

# INVEST IN U

A STUDENT JOURNEY WITH AN INCOME SHARE AGREEMENT

## OLIVIA'S ISA TERMS

\$5,000 ISA to complete college degree  
2.85% Income Share  
57 Monthly Required Payments  
2x (\$10,000) Payment Cap

### ACCEPTS ISA

Olivia, a senior Economics major, signs a \$5,000 ISA contract for her last year.

**March 2019**



### BEGINS WORKING

Olivia starts her job as a financial analyst with a salary of \$45,000.

**July 2020**



### INCOME CHANGES

Olivia's income may fluctuate with raises or job changes. Her monthly payments adjust with her income because her payments are always calculated as 2.85% of her earned monthly income.

**Payment Term**



**May 2020**

### GRADUATES

Olivia graduates and has interviews lined up. She does not need to start making payments for 6 months, when her grace period ends (December 2020).



**January 2021**

### PAYMENTS BEGIN

Olivia's grace period ends and she begins making payments of 2.85% of her monthly income.

Monthly income:  
 $\$45,000/12 = \$3,750$   
Monthly ISA payment =  
 $2.85\% \times \$3,750 = \$107$



**September 2025**

### PAYMENTS COMPLETE

In 2025, Olivia will make her 57th and final payment, and this ends her ISA obligation.



## HERE'S HOW OLIVIA'S ISA PAYMENTS ARE CALCULATED EACH MONTH

Year	Olivia's annual income	Olivia's monthly income <sub>1</sub>	Income share <sub>2</sub>	Olivia's monthly payment <sub>3</sub>	Amount paid for the year <sub>4</sub>	Total payments toward ISA obligation
2021	\$45,000	\$3,750	2.85%	\$107	\$1,283 (12 months)	\$1,283
2022	\$45,000	\$3,750	2.85%	\$107	\$1,283 (12 months)	\$2,565
2023	\$47,000	\$3,916	2.85%	\$112	\$1,339 (12 months)	\$3,904
2024	\$47,000	\$3,916	2.85%	\$112	\$1,339 (12 months)	\$5,244
2025	\$48,000	\$4,000	2.85%	\$114	\$1,368 (9 months)	\$6,612

### WHAT IF OLIVIA USED A LOAN FOR THIS TUITION?

Olivia's payments would likely remain constant each month, regardless of income.

Her obligation would be to pay a specific principal value (\$5,000) plus interest as specified in her loan.

There is likely no cap on her payments or the length of the obligation.

Total payments would depend on the specific terms of the loan.

<sub>1</sub>Olivia's monthly income = her annual income/12

<sub>2</sub>The income share percentage never changes

<sub>3</sub>Olivia's monthly payment = income share x monthly income

<sub>4</sub>Amount paid for the year = # of monthly payments x monthly payment amount

Olivia's payments fluctuate with her earnings.

If Olivia's income drops below the minimum income threshold of \$20,000 (\$1,667 monthly income), her payments will pause and there is no interest accrued or fee imposed.

INVEST IN



THE UNIVERSITY OF UTAH