Understanding Private Student Lending & Student Loan Refinancing

LendKey

Lending made **simple**.

Agenda

- **Who is LendKey?**
- **Current State and Trends of Higher Education**
- **Federal Financial Aid**
- **Private Student Loans**
- **Student Loan Refinancing**
- **Questions**

Who is LendKey



About LendKey

- We partner with 400+ credit unions and community banks to make lending simple by offering a streamlined student loan journey from start to finish.

- We handle the student loan process from the beginning of application all the way through final payment for Merck members.



Current State & Trends of Higher Education

Cost of College by the Numbers

- Over the last 40 years, the cost of a college education has increased by 136% when adjusted for inflation
- The annual tuition inflation rate is about 4%
- The average cost of attendance for college is $38,270 per student per year

Sources: National Center for Education Statistics, Education Data Initiative

LendKey

Cost of Attendance

Example

Expense Category	In-State	Out-of-State
Tuition	$17,700	$60,900
Housing	$15,300	$15,300
Books & Supplies	$1,200	$1,200
Transportation	$400	$400
Misc	$2,300	$2,300
Total	**$36,900**	**$80,100**

- Cost of attendance will vary by school
- Some schools may only include tuition in their cost of attendance
- To find out a school's cost of attendance, visit the financial aid office's website

LendKey

Value of a Bachelor's Degree

- On average, Bachelor's degree holders, compared to those with only high school diplomas, will:
  - Earn 50% more
  - Make about $1.2 million more over their lifetime
  - Be 50% less likely to be unemployed

- The annual return on a college degree has held steady at 12-13% for the past 30 years

Sources: Bankrate, Federal Reserve Bank of New York

LendKey

Value of All Degree Types

Education Level	Median Income
High School Diploma	$46,748
Associate's Degree	$55,870
Bachelor's Degree	$77,636
Master's Degree	$90,324
Professional Degree	$114,712

Sources: Bankrate, Bureau of Labor Statistics

- Median income and education level correlate

LendKey



Federal Student Aid

Industry Updates

Congress has passed a budget reconciliation bill that could significantly impact federal aid starting as early as July 2026.

- **No major changes will have an impact on the 2025-26 academic year.**
- What will some of these changes be?
  - New caps on student borrowing
  - Parent PLUS loans will be capped
  - Grad PLUS loans will be discontinued
  - Federal loan repayment options will be reduced to two
  - Changes to loan forgiveness programs
- For more information:
  - studentaid.gov
  - lendkey.com/faq/department-of-education-impact/



LendKey

Free Application for Federal Student Aid (FAFSA)

- The FAFSA form is what a student completes each year to determine federal aid eligibility

- The financial aid office at your school will send you an aid offer letter that lists the federal, state, and school aid you are eligible for. This will include:
  - Grants
  - Scholarships
  - Federal loans

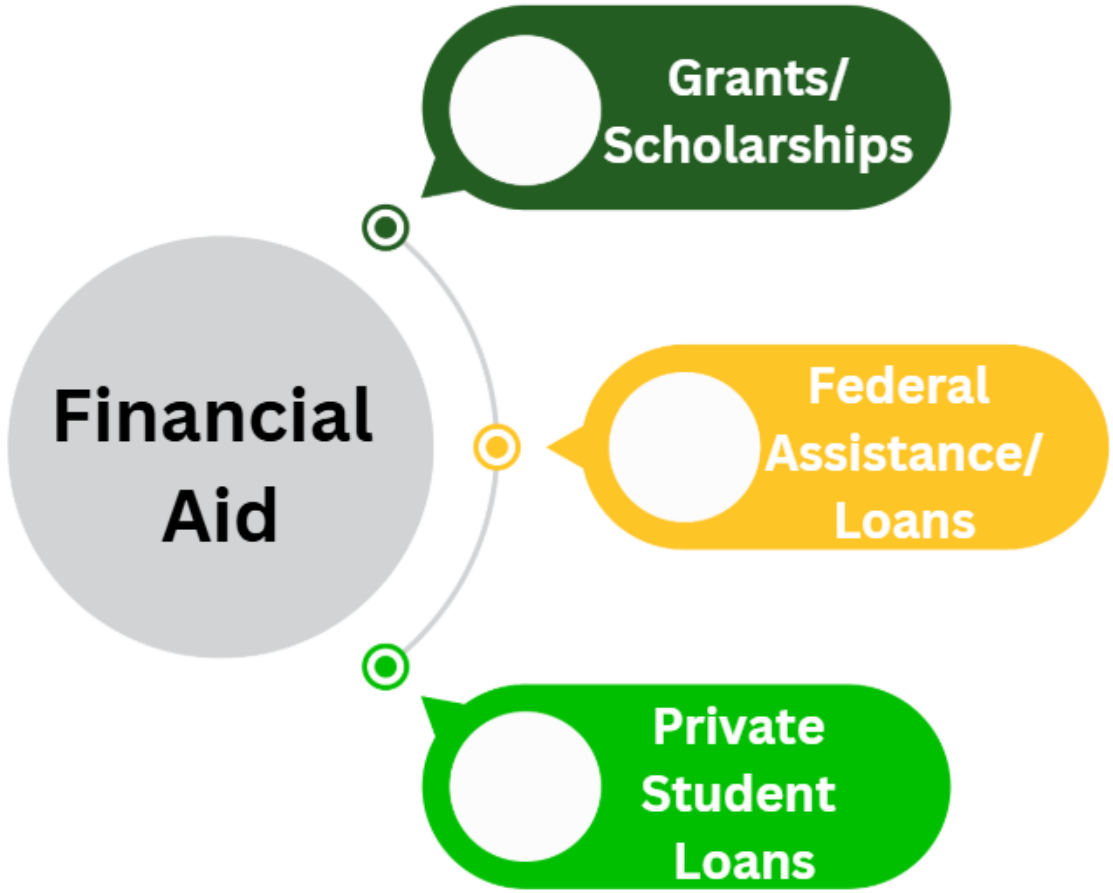
- You do not have to accept all aid included on the school's aid offer

- After accepting the aid, there still may be leftover expense to cover

LendKey

Order of Priority for Financial Aid

- Complete the Free Application for Federal Student Aid (FAFSA) each academic year
- Grants and scholarships do not need to be repaid
- Direct Loans have low interest rates
- Grad PLUS, Parent PLUS, and private student loans can be used to cover remaining cost gap



LendKey

Federal vs. Private Student Loans

Federal Student Loans

- Students borrow money from the federal government
- Needs-based
- Students must apply by submitting the FAFSA (Free Application for Federal Student Aid) each school year

Private Student Loans

- Students borrow money from a lending institution
- Credit based
- Students can shop for the best loan to fit their needs and apply through the lending institution’s loan program

Interest Rates For Federal Direct Loans

Loan Type	Interest Rate	Origination Fee
Undergraduate Loans	6.39%	1.057%
Graduate/Professional Loans	7.94%	1.057%
PLUS Loans	8.94%	4.228%

- Undergraduate & graduate loans have annual and aggregate loan amount limits that are determined by:
  - Whether you are a dependent vs independent student
  - What year you are in school

- PLUS loans currently have no limit, but have a higher interest rate and origination fee
- For more information on federal loan limits, visit studentaid.gov

LendKey



Private Student Loans

Private Student Loans

- Used to cover the remaining costs when federal aid is not enough
- These loans are disbursed directly to the school's financial aid office
- Interest accrues only on what is disbursed
- These loans have credit and income requirements that can be challenging for a student to meet on their own, so a cosigner might be needed



LendKey

Cosigners

- A cosigner is someone who agrees to share responsibility of repaying the loan
- A cosigner is typically a parent, grandparent or guardian, but can be any creditworthy adult who is willing to assume legal responsibility for the loan
- There are credit and income requirements that a cosigner will need to meet for an application to be approved
- Cosigners help the student qualify for better terms



LendKey

Private Student Loan Details

- In order for a student to be eligible for a private student loan through Merck, they must be:
  - Enrolled at least half-time
  - Enrolled in a degree-granting program at an eligible school
  - Meeting Satisfactory Academic Progress (SAP)
  - A US citizen or permanent resident

- Variable and fixed rate options available:
  - Fixed rates from: 2.99% - 12.69% APR
  - Variable rates from: 4.36% - 13.54% APR

- Minimum loan amount: $2,000
- Maximum loan amount: Cost of attendance minus aid you already received

LendKey

Application Process

- Applying only takes minutes
- What documents will you need?
  - Government-issued ID
  - Proof of income documentation
- The application process typically wraps up in 2 to 5 weeks depending on the school
- Best practice is to submit your application at least five weeks before funds are due
- The school will certify the loan amount, so it is okay if you do not know the exact amount you will need

LendKey

Repayment

- Students will be able to make $25/month payments or interest only payments while in school + 6-month grace period after graduation
- After 6-month grace period, 10-year repayment period begins
- All Merck student loans are serviced by LendKey
- There is a 0.25% interest rate discount for signing up to automate payments from your checking or savings account each month

LendKey

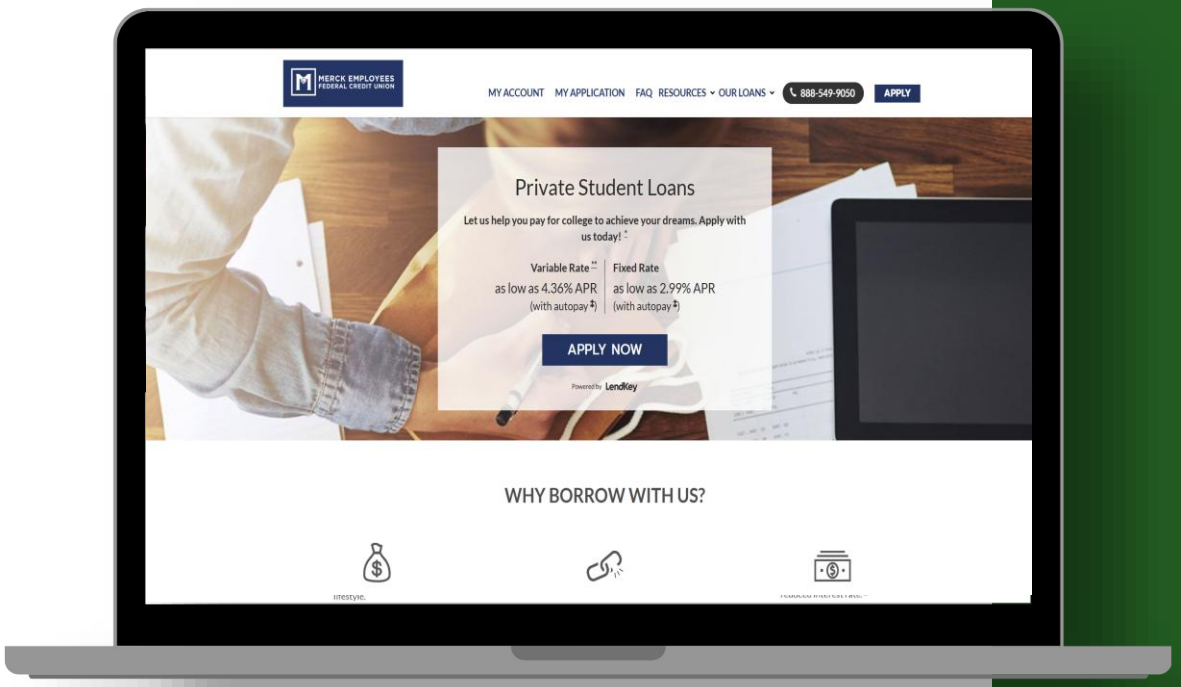
How to Apply

- partner.lendkey.com/merckcu/student
  - Linked from Merck's website

- What's on the page:
  - Resources:
    - Payment-estimate calculator
    - Relevant articles
    - Scholarship search

  - FAQ

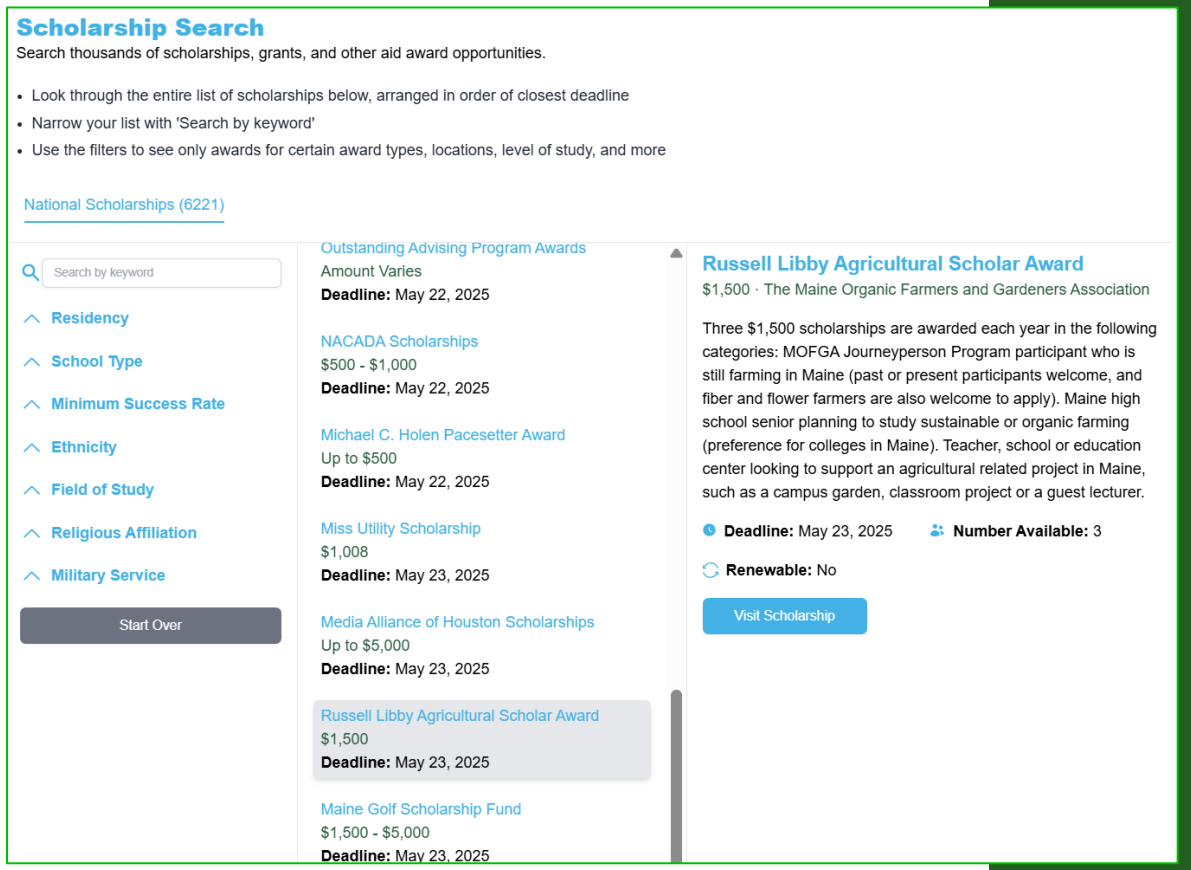
  - Links to the application



LendKey

Scholarship Search Tool

- Access over $10 billion of available scholarships
- Sort and filter to find scholarships you could qualify for
- Earn money to help cover tuition!



LendKey



Student Loan Refinancing

24

Student Loan Refinancing

- After graduating, students may have several federal and private student loans entering full repayment
- Merck partners with LendKey to offer student loan refinancing
- Students can reduce their interest rate, lower their monthly payment, or both by refinancing one or more of their student loans
- Students who have refinanced this year have **reduced their interest rates by 3.3%** on average!



LendKey

Student Loan Refinancing Details

- In order for a student to be eligible for a private student loan through Merck, they must have:
  - Graduated with a degree
  - Earning at least $36,000 in annual income
  - Not past due on any student loans

- Choose a 5, 10, or 15-year term length

- Variable and fixed rate options available:
  - Fixed rates from: 4.54% - 9.29% APR
  - Variable rates from: 4.53% - 8.61% APR

- Minimum loan amount: $5,000
- Maximum loan amount: $125,000 (undergraduate), $250,000 (graduate)

LendKey

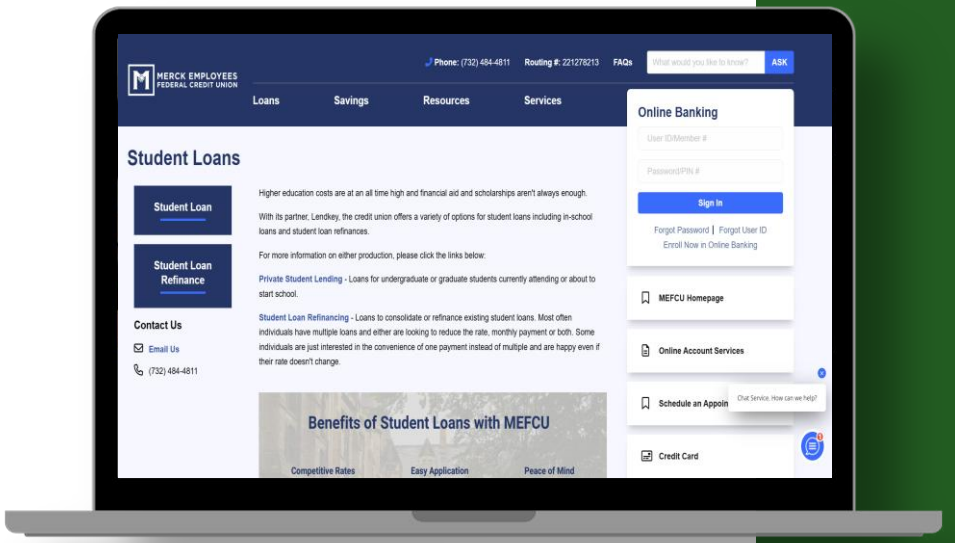
Application Process

- Applying only takes minutes

- What documents will you need?
  - Government-issued ID
  - Proof of graduation
  - Proof of income documentation
  - Statement for each loan to refinance

- The application process typically wraps up in 1 to 4 weeks

- Application can be started at:
  - partner.lendkey.com/merckcu/refinance
    - Linked from Merck's website (merckcu.com/student-loans)



LendKey

Loan Program Benefits

No Origination Fee or Prepayment Penalty	• No fee to the borrower to originate loan • The loan can be paid off at any time with no prepayment penalty
Cosigner Release	• Available for creditworthy borrowers after 24 consecutive on-time principal and interest payments for private student loans, 12 months for student loan refinancing • Must be requested by the borrower
Career Assistance through NextJob	• NextJob offers mock interviews, job coaching, resume builders, and a job positioning tool to help with job placement and advancement

LendKey

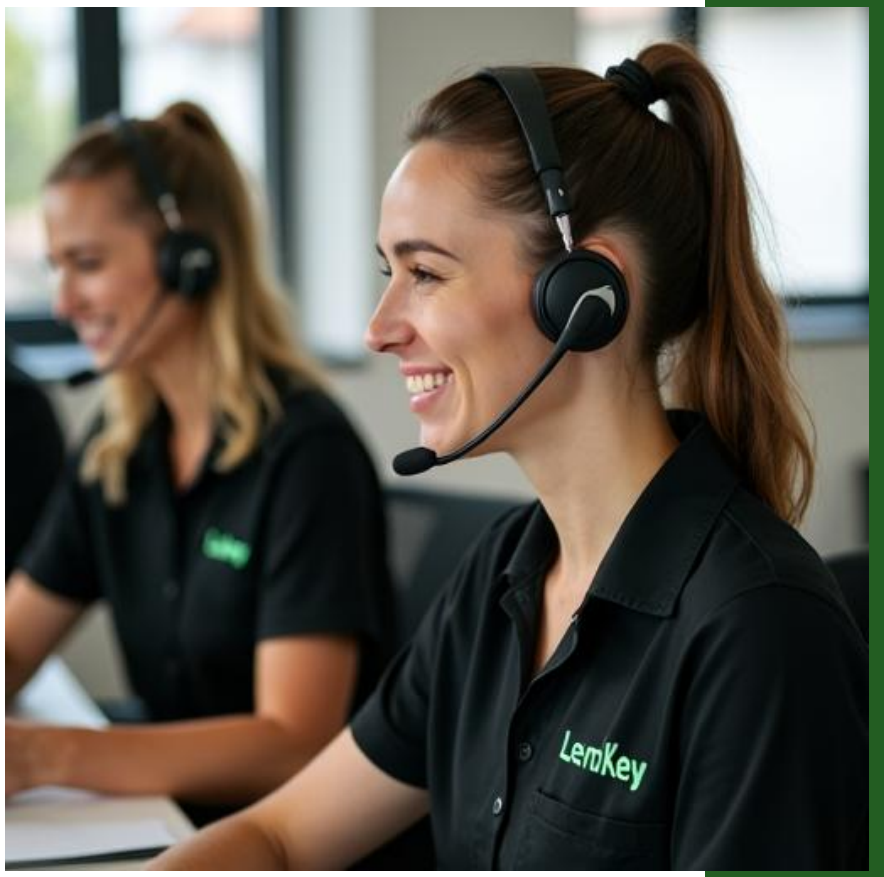
Questions About Applying

- Get in contact with us at LendKey!

- Hours of Service
  - Monday – Friday
  - 9:00 AM to 8:00 PM EST

- Customer Service
  - (888) 549-9050

- Email
  - customer.care@lendkey.com



LendKey

Time for questions



Thank you