

Flywheel Fellowship Student FAQ

Stanford requires its officers and employees to comply with a code of conduct with respect to federal loans and private education loans, including income-share loans. A copy of the code of conduct is available [here](#).

Q1: What is the Flywheel Fellowship?

The Flywheel Fellowship is a one-year pilot program (the “program”) in which the Flywheel Fund for Career Choice (“Flywheel Fund”) will offer to select current Stanford Law School (SLS) students an alternative way to finance their legal education. The program is structured as an income-share loan (ISL) provided to the student by the Flywheel Fund. A student may borrow between \$17,000 and \$170,000 from the Flywheel Fund to cover tuition and fees over the course of the student’s JD program (three years). After graduation, the student makes payments to the Flywheel Fund in an amount based on the graduate’s employment and income (a percentage of income); as a result, a student may pay out-of-pocket more or less than the original amount they borrowed (i.e., the amount Flywheel paid on their behalf).

The Flywheel Fund is offering this program to SLS students. SLS is not affiliated with the Flywheel Fund, nor does it endorse the Flywheel Fund or the Flywheel Fellowship over other types of financial assistance.

Q2: Why did SLS decide to provide SLS students with information about the Flywheel Fund?

The Flywheel Fund is providing seed funding for the ISLs and providing initial financial and technical support to launch this pilot program. The Flywheel Fund is a new nonprofit organization led by alumni of SLS and Harvard Law School. The Flywheel Fund approached SLS last fall to provide this new program in an effort to reimagine how to finance legal education and to alleviate debt pressure and encourage students to pursue alternative careers more quickly after graduation.

The Flywheel Fund is partnering with Stride Funding Inc., a provider of ISLs, and Knowledge Finance, a student loan servicing company.

SLS agreed to provide information about the Flywheel Fund’s ISL program because the Flywheel Fellowship:

- Is funded by a nonprofit entity (the Flywheel Fund) founded by law school graduates, not a for-profit entity;
- Includes minimal eligibility criteria (open to currently-enrolled SLS students who are U.S. citizens or permanent residents; have completed the FAFSA and have verified financial need; and otherwise meet the Flywheel Fund’s policies as articulated in the Flywheel Fund ISL agreement with the student);
- Does not restrict participation in the program to certain types of future employment – in other words, it is open to all students, not just those who are public interest oriented;
- Allows for month-to-month payment flexibility based on employment and earnings;
- Has interest rates that do not exceed the interest rate associated with Grad PLUS federal loans;

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- Increases the salary cap for students to be eligible to have their post-graduation payments covered in whole or in part by Stanford's Loan Repayment Assistance Program ("LRAP"), regardless of type of future employment

The Flywheel Fellowship ISL is an experiment intended to enhance and expand financing options for students, providing them with more flexibility. The Flywheel Fund is offering this program to SLS students. SLS is not affiliated with the Flywheel Fund, nor does it endorse the Flywheel Fund or the Flywheel Fellowship over other types of financial assistance.

Q3: Why is SLS communicating with students about the Flywheel Fund's offer of an ISL as a potential alternative to traditional government and private education loan offerings and loan forgiveness programs?

Improving and enhancing financial aid support as well as financial access and equity for SLS students is a priority for Stanford Law School and part of our overall efforts to support diversity among our students and in the careers they are able to pursue.

An ISL is a type of private education loan. Borrowers may also qualify for Federal student financial assistance through a program under Title IV of the Higher Education Act of 1965, in lieu of, or in addition to, a loan from a non-Federal source. Free or lower-cost Title IV Federal, state, or school student financial aid may be available in place of, or in addition to, a private education loan, and a private education loan may reduce eligibility for Federal or other government financial aid. It is critical that students evaluate their options – Title IV, the Flywheel Fund, other private education loans, and any others – to identify the best option to finance their legal education. Students should compare interest rates and repayment terms (e.g., grace and forbearance options), among many other factors.

Generally, ISLs – which offer students an opportunity to link their repayments to their future income – may offer advantages for some students over traditional private education loans (which may not consider income in determining payment amounts) or loan forgiveness programs (which may restrict the types of jobs that qualify for loan forgiveness). Depending on a student's particular circumstances, ISLs may provide greater flexibility with respect to career paths and may lessen the repayment burden because they are contingent upon and indexed based on employment and salary.

Q4: Am I required to participate in the Flywheel Fellowship ISL?

No. The Flywheel Fellowship ISL is currently limited to 20 students – from L'24 and L'25 – based on funding availability and other criteria. Students must apply to the Flywheel Fund to participate in the program. Whether to apply or obtain an ISL is entirely up to the individual student. As noted, Federal student loans and other government loans are available for which students may qualify, and the terms and conditions of such loans may be more favorable than the ISL based on individual circumstances. SLS will not deny or otherwise impede a student's choice of lender or cause any unnecessary delay with respect to the exercise of that choice.

Q5: Where can I find details about the Flywheel Fellowship ISL?

Good question! Because the Flywheel Fund is not affiliated with SLS, the authoritative source for information about the Flywheel Fellowship ISL is the Flywheel Fund. The Flywheel Fund's loan disclosures provide extensive, detailed information about the terms of the ISL, loan

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repayment, and many other features (including Truth in Lending Act Disclosures). SLS strongly encourages interested students to review the Flywheel Fund ISL agreement.

Stanford is the authoritative source for the circumstances under which a Flywheel Fellowship ISL recipient may qualify for Stanford LRAP assistance (see below).

Q6: Who is eligible for the Flywheel Fellowship ISL?

Eligible participants must be SLS JD students who are U.S. citizens or permanent residents. Students must complete a FAFSA, have verified financial need per SLS's existing process, and otherwise meet the Flywheel Fund's policies as articulated in the Flywheel Fund ISL agreement with the student. At the time of acceptance, students must not have committed to specific employment post-graduation. You can learn more about the Flywheel Fund and apply to the Flywheel Fellowship program at www.flywheelfund.org. You can also email the Flywheel Fund at info@flywheelfund.org.

Participating students agree to also participate in ongoing research about this pilot program and its outcomes. The Flywheel Fund and Stanford Law School are committed to studying and reporting publicly on the success of the program to understand the factors, including but not limited to debt burden, that shape career selection decisions by SLS graduates. Ralph Richard Banks, the SLS Jackson Eli Reynolds Professor of Law and co-founder and Faculty Director of the Stanford Center for Racial Justice, will serve as research advisor to this pilot program.

Q7: How does the repayment of the Flywheel Fellowship ISL work?

For each student who receives a Flywheel Fellowship ISL, the Flywheel Fund will pay between \$17,000 and \$170,000 in SLS tuition and fees over the course of the student's JD program. In return, the student agrees to a monthly payment schedule linked to their post-graduate taxable personal (not family) annual earned income. Under the program:

- **Scenario A:** If a graduate earns \$75,000 annually (as calculated under Stanford's LRAP rules), then all monthly payments will be covered through Stanford's LRAP (i.e., Stanford's LRAP will make payments to the ISL recipient in the amount required to pay the pertinent ISL amount).
- **Scenario B:** If a graduate earns \$100,000 annually (as calculated under Stanford's LRAP rules), then the monthly payment will be partially covered through Stanford's LRAP (similar from a mechanics perspective as Scenario A) and the graduate will pay the difference.
- **Scenario C:** If a graduate earns \$110,000, then the monthly payment will be made by the graduate at an amount that is 1% (for every \$17,000 borrowed) of their monthly income. Stanford's LRAP will not cover any of the repayment amount.
- **Scenario D:** If a graduate earns \$150,000, then the monthly payment will be made by the graduate at an amount that is 1% (for every \$17,000 borrowed) of their monthly income. Stanford's LRAP will not cover any of the repayment amount.
- **Scenario E:** If a graduate earns \$225,000 or more, then the monthly payment will be made by the graduate at an amount of 1% (for every \$17,000 borrowed) capped at 10% of the monthly income for a \$225,000 annualized salary. In other words, when a graduate's monthly earnings reach an annualized value of \$225,000 or more, the monthly payment amount ceases to increase. Stanford's LRAP will not cover any of the repayment amount.

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See below for a summary repayment chart that provides an example for each scenario above given a borrowed amount of \$170,000. The chart reflects the *yearly* total payment; in reality, payments are made on a monthly basis. The chart also assumes a graduate's salary is static; in reality, graduates' salaries will likely vary over time. The ISL payment term is limited to 12 years (with grace and hardship provisions as described in the Flywheel Fund ISL agreement with the student).

Borrowed Amount: \$170,000

Scenario and Graduate's Salary	Yearly Amount Paid by Graduate	Yearly Amount Paid by Stanford LRAP	Total Amount Repaid by Graduate	Total Amount Repaid by Stanford LRAP	Total Amount Repaid
A: 75,000	0	7,500	0	90,000	90,000
B: 100,000	0	10,000	0	120,000	120,000
C: 110,000	5,723	5,277	68,681	63,319	132,300
D: 150,000	15,000	0	180,000	0	180,000
E: 225,000	22,500	0	270,000	0	270,000

SLS has developed a Flywheel Fellowship Calculator to assist with determining repayment amounts based on the amount borrowed and a graduate's salary. The Calculator is available [here](#). As demonstrated in the chart above, some students may have 100% of their repayment funded by Stanford's LRAP; some students may have a portion of their repayment funded by Stanford's LRAP (depending on salary and how much is borrowed); and some students may have none of their repayment funded by Stanford's LRAP.

Q8: What if I obtain a Flywheel Fellowship ISL but later withdraw or am dismissed from SLS?

The loan agreement remains and the funds are due to Flywheel without the assistance from the SLS LRAP.

Q9: How does the Flywheel Fellowship ISL compare to government loans under Title IV of the Higher Education Act of 1965, as amended?

As compared to Grad PLUS loans, the Flywheel Fund ISL is for a set term (12 years) with little [or no] opportunity to pre-pay. Students who choose the ISL may end up paying back more than the amount borrowed – for a \$170,000 ISL, the repayment amount could be up to \$258,319.

Q10: Where can I learn more about the various loan or alternative financing options available to me?

When choosing a private education loan, you should compare the loan terms offered by several programs in order to choose the best fit for your situation. You can learn about and compare private loan terms from multiple lenders side-by-side using the ELM Select online tool, which provides information for the loan programs most frequently used by Stanford students over the past three years.

- [ELM Select for Undergraduate Students](#)

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- [ELM Select for Graduate Students](#)

Please note that you are not limited to lenders listed in the ELM Select tool; you can borrow from any lender. Most private loan programs offer online applications. Here are several points you should research when considering a private loan:

- What is the interest rate; is it fixed or variable; is the rate capped?
- What fees must be paid for this loan and when are they due?
- Am I able to make additional principal payments or just pay off the loan?
- When does repayment begin and is there a grace period?
- What will my monthly payment be?
- What will be the total cost if I use the full repayment period?
- Are there penalties for early repayment?
- Are there deferment or forbearance options?
- Is the loan program well-established?

Most private loan programs require Stanford's Financial Aid Office to certify your eligibility before approving your loan. If you receive financial aid, you must notify the Financial Aid Office of any private loans you borrow, as it may affect your aid eligibility.