

Student Loan Repayment

MADE READY
FOR STUDENTS

Information Classification: UNCLASSIFIED//FOR OFFICIAL USE ONLY

January 2022

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



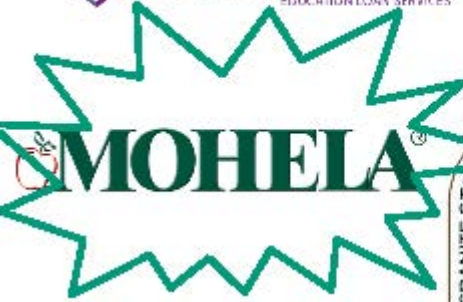
Consolidation



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



Perkins Loans - contact the school for repayment options

Private Loans

Students should work with the lender they borrowed the loan from

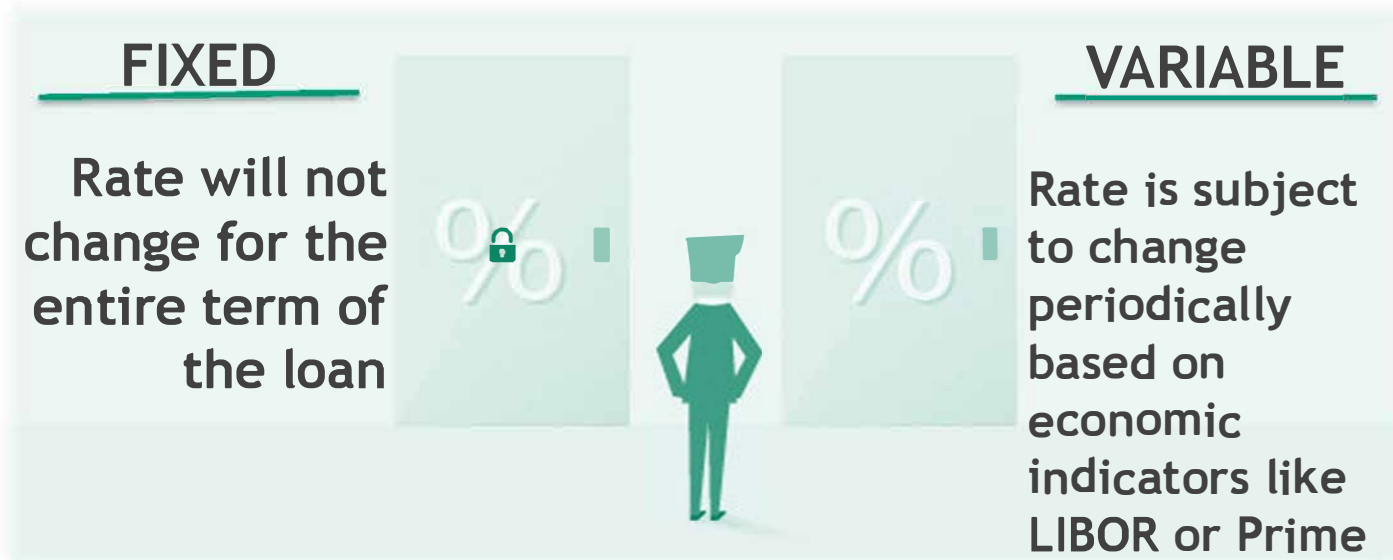


Payments may be made directly to lender or to a servicing organization



Defining Interest

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



Defining Capitalized Interest

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

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

Federal Student Loan Repayment Plans

- Standard
 - Graduated Repayment
 - Extended Repayment
 - Revised Pay As You Earn Repayment (REPAYE)
 - 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

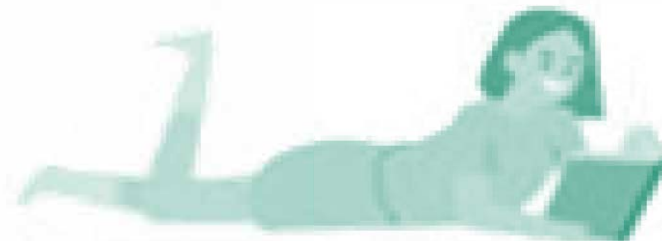
Four Income-Driven Repayment Plans

- Revised Pay As You Earn Repayment Plan (REPAYE 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!





PRIVATE STUDENT LOAN REPAYMENT OPTIONS

IMMEDIATE	Make payments toward principal and interest while in school
INTEREST-ONLY	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
DEFERRED	Make payments toward principal and interest starting 6 months after graduating, dropping below half-time status or leaving school

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

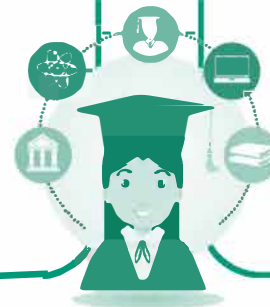
Deferment/Forbearance

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

Repayment Summary

Studentaid.gov/loan-simulator

- find out what plans you may be eligible for
- estimates how much you would pay monthly and overall



Lowest payment likely will cost you more over the life of the loan



Understand the cost of borrowing money



The choice of loan options will impact how much you repay



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>

Loan Forgiveness & Discharge

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!



Student Federal Debt Relief

August 24, 2022 White House Press Release

For Direct loans borrowers with loans disbursed prior by June 30, 2022

UP TO \$10K CANCELLATION

- ED-held loans
- Individuals with annual income < \$125K in 2020 or 2021
- Married couples or HOH with annual income of < \$250K during pandemic
- **Not Pell recipient**

UP TO \$20K CANCELLATION

- ED-held loans
- Individuals with annual income < \$125K in 2020 or 2021
- Married couples or HOH with annual income of < \$250K during pandemic
- **Pell recipient**

<https://studentaid.gov/debt-relief/application>



Public Service Loan Forgiveness (PSLF)

Forgives the remaining balance on Federal Direct Loans

- 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



Coronavirus/Forbearance

Borrowers experiencing financial hardship should check with their lender to see if there are emergency payment relief options available

Federal Loans- “Final” extension of relief options approved through June 30, 2023

- ✔ Federal payments suspended
- ✔ Stopped collections on defaulted loans
- ✔ Set interest rates to 0%

Avoiding Delinquency & Default

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

Avoid Student Loan Scams

“You never have to pay for help with your federal financial aid or student loans. Make sure you understand which companies and claims are legitimate.”
studentaid.gov

USA Today

Newsweek

Scam calls are selling student loan forgiveness. Don't fall for it.

U.S.

More Than 19,000 People 'Swindled' in
Alleged \$6 Million Student Loan Forgiveness Scam

The calls come regularly to people with a student loan, and even those without them: An unknown person is offering aid paying back loans...



Student loan forgiveness scams are on the rise costing victims money and sensitive information

FOX 8 NEWS WEATHER CLOSINGS AM SHOW NEW DAY SPORTS SEEN ON TV

BBB: "We're very certain they've increased"

BBB warns of student loan forgiveness scams in Ohio, offers tips to avoid

California News Times

Consumers warned of surge in student loan forgiveness scams

Student loan forgiveness is not the only financial COVID-19 related scam. As we have said many times, you need to be careful and provide...



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](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/](https://www.consumerfinance.gov/)



CALL TO ACTION

Steps You Should Be Taking

- Get to know your loans
- 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

