactly.

Travis Hornsby: ... spectrum. Right? Like yeah, so if you're big law, I see a lot of people, they don't get interest subsidies, because they're on the wrong income-driven repayment program, and then if they do refinance, they wait too late, or the other flip side to it is like they have like 80K in income and 200K in debt, and they don't have, they have limited upside, and then they try to refinance that when they should be going for loan forgiveness. You're just costing yourself tons of money, and you want to make sure that your life and your career reflects your student loan strategy. Most people kind of do the opposite. They want to figure out their loans, and their finances, and they try to make their life kind of match that, and then that's just like recipe for unhappiness.

Alison Monahan: Right. Actually, this is interesting. Can you kind of run us through some basic options for either law students or graduates who either have a lot of debt, or they expect to have a lot of debt? I mean, you've thrown out a couple of programs and acronyms and things. What programs actually could be available for people?

Travis Hornsby: Sure, so I'll run through the family law private sector, like 70K person, so with 200K in debt. This person, if they were going to pay it back directly, they'd have to pay like over \$2,000 a month, so that's like more than a third of their take-home pay just going to loans, and so they're living like a teacher, basically, maybe more frugally than that. That's probably not sustainable, so somebody, what somebody like that's going to do when they mess up is, they try to pay a little bit extra on top of what they owe, like thinking that that's somehow going to help on 200K in debt.

What they can do instead is, if they can pay \$400 a month with one of these income-driven programs, then even though they're in the private sector, they can pay their loans for 20 years on \$400 a month, and then they're going to



have a lot more left over at the end of it, so they're going to owe a lot more, and when loans are forgiven in the private sector, you have to pay taxes on the forgiven balance. If you owe 300,000 in 20 years, but you started off with 200, because you only been paying a limited amount every month, then maybe your tax bomb that you'll have to pay at the end of that period would be like 120,000, let's say.

Hypothetically, let's say you paid 120,000 of payments over 20 years plus 120,000 in taxes, so your total cost is 240. That sounds like more than what you borrowed, except when you realize that you have to think about things in terms of today's dollars, so 240,000 over 20 years, because of inflation, is not the same thing as 240,000 in today's dollars, so for that reason, you can look at the cost in today's dollars for a repayment strategy like that and realize that might only cost you the equivalent of 150,000 in today's dollars instead of maybe like 225 in today's dollars if you refinance, so then that's effectively like \$75,000 savings by going for loan forgiveness in the private sector instead of paying it back.

I'll give you a little bit different example there, Alison, where let's say that family lawyer was like, "Well, you know what? My dream is to be a public interest attorney making nothing, or close to it." Right?

Alison Monahan: Yeah, exactly.

Travis Hornsby: Like 40K a year in a major metropolitan area. "I have no idea what I'm going to do, but the math is just going to work itself out." If you're making 40K a year, then your payments on the income-driven program that you choose should be around like \$200 a month, so certainly doable for a 40K income level, a person who budgets well. Then with the Public Service Loan Forgiveness program, you have to work full time at a 501(c)(3) or government employer for 10 years, and at the end of those 10 years of making payments based on your income, the loans are forgiven tax-free. That's a big difference.

Alison Monahan: Well, aren't we now discovering that they're not actually really being forgiven on this program?

Travis Hornsby: Great question, and I just, I'm working on a blog post about this, because the media is totally-

Alison Monahan: Pretty crazy.

Travis Hornsby: ... screwing this up... Well, this media is totally screwing this story up, because in 2007, they passed PSLF, and income-based repayment wasn't even available until 2009 easily, so you have to actually be on an income-driven repayment program to get PSLF. If it was like almost impossible to access the program that you needed to access before 2009 and you have to have 10 years of credit, then



2019 is the first year that you could even easily see people getting it, because the thing wasn't even that accessible before then. Then that's one point.

The second point is that loans were not direct federal loans by default until 2010, so back when you were going to law school, the loan kind of setup was FFEL loans, F-F-E-L, and those are not eligible for PSLF unless they are consolidated correctly into a direct loan, so people graduating after 2010 or really after like 2012 or so would by default have loans that would qualify, and people who graduate before then basically had to have a best friend at the Department of Education that knew exactly what to do to make sure that they were getting the credit. Because of that, there's really this exponential effect for PSLF approvals where basically almost nobody should qualify based off of the rules that existed 10 years ago right now. What's happening, though, is, people that have tons of debt, they're desperate, they're stressed, they're not going to read the actual-

Alison Monahan: The fine print.

Travis Hornsby: ... promissory note.

Alison Monahan: Yeah.

Travis Hornsby: Right, which is hilarious, because we're talking about attorneys.

Alison Monahan: Yeah, we're-

Travis Hornsby: Right?

Alison Monahan: ... talking about lawyers, right? You really ought to read those.

Travis Hornsby: Yeah, and so they're not going to take the time to read the promissory note. They're just going to apply, and they're just going to hope for the best, and they just hear that "10 years, pay for 10 years, and then it's forgiven." That's what they hear. They don't think like, "I need to read the promissory note. I need to make sure that my payments are actually qualifying payments." 70% of the people were rejected because their loans just flat out didn't qualify, which makes total sense based off what I know about the average person and how they deal with money in America, and 28% of the people were rejected because they didn't go back 10 years ago and get like the right certificates, like signature from their employer, which that got fixed in 2012 when they started doing the Employment Certification Form. Basically, people from this kind of older timeframe are having this really hard time, and so the media doesn't understand all the nuances with the program, like why the structural nature of the program was basically designed to fail until like four years from now-



Alison Monahan: Right.

Travis Hornsby: ... and-

Alison Monahan: Yeah. I know. I mean-

Travis Hornsby: ... they're basically-

Alison Monahan: ... this is really interesting. I've never heard any of this, and I've definitely read-

Travis Hornsby: Oh, I-

Alison Monahan: ... a number of articles about it.

Travis Hornsby: Yeah. Exactly, and so basically, you get this headline, like Vice did this headline, like Vice.com, it was like, "Absolutely no one's getting that loan forgiveness that they lied about." I'm just like, "Oh, my gosh." This-

Alison Monahan: Well, I mean-

Travis Hornsby: ... is like-

Alison Monahan: ... it's sort of true, like no one is getting it, but there could be reasons-

Travis Hornsby: No one's getting it.

Alison Monahan: ... for that that are-

Travis Hornsby: Right.

Alison Monahan: ... correctable.

Travis Hornsby: Exactly. Yeah, but you don't see all the nuances. You don't see the reasons. I did some math the other day and looked at the existing federal loan debt that existed in 2008 where it could be eligible for 2018, and I calculated maybe like 0.26% of the federal loan debt would even possibly be eligible, so that's like a tiny, tiny share, and the approval rate for the people who applied was about 1%, so really, that's kind of like in line with the way the loans were set up back then.

It's just that, so like another thing people don't realize, in 2013 only about 13% of loans were on the direct loan, or were on an income-driven repayment program in 2013 of the existing direct loans. Today, that share is about 36% of all direct loans are on an income-driven repayment program, so you've had like the penetration, the market penetration of income-driven repayment triple just for 2013. Back in 2008, it was microscopic, the number of people that were set





up on an income-based repayment program. The whole issue with loan forgiveness is like, the media scares the heck out of everybody because that gets tons of clicks, and that's what the media has been kind of based off of, right, is an advertising model where you get paid by the number of views, so there's this huge incentive to write these terrifying headlines, mislead people.

Alison Monahan: Right. Basically, you think in the next couple of years, you can see a lot more people whose loans are actually forgiven under that program.

Travis Hornsby: Absolutely, because none of the, like we're recording this the day of the midterms, so we don't know what's going to happen, but both the Democrats and the Republicans have both published their proposal for the reform of the student loan, the Higher Education Act, which would totally transform student loan borrowing probably for the next decade, but both of those proposals grandfather in current borrowers who already have the debt or are already in graduate school. That means like these loan programs, they're not trying to rewrite them. They're not trying to cap the benefit. They're literally saying that, "For future borrowers, we're going to change things, but for people who already have the debt, we're going to leave you alone." That's both parties that are saying that.

Alison Monahan: I guess most people who have the debt are like, "Hey, pay attention to me and give me some of that money back."

Travis Hornsby: Yeah. If you haven't borrowed it yet, you're not the angry constituent that's picking up the phone call, screaming at the Congressman, right?

Alison Monahan: Right.

Travis Hornsby: That's-

Alison Monahan: I mean-

Travis Hornsby: That's why. It's like any federal program, like people always freak out about loan forgiveness, but go find me a federal program that once it had a certain number of people depending on it, it got rolled back or made way less beneficial for current people.

Alison Monahan: Well, and I think all these people pretty much by definition are highly educated and probably pretty good at advocating for themselves-

Travis Hornsby: Oh, yeah.

Alison Monahan: ... and so-



- Travis Hornsby: Oh, yeah. Yeah. We're not talking about low-income Medicaid recipients.
- Alison Monahan: We're talking about Ivy League lawyers, basically-
- Travis Hornsby: Yeah, exactly.
- Alison Monahan: ... and doctors.
- Travis Hornsby: You better believe you're going to get some emails.
- Alison Monahan: Yeah, exactly. All right. Well, let's talk through a few scenarios that we see with lawyers pretty often. Obviously, this would not be legal advice. This would not be financial advice, just some suggestions you might have for things that people could be thinking about. I want to do public interest work, but I'm going to a high-priced law school. I'm paying for loans. What option should I be looking at?
- Travis Hornsby: You have to make sure that you're certified for PSLF as soon as possible when you get your job, and you got to make sure that it's 501(c)(3) or government. There was a lawsuit with the ABA because they had some of their people doing public interest work that they thought qualified for PSLF but didn't, because they were not a 501(c)(3) or government employer, and so just make sure that you're employed full-time by whatever organization you're doing public interest work for and that you're paying based on your income on your loans.
- Alison Monahan: Yeah. I think that's great. I think the other thing people always want to look into for public interest work is whether your law school will pay off your loans, so if you can get into a LRAP program, that's almost certainly worth doing, so that may have different rules. Do you guys sort of help people with that kind of thing, or is that outside of your scope?
- Travis Hornsby: Well, we won't give people advice on specific LRAP programs, but obviously, you should apply for them, and really, the LRAP programs have become kind of sophisticated, especially at some of the top schools. For example, one of them at Georgetown that I know about basically pays whatever your Pay As You Earn or Revised Pay As You Earn payment would be. They're so sneaky about it, because they're like, "Well, we're only going to pay what the payment would be if you were single," so because if you're married, you have to include your spouse's income. Right?
- Alison Monahan: Right.
- Travis Hornsby: You can exclude the spouse's income by filing separately, but they're sneaky, because they want to make sure they pay as little as possible and still claim that they cover all your payments. Right?



Alison Monahan: Right.

Travis Hornsby: They do that for you, and then they tell you, "Go do PSLF and get your loans forgiven that way," which is the most efficient way, to be fair to them, to pay off your loans. For a law school to actually pay back someone's law school loans from funds directly from the school, to go paying down the loans, that would be incredibly foolish, because the PSLF program, the government is basically saying that, "We're going to pay for that," so to the extent the LRAP programs pay your monthly payment, that's fantastic. You should do that, but the LRAP program itself is not going to necessarily help you think through like tax filing strategy, and minimizing your adjusted gross income with retirement strategy, and then also just making sure that you understand what you have to do to prepare for, like if it happens, if it doesn't happen, what are your backup plans?

Alison Monahan: Yeah. I mean, anybody I know who's done LRAP has been like, "Well, it sounded really awesome in theory, and then I got into it, and I realized there were all these things about it." Not that it's a bad thing, but it definitely, I think, is something you have to look at really carefully even before you go to school. All right, so the next scenario, completely the opposite, I've got a big law job and tons of debt, but, surprisingly, I hate my job. Should I just stick it out and pay off my loans as soon as I can?

Travis Hornsby: No, you shouldn't, necessarily. If you're a big law associate, you can do a couple different things. You could do, here's one example. If you consolidate as soon as you graduate, you can get onto the Revised Pay As You Earn program and cut your effective interest rate in half for the first year. If you have 200,000 of law school loans, and you're making 180,000 a year, before you get your first paycheck, if you consolidate, use your \$0 income that you have at the moment that you apply, then you get that payment for the full year. The \$0 monthly payment would basically cause your interest rate to be cut in half for that one year, that first year. The reason why that could be helpful is, you can get maybe like a, instead of a 7% interest rate for that first year, you can get three and a half percent, and you can save thousands of dollars on the interest, make extra payments on the principal balance to really knock that thing down progressively.

Then in that second year, after you've knocked down 200K to like 150, you could refinance to maybe a five-year term, make prepayments, and get rid of it as quickly as possible. That's one approach, like if you do one of the, if you are willing to stay for like three or four years, if you do it, if you do the one-year thing, if you're very uncertain about being in big law, then I would suggest that you figure that out sooner rather than later and pay as little as possible on your loans until you know which path you're going to take, because say you do the two years that a lot of people do, and you're done, and you're just like, "You know what? I want to go work in like lower-stress, 70, 80K type of work a year and have a great life."



If that's you, then what you can do is do that loan forgiveness strategy that we talked about. You might have had like a couple of years of credit already on that strategy, and so then maybe you have like 18 to 23 more years to go on a loan forgiveness plan if you didn't aggressively try to pay it all down. In fact, remember that tax bomb that we talked about in big law. You might be able to sock away enough money to completely cover whatever that tax bomb would be if you took the lower-paying job.

What I would tell people is, if they want to do big law, do it because they love making the higher income, they love the work, they love the upper trajectory they could be on from a career perspective, and do not do it because you have some sort of feeling that you have to do something with your loans. That actually couldn't be further from the truth. You need to choose your life strategy based off of what you want for your life and not based off of your student loan debt, because you can make the loan debt strategy match whatever your goals are.

Alison Monahan: Yeah. I think that's a really interesting perspective. I mean, there are so many people who are like third, fourth, fifth years in big law just like, "Oh, I'm just killing myself. I've got to pay these loans," but then actually, in reality, a lot of times you look at their lifestyle, and you're like, "Well, you're not exactly living in a way that's going to enable you to put a lot of money towards the supposed goal here."

Travis Hornsby: Right. Right, like yeah, like I have a buddy who runs [biglawinvestor.com](http://biglawinvestor.com), and he kind of, that's sort of his audience is those big law folks, and I beat him up all the time about quitting. I'm like, "Dude, what are you doing? You're so busy all the time, and you're making good money, but you have to decide if you're going to be partner." It's just, it can be stressful. I mean, like he was talking about one of his partners that was like, he spends so much time in the office that they have the house on the Jersey shore, but they don't have any time to go down and enjoy it, because they're working so much.

Alison Monahan: Yeah, exactly. I think anyone who's-

Travis Hornsby: I mean-

Alison Monahan: ... been in a law firm is definitely seeing that scenario play out repeatedly. Yeah, I mean, I think it's a hard question, like do you just buckle down, pay it off, or do you figure out something else? Either of those are totally valid options. What I hate to see people doing is kind of pretending that they're there to pay off their debt and then not really paying it off, and then-

Travis Hornsby: Yeah. Oh, yeah. Well, and some, one crazy thing is this movement called the FIRE movement has been really getting a lot of press lately. It's Financial



Independence, Retire Early. If you have 25 times your expenses in investments, you don't have to work, necessarily, unless you want to, so if you are in big law and you have the ability to earn a ton of money for like five years, if you could hit like 500,000 in investments and maybe you have another 100,000 set aside for the tax bomb, in theory, you could just actually totally quit as long as you don't mind leaving New York City and living on 20K a year.

It sounds nuts, and it kind of is, but when I was working and kind of sad as a bond trader, I'm going to be honest, I had some real strong solace in the fact that if I quit my job immediately, I can move down to like the Mississippi Delta and buy a house for like \$10,000 and just live in the rural, like live in rural America in some shack somewhere with the Wi-Fi connection and just live.

Alison Monahan: Well, I mean, I currently live in Mexico City, and obviously, one of the reasons for that is, it's way cheaper than San Francisco, so ...

Travis Hornsby: Yeah. More people should try that. I think that that's going to be a big ... You know better than me, but I think there's going to be a transition at some point with legal work where you can be a little more location-independent, because it just doesn't make sense to have somebody doing any kind of stuff that could be done online sitting in SF or New York-

Alison Monahan: No, it-

Travis Hornsby: ... LA.

Alison Monahan: ... does not make sense to be paying for office space in one of those cities, that it's absolutely unnecessary. I mean, even when I was doing big law, the average day, the only person I would talk to in person was my secretary, and I was like, "Why do I have to be in my office? I could be anywhere."

Travis Hornsby: Yeah, so I think the main kind of takeaway, though, is like, you can make so many mistakes that do not reflect your life goals and what you want for your life, so get a plan, like that's kind of what we're focused on is making plans for people who just want a one-time consult with somebody who's advised hundreds of millions on just this one issue, but then you have the free resources too, like just, well, at least read some stuff. Go-

Alison Monahan: Yeah.

Travis Hornsby: ... google-

Alison Monahan: I'll be honest.

Travis Hornsby: ... different things.



Alison Monahan: I think it's hard. I mean, I remember when I graduated, I pretty much just put my loans on a payment plan. I mean, the interest rates are fairly low. I was like, "This is the cheapest money I'll ever borrow," and then, honestly, basically just kind of put my head in the sand. To this day, honestly, I have absolutely no idea what my loan debt is. I probably shouldn't tell you that, but I literally have-

Travis Hornsby: Oh, no.

Alison Monahan: ... no idea. I'm not even sure I would know how to find out. I mean, I know there are a couple of websites that send me statements. I mean, it's kind of a mess.

Travis Hornsby: Here's how you find out. Go log into nslds.ed.gov. That's the main website, and then just make sure that you can log in. You might have to reset your password, and you will get an exact summary of everything that you owe-

Alison Monahan: Is that-

Travis Hornsby: ... and-

Alison Monahan: ... public and private loans?

Travis Hornsby: It'll only show you your public loans, your federal loans, but the thing is, is for most people, they might think their loans are private, but they're actually federal, because the FFEL loans that existed before 2010 were bank loans that were guaranteed by the government. The loans are still federal, even though it looks like, maybe, on your statement that they're private. These loans that existed around when you graduated, they were issued at two, three, four percent kind of rates, super, super low. The smart thing to do when you have that kind of low debt is to just stretch it out for forever, so the-

Alison Monahan: I think I reconsolidated too, at some point, or consolidated, because I recall when we were talking about the direct loan, it was like, "I think I made all mine go to direct loans for various reasons."

Travis Hornsby: Yeah. Well, if you did, because you said you're in Mexico City, well, let me show you this hack about that. You're in Mexico City. You live there full-time. Right?

Alison Monahan: Yep.

Travis Hornsby: Then you qualify for the foreign earned income tax exclusion, right?

Alison Monahan: You'd have to talk to my accountant, but probably.

Travis Hornsby: Probably.



Alison Monahan: Yeah.

Travis Hornsby: That gives you like 100,000 of income that you can earn in a foreign country and write it off on your U.S. taxes. If you're able to get a low enough income, like your tax returns, say it's zero after that write-off, then you could, if you have direct loans, you can sign up for something called Revised Pay As You Earn, and then your payments are \$0 a month. Because your payments are \$0 a month, then your interest expense is cut in half based on that program. Just because you're on the Revised Pay As You Earn, your payments are low. Even, say you had like a 3% debt. Even though that's super low, if you consolidate it to make sure they're direct consolidation loans, you could cut like three to like one and a half while you're in Mexico City, which is insanely low. Right? Then alternatively-

Alison Monahan: It is crazy.

Travis Hornsby: Alternatively, if you wanted an even lower payment, then what you could do, basically, with the assumption that you're going to be putting money away into retirement and brokerage accounts, other things, is, you could consolidate that debt, if it's not already a direct consolidation loan, you could consolidate it to that and then get it onto a 30-year repayment program. It's called the standard repayment program for consolidation loans.

In other words, if you have, let's say, like \$100,000 or \$200,000, whatever it is, you could stretch that two, three percent rate out for 30 years instead of maybe 15 more years, which is probably what you're on if you graduated back then. You probably have, going to be like an amortization schedule based off of 15 more years to go on the payment.

Alison Monahan: Right. Yeah.

Travis Hornsby: I mean, and so if you can get 30-year debt at like 1% below what the government's borrowing at, then that's obviously good.

Alison Monahan: Hey, why not? Maybe I should, yeah, definitely go to set up my appointment right after we get off this call. Right?

Travis Hornsby: I know. It's like, and I get the people pretty skeptical about just talking to somebody randomly off the internet. The thing is, is our ... A financial planner charges thousands of dollars. Right? Our fee is like \$300 to \$600, depending on how much you owe, and we're probably going to pay for itself in terms of just finding something that you missed. If you need to refinance, if it's like an obvious refinancing case, because you've got 100K, and your starting salary's 180, then the refinancing cashback bonuses exist, so it's kind of like credit card travel hacking, and you can get \$200 to \$2,000 refinancing, so I know we have



some really smart people that will refinance every six months because they get another cashback bonus.

Alison Monahan: Yeah. I used to do that with like the 0% rates when I was in grad school, but I mean, the thing is, is it does work if you're willing to put in-

Travis Hornsby: It does.

Alison Monahan: ... the time and energy.

Travis Hornsby: Yeah. Right, and people that graduated back when you graduated don't have that ability with the refinancing, because you already have the super low rate. You wouldn't want to refinance, but people that come out with law school debt now, it's like six to eight percent-

Alison Monahan: Yeah. It's way, way higher.

Travis Hornsby: ... and you can refinance and ... Yeah. You can cut that down to like four or five percent and get out of debt sooner. With a \$200,000 debt amount, like say you've messed up or you pay an extra percent that you didn't have to pay. That's \$2,000, and I don't ... Say you work in a small firm. That's like half of your take-home pay for like a month, so is that enough to motivate you to get off your butt and do something about it, regardless of whether or not you hire somebody like us to do it? Is that enough to be motivated enough to change and-

Alison Monahan: Yeah. I think for most people, at least for me, it's more just like, "Oh, whatever. I don't really think about this," but if you actually stop and think about it, you're like, "Yeah, I probably should think about it a little more carefully."

Travis Hornsby: Well, I mean, like yeah, I mean, it's basically, what do you want for your life in the future? Do you want to retire at 50, or do you want to wait until 65, or what are your goals for your life? Then what's cool is, the sooner you decide to make plans for whatever it is that you think that you want, the easier it is to do it.

Alison Monahan: Right. Exactly.

Travis Hornsby: It's never going to be easier in history to get what you want, Alison, until ... Besides right now. This is the best time, and if you wait, then the monthly payments you have to put away are higher, or the retirement savings percentage you put away has to be more, the budget has to be cut more. Hopefully, that's an incentive, like you get what you want sooner.

Alison Monahan: Yeah. Exactly. All right. Let's take a couple more scenarios, since we're running low on time. I am currently unemployed and waiting for my bar results, which,





for example, in California, even though you graduated in the summer, are not going to come out until mid-November, but my loans are due. What can I do?

Travis Hornsby: If you're unemployed, the most important thing is to guess what strategy you're going to do long-term, and if you're going to go for, in California, California is a community property state. You just, to show you how complex the stuff can be, you might be on Pay As You Earn and paying \$0 a month and getting credit towards 20 years of loan forgiveness, but then you get a job, and let's say that you just graduated, and you have a stay-at-home husband, and you're the primary breadwinner. In California, like a community property state, you can file your taxes separately and pay based off of half of your income in that scenario.

You can cut your payment way, way down if you're filing taxes separately from what it would normally be, and so then you could get tons of credit at \$0 a month towards the 20 years that you have to have, and that credit is coming off of the end of those 20 years where you're going to be making a lot more money, so you're saving yourself a ton of money simply by getting out of forbearance and deferment and getting onto a repayment plan, if you're unemployed.

Alison Monahan: All right. You almost touched on this, but let's talk about the marriage thing directly. I am in some sort of income-based repayment plan, or maybe I'm in an LRAP, or maybe I'm in both, and I'm about to get married. Is this going to be a terrible financial decision for me?

Travis Hornsby: Potentially, yes. I've had some very kind of analytical left-brain type of people that I've shown being married was costing them like 10,000 a year because of their student loan setup, and they got a divorce-

Alison Monahan: Wow.

Travis Hornsby: ... but they're still together. They're still spiritually married. They just went to the \$100 no-contest form or whatever and that they were comfortable with that. I was like, "Oh, my gosh." I spent an hour trying to talk them out of it, and I told them the cost and that it would be lower if they were single.

Alison Monahan: That seems a little extreme, but-

Travis Hornsby: Yeah. It is. Most people are already paying more being married, especially if you're high-income earners, than you would if you were single anyway. It's like most people, it's already an inefficient decision to get married because, also, if you don't have a prenup, you're risking half your stuff that you'll love someone forever and it'll always work out. Right?

Alison Monahan: Yeah. Always good to prenup. Freely-



Travis Hornsby: Right, so-

Alison Monahan: Free non-legal advice for you right there.

Travis Hornsby: Right, so that's already, you're always, already taking this dangerous financial decision. Given that's the case, if you get married, a couple things. If you're making about the same income level, you can file separately for income taxes, and it's probably not going to be that big of a deal. If you are in a community property state, it probably won't be as big of a deal. Community property states are mostly on the West Coast. If you both have student loan debts, significant student loan debt, it's probably not going to be that big of a deal, because then you can have the same strategy for both of your loans and not have to stress about it.

Where people need to be really, really careful is when, if you have a lot of student loan debt, or if your spouse does, and there's a big income difference. Maybe your spouse makes 200,000 a year, you make 70, you're a family lawyer, you have 200,000, 280,000 of student loan debt because you went to a high-cost law school.

Alison Monahan: The cost is just making my head spin like, "Oh, what a nightmare."

Travis Hornsby: Yeah. That happens, and-

Alison Monahan: Oh, yeah.

Travis Hornsby: ... they're like ... The conversation is like, "Oh, by the way, basically you have to work for free for 10 years, and your spouse has to pay all the living expenses so that you can pay your debt off so that your finances aren't wrecked and your spouse doesn't have to take on this stuff themselves." If you were going to get married, and your income difference is really, really high, and one of you has student loan debt, and one of you does not, then it's at least worth a conversation to see whether or not it makes sense to be spiritually married instead of legally married.

I'm serious. This has been happening a long time for old people, like for pensions and Social Security reasons. They want to basically live in sin, but they don't actually want to live in sin, so they go call the pastor like, "Can you just marry us at the church, and then we won't tell the government about it, because we both want to get our higher pension checks?" That's actually happened a long time, and it's just entering the younger generation because of these stupid student loan rules that exist.

Alison Monahan: Yeah. No, I mean, I know a lot of my friends have been in this scenario and had to make that decision. Most of them ended up getting married, but it was



financially a pretty big hit. Yeah. All right. That's true love, I guess. All right, so our final question, or scenario, so despite my best efforts, I just cannot afford my loan payments on my salary. What can I do?

Travis Hornsby: You have a couple choices. If it's an income-driven repayment program, you should always be able to afford it, because it should be 10% of your discretionary income, which can really be a pretty small amount of money. If it's private loan debt and you can't afford it, then you have to, you should, it depends on where you live. If it's really, really bad, and it's all private debt, then you definitely need to consult with an attorney who specializes in student loan debt. I have some friends that do, for people who are in default on 200 grand or more. Then if it's not federal, if it's private debt, then there's some things that you might be able to do, depending on what the state consumer laws are.

Then if you can't afford your payment because you just feel like you're drowning and you're making 60K a year, but you can't afford the \$400 a month income-driven repayment program, then my first suggestion is, go dump off your car at the nearest CarMax or car dealer and trade it in for a worse model.

Alison Monahan: Probably a good-

Travis Hornsby: Because-

Alison Monahan: ... idea. It's usually your second-biggest expense after housing-

Travis Hornsby: After housing, so I-

Alison Monahan: ... and maybe loan debt.

Travis Hornsby: Yeah, and so I've done over 1,000 plans for people, and almost always, the financial stress is coming from a combination of cars and housing, almost always. In a place like California and New York, DC, it's usually housing-related, because every square foot that you get in additional living space buries you deeper into the hole.

Alison Monahan: Well, and, I mean, to find anything is just super expensive.

Travis Hornsby: Right, and the reality there is like, if you live in an expensive market, renting is a much better decision than owning. Then that's like, flies in the face of conventional wisdom, but the math is just the math, and so then you just have to figure out like, "Okay, maybe I sell my house, or maybe I house hack, or live in a non-traditional living situation, like maybe somebody has like a mother-in-law suite that we can rent, and fix our budget where we have an emergency fund of \$10,000 or more and so that we fix our expenses so we can actually afford this."



- Alison Monahan: Yeah. I think I actually did a, I did a [podcast](#) maybe a year or so ago with somebody who did the whole kind of life hacking thing to get his expenses way, way down and, I think, paid off his loans in like a year or two. It was crazy, but I mean, he did everything, so if anybody's interested in sort of options, that is a good one to listen to. We'll link to it in the show notes.
- Travis Hornsby: Yeah, and so if you do that, if you get paid off cars instead of car payments in a place like LA or a place that you have to have a car, or in a place you don't have to have a car, getting rid of that said car completely, then you'll fix your problem. If you live in a rural area or a lower-cost-of-living area, and you're having trouble, like maybe you just need some serious intervention with every other little thing that's death by 1,000 cuts in your budget, but it's almost always death by like a brutal stab to the chest.
- Alison Monahan: Yeah, exactly. It's faster if you can fix your transport and your housing issues, but yeah. I mean, there are lots of sharing economy options at this point. Do you have a room you can Airbnb? Do you have a car you can drive for Uber in your spare time? Can you go dog walking? I mean, I feel like there are a lot of choices that people can make, hopefully. All right, so we touched on this briefly earlier, but just before we wrap up, where do you fall on this take the money question? Because I get this a lot. People email me all the time asking, "Should I take a scholarship at school X, or should I pay full price for school Y?" What do you think about this?
- Travis Hornsby: I think you take the money every time. I mean-
- Alison Monahan: I say the same thing, like, "Take the money-"
- Travis Hornsby: Unless-
- Alison Monahan: "... and don't-"
- Travis Hornsby: Yeah.
- Alison Monahan: "... even think about this."
- Travis Hornsby: Unless it's like Harvard or Yale, and maybe Stanford, take the money.
- Alison Monahan: Well, and even then I think seriously about it... Because the thing, I mean, I was talking about this on a podcast with someone else the other day, he was telling me a scenario, one of ... He's an LSAT tutor, and one of his students came to him and said, "Well, I can pay full price at Harvard, or I can take a full ride plus living expenses at Michigan." He's like, "Are you out of your mind? Why are we even having this conversation?"



Travis Hornsby: Well, yeah. The only thing that I would say to that would be if your only goal in life is to be on the Supreme Court, then-

Alison Monahan: Even, that's not happening, so move on to another goal. I mean, I'm sorry.

Travis Hornsby: That's true. That's a great point, too, yeah. I mean, I think yeah, it just depends on-

Alison Monahan: I mean, maybe if you want to be an academic, and you get into Yale, and you're absolutely certain you want to be a law school academic-

Travis Hornsby: Right.

Alison Monahan: ... maybe.

Travis Hornsby: Yeah. I mean, like I do think that there is a point where the name brand matters for very limited circumstances, but you're absolutely right that ... Like I remember actually one time, I got a response like that when I was like a freshman in college. I was like a total dummy, and I sent this letter to this Nobel Prize-winning economist that came and spoke at our school asking for career advice, and to my surprise, he wrote me back. I asked like, "What does it take to become like a Treasury Secretary one day," or something like that, and he's like, "There's one Treasury Secretary out of millions of people in the United States. Get another goal."

Alison Monahan: Yeah, no, I mean, the thing is, it's like, yeah-

Travis Hornsby: That was great advice.

Alison Monahan: ... maybe that could happen, but you'd have to be so incredibly lucky for that to happen, and everything would have to align perfectly. It's just-

Travis Hornsby: Right.

Alison Monahan: ... not a reasonable goal.

Travis Hornsby: Maybe Michigan is a better place to be from, politically, by the time ... Maybe they change that everybody goes, is Harvard or Yale on the Supreme Court.

Alison Monahan: I don't know. I mean, I think you could make some limited case for certain schools, but in general, I strongly, strongly encourage people to consider taking the money, because I think it's just really hard to understand what this is going to do to your life for such a long amount of time until you're kind of in that scenario and it's too late to do much about it.



- Travis Hornsby: The only thing I'd say is like, probably people that go to Harvard or at least on the Harvard campus are probably disproportionately wealthy, so if you can-
- Alison Monahan: Sure.
- Travis Hornsby: ... find one of those people and marry rich, because I have a buddy that just went to Michigan, and he married somebody from Michigan, and his wife ended up having like 150K of student loan debt. That guy might have gotten a full ride, or woman might have gotten the full ride, and then maybe you marry somebody that has a bunch of debt, and then you're kind of in the same stuck place, so-
- Alison Monahan: That's got be the best argument I've ever heard for paying full price at Harvard is, you can marry up.
- Travis Hornsby: Yeah. Yeah, so go and pay full price for Harvard, but just make absolutely certain that you marry rich, and definitely guilt trip them into not getting the prenup.
- Alison Monahan: Yeah. Well, there you go. It's our advice for the day. All right. Well, we're actually way over time, but any final thoughts you have on this for people?
- Travis Hornsby: Just get a plan, like [studentloanplanner.com](http://studentloanplanner.com). You can reach out to us. We'd love to help you, but the worst thing you can do is put your head in the sand and ignore it.
- Alison Monahan: All right, so actually, how can people get in touch with you if they'd like your help or if they just want to check out your resources?
- Travis Hornsby: Sure. Well, the site, you can click on the contact button and reach out that way. You can email me, [travis@studentloanplanner.com](mailto:travis@studentloanplanner.com). You can also, if you're just looking to apply for refinancing, you can go on our site and click the Refi Bonuses on the menu, and it'll take you to all these cashback bonus links that you can click and see if you can get a better interest rate.
- Alison Monahan: Awesome. Well, I'm just going to go and check that out. Probably not for me, but well, thank you so much for joining us. This has been extremely enlightening.
- Travis Hornsby: Absolutely, Alison. Thanks so much for letting me tell them my corny jokes.
- Alison Monahan: My pleasure. If you enjoyed this episode of the Law School Toolbox podcast, please take a second to leave a review or rating on your favorite listening app, because we would really appreciate it, and be sure to subscribe so you don't miss anything. If you have any questions or comments, please don't hesitate to reach out to Lee or Alison at [Lee@lawschooltoolbox.com](mailto:Lee@lawschooltoolbox.com) or [Alison@lawschooltoolbox.com](mailto:Alison@lawschooltoolbox.com), or you can always contact us via our



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**RESOURCES:**

- [Student Loan Planner](#)
- [Law School Transparency](#)
- [Podcast Episode 38: Can You Really Afford Law School](#)
- [Podcast Episode 96: How to Rapidly Pay Off Law School Debt \(w/Guest Financial Panther\)](#)
- [Law School Myth: Lawyers Make a Lot of Money](#)