Managing Your Student Loans
Everything you need to know about REPAYMENT

Understand the details of repayment on student loans

- Who do I repay?
- When do I repay?
- What repayment options do I have?

Help develop a plan that puts you on track to pay back your loans on time and in full

Learn what resources are available to help navigate student loan repayment
Locating Loans

Where to locate student loan information:

**Federal** -
- studentaid.gov
  - Select “Manage Loans”

**Private** -
- Loan statements/personal records
- Credit report
- Financial Aid Office records
- Documents, including promissory note
Federal Student Loan Types

Direct Subsidized

Direct Unsubsidized

Parent PLUS

Grad PLUS

Perkins

Consolidation

Please note that if you took out federal loans prior to June 30, 2010 you may have taken them under the FFEL Program
Who Do You Repay?

Federal Loans

Private Loans

Students should work with the lender they borrowed the loan from.

Payments may be made directly to lender or to a servicing organization.

Perkins Loans - contact the school for repayment options.
Defining Interest

Interest rates are fixed for federal loans, but private loans may have either fixed or variable rates.

**FIXED**
- Rate will not change for the entire term of the loan

**VARIABLE**
- Rate is subject to change periodically based on economic indicators like SOFR
Defining Capitalized Interest

Interest capitalization occurs when unpaid interest is added to the principal amount of a student loan.

<table>
<thead>
<tr>
<th>ORIGINAL LOAN AMOUNT</th>
<th>INTEREST RATE</th>
<th>ACCRUED INTEREST AFTER 4 YEARS AND 6-MONTH GRACE PERIOD</th>
<th>PRINCIPAL BALANCE AFTER 4.5 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000</td>
<td>5.05%</td>
<td>$3,408.75</td>
<td>$18,408.75</td>
</tr>
<tr>
<td>$15,000</td>
<td>7.10%</td>
<td>$4,792.50</td>
<td>$19,792.50</td>
</tr>
<tr>
<td>$25,000</td>
<td>5.05%</td>
<td>$5,681.25</td>
<td>$30,681.25</td>
</tr>
<tr>
<td>$25,000</td>
<td>7.10%</td>
<td>$7,987.50</td>
<td>$32,987.50</td>
</tr>
<tr>
<td>$50,000</td>
<td>5.05%</td>
<td>$11,362.50</td>
<td>$61,362.50</td>
</tr>
<tr>
<td>$50,000</td>
<td>7.10%</td>
<td>$15,975.00</td>
<td>$65,975.00</td>
</tr>
<tr>
<td>$100,000</td>
<td>5.05%</td>
<td>$22,725.00</td>
<td>$122,725.00</td>
</tr>
<tr>
<td>$100,000</td>
<td>7.10%</td>
<td>$31,950.00</td>
<td>$131,950.00</td>
</tr>
</tbody>
</table>

Disclaimer: The figures used on this page are for illustrative purposes only and do not constitute the rates the borrower may receive and the results may not be typical results the borrower will receive.
## Grace Period

### Standard Grace Period
Time before start paying on your loans

<table>
<thead>
<tr>
<th>Type of Loans</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidized/ Unsubsidized</td>
<td>180 days (6 Months)</td>
</tr>
<tr>
<td>Graduate PLUS</td>
<td>180 days (6 Months)</td>
</tr>
<tr>
<td>Perkins</td>
<td>9 Months</td>
</tr>
<tr>
<td>Private Loans</td>
<td>Varies</td>
</tr>
</tbody>
</table>

### Stop Attending School
(Exhausted Your Grace Period)

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>When Repayment Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Loans</td>
<td>Right after Graduation Within 30-45 days</td>
</tr>
<tr>
<td>Private Loans</td>
<td>Right after Graduation Within 30-45 days</td>
</tr>
</tbody>
</table>
Federal Student Loan Repayment Plans

- Standard
- Graduated Repayment
- Extended Repayment
- Saving on Valuable Education (SAVE)
- Pay As You Earn Repayment (PAYE)
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)
- Income-Sensitive Repayment (only for FFEL loans awarded prior to June 30, 2010)
Federal Student Loan Repayment Plans

**Standard**
- Fixed payments
- Repayment Plan
  - Up to 10 years
  - 10-30 years if consolidated
- Minimum payment $50 per month
- Assigned payment plan

**Graduated**
- Gradual payments
- Repayment Plan
  - Up to 10 years
  - 10-30 years if consolidated
- If your income is low now, but you expect it to increase steadily over time

**Extended**
- Federal debt greater than $30,000
- Repayment Plan
  - Up to 25 years
- Fixed or graduated payments
- Minimum payment $50 per month
Income-Driven Repayment Plans

Four Income-Driven Repayment Plans

- Saving on Valuable Education Plan (SAVE Plan)
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income-Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

Payments

- % of discretionary income and family size
- Recalculated annually
- May be $0 loan balance
- Forgiven after 20 or 25 years depending upon plan
- You may have to pay income tax on the amount forgiven

You should work with your loan servicer to choose what plan is right for you!

Income driven plans require submitting paperwork annually to determine yearly payment amount
<table>
<thead>
<tr>
<th>Income Based</th>
<th>Pay As You Earn</th>
<th>Saving on a Valuable Education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IBR</strong></td>
<td><strong>PAYE</strong></td>
<td><strong>SAVE</strong></td>
</tr>
<tr>
<td>Payments 10% or 15% income</td>
<td>Payment 10% of income</td>
<td>Payment amount is 10% of discretionary income</td>
</tr>
<tr>
<td>Payment capped at standard 10-year amount</td>
<td>Payments capped at standard 10-year amount</td>
<td>Payments recalculated each year based on income</td>
</tr>
<tr>
<td>Up to 25 years to repay</td>
<td>Up to 20 years to repay</td>
<td>Up to 20 years to repay (25 with Grad debt)</td>
</tr>
<tr>
<td>FFEL &amp; Direct Loan Program</td>
<td>Direct Loan Program Only</td>
<td>Direct Loan Program Only</td>
</tr>
</tbody>
</table>
Saving on Valuable Education (SAVE) Plan

- Replaces the REPAYE Plan
- Unpaid interest won’t accrue when making payments
- Income exemption from 150% to 225% of the poverty line, likely reducing monthly payments
- Elimination of 100% of remaining interest for both subsidized and unsubsidized loans after a scheduled payment is made under the SAVE Plan.
- Excludes spousal income for borrowers who are married and file separately.

Plan Updates coming in July 2024
What are the SAVE Plan benefits going into effect next year?

- Payments on undergraduate loans will be cut in half (reduced from 10% to 5% of income above 225% of the poverty line).
- Borrowers with original principal balances of $12,000 or less will receive forgiveness of any remaining balance after making 10 years of payments, with the maximum repayment period before forgiveness rising by one year for every additional $1,000 borrowed.
- Borrowers who consolidate will not lose progress toward forgiveness. They will receive credit for a weighted average of payments that count toward forgiveness based upon the principal balance of the loans being consolidated.
- Borrowers will automatically receive credit toward forgiveness for certain periods of deferment and forbearance.
- Borrowers will be given the option to make additional “catch-up” payments to get credit for all other periods of deferment or forbearance.
- Borrowers who are 75 days late will be automatically enrolled in IDR if they have agreed to allow the Department of Education to securely access their tax information.
- PAYE and IBR will be phased out
## Private Student Loan Repayment Options

<table>
<thead>
<tr>
<th>Plan</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IMMEDIATE</strong></td>
<td>Make payments toward principal and interest while in school.</td>
</tr>
<tr>
<td><strong>INTEREST-ONLY</strong></td>
<td>Make payments solely toward interest while enrolled in school and begin making principal and interest payments 6 months after graduation or dropping below half-time status.</td>
</tr>
<tr>
<td><strong>DEFERRED</strong></td>
<td>Make payments toward principal and interest starting 6 months after graduating, dropping below half-time status or leaving school.</td>
</tr>
</tbody>
</table>
Private Student Loan Repayment Features

Features vary by loan type and servicer

**Grace Period**
Set period of time, typically 6 months, from school separation before repaying your student loan

**Co-Signer Release**
Ability to release your co-signer after making the required payments

**Deferment/Forbearance**
Temporarily postpone, reduce or extend time for loan payments

**Deferment Examples**
- Unemployment
- Graduate Fellowship
- Military
- In-school
- Medical/Dental
- Internship/Residency

**Forbearance Examples**
- AmeriCorps
- National Guard
- Medical/Other Acceptable Reasons
- Economic Hardship
Private Refinance Vs. Federal Consolidation

**Private Refinance**

Combine **private** and federal payments into one payment

Possibly **lower interest rate** and/or payments

Interest is based on your (or your co-signer’s) creditworthiness with **choice** of fixed or variable rate

Current interest rates and/or loan term can **lower** the overall cost of the loan

Pays off existing loans and may reflect a **lower monthly payment** on your credit report

You should **compare rates** and terms and apply with the lender of your choice

**Federal Consolidation**

Combine **federal** payments into one payment

Possibly **lower monthly payment** with longer loan term

The interest rate is the **weighted average of included loans**, rounded up to the nearest 1/8th of a percent

You will **pay more interest** over the life of the loan if the repayment period is extended

You **may lose** some benefits offered with the original loan

Apply for a direct consolidation loan at [https://studentaid.gov](https://studentaid.gov)
Loan forgiveness releases you from all or a portion of your loan obligation

Direct Loan Forgiveness and Discharge options may exist under certain conditions:

- Teacher Loan Forgiveness programs
- School Related Discharge (School Closing, Fraud, ID Theft, False Certification, Unpaid Refund)
- Public Service Loan Forgiveness
- Bankruptcy
- Cases of total and permanent disability or death

Private Loan Forgiveness options may exist under certain conditions:

- Cases of total and permanent disability or death

To verify loan forgiveness options for federal loans visit https://studentaid.ed.gov/sa/repay-loans

For private loans contact your lender or servicer!
To qualify for PSLF borrowers must

- Be employed by a government organization, 501(c)(3) not for profit organization or other not-for-profit organizations providing specific qualifying services
- Working full time for that qualifying employer
- Repay the loans under an income-driven repayment plan
- Make 120 qualifying payments

To find out if they qualify, borrowers should submit the PSLF Employer Certification Form found on studentaid.gov

Public Service Loan Forgiveness (PSLF)

Forgives the remaining balance on Federal Direct Loans
Falling behind on federal student loan payments can have major ramifications!

**Delinquency**
- Federal loan servicer has not received payment by the stated due date

**Default**
- If a federal student loan is delinquent for more than 270 days, it goes into default

**Default Consequences**
- Loans may become due immediately (fees and collection costs)
- State and Federal Income Tax Returns withheld
- Wage Garnishment
- Damaged Credit Score
- Difficulty getting hired
- Unable to renew professional license
- Higher interest rates
- No more federal financial aid
- Lawsuits and court costs
Tips for Delinquent Student Borrowers

✓ Do not ignore servicer notifications
  ✓ Respond to legitimate messages, texts and mail notifications

✓ Ask questions

✓ Document the call
  – Write down the date and time along with the number shown on caller ID
  – Write down all the information you receive about your loans

✓ Confirm and call loan servicer
  – Find out the name of the current owner of the student loan, as well as the total balance due
  – Inquire about how the current balance is broken down between principal, interest, and collection fees
  – Verify unrecognized loans at studentaid.gov or borrower’s credit report
Where To Get Help?

Federal Student Aid Feedback System - send a compliment or a complaint, suggest website improvements, report suspicious activity
https://studentaid.gov/feedback-center

Federal Student Aid Ombudsman Group - a neutral, informal, and confidential resource to help resolve disputes about federal student aid
Postal Mail or Phone
U.S. Department of Education
FSA Ombudsman Group
P.O. Box 1854
Monticello, KY 42633
Phone
1-877-557-2575

Consumer Financial Protection Bureau - report unfair, deceptive or abusive acts or practices, submit consumer complaints
https://www.consumerfinance.gov/
Repayment Summary

Steps You Should Be Taking

- Get to know your loans - studentaid.gov
- Can you consolidate/refinance? Should you?
- Figure out how much your monthly payments will be
- Make your loan payments automatic
- Determine if you qualify for Loan Forgiveness
- Pay more if you can
- Ask about employer assisted loan repayment programs