

Student Loans

Here are some tips for repaying your student loans:

- If you have subsidized loans, check how much money you could save by paying during the grace period. (your lender can help you calculate these savings)
- If you have multiple student loans, consider whether or not consolidating (adding them together and making one payment) these loans is right for you. If you decide to consolidate, be aware that the process may take several months to set up. Be sure to continue making your payments as usual until your consolidation loan is completed. Visit <http://www.loanconsolidation.ed.gov/> to find out more about loan consolidation.
- Make sure you include your student loan payments in your monthly budget.
- If possible, set up your payments to be made by direct deposit from your bank account. This will ensure that you never forget to make a payment on time.
- Keep your student loan information in a safe place for referral.

Possible repayment plans include:

- **Standard Repayment Plan** - Payments are a fixed amount of at least \$50 per month for 10 years. You'll pay less interest for your loan over time under this plan than you might for some of the other plans.
- **Graduated Repayment Plan** - Payments are lower at first and then increase usually every two years. You'll pay more for your loan over time than under the standard 10-year repayment plan.
- **Extended Repayment Plan** - Payments may be fixed or graduated and the repayment period is up to 25 years. Monthly payments are lower than through a 10-year standard plan.
- **Income-Based Repayment Plan** - Your maximum monthly payments will be 15 percent of your discretionary income, which is the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence. The income-based repayment plan can stretch for as long as 25 years.
- **Pay-as-You-Earn Repayment Plan** - Your maximum monthly payments will be 10 percent of discretionary income.
- **Income-Contingent Repayment Plan** - Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans.
- **Income-Sensitive Repayment Plan** - Your monthly payment is based on annual income. Your payments change as your income changes.

Visit <http://studentaid.ed.gov/repay-loans> for all the information you need to successfully repay your student loans. Visit BEFORE it's time to repay them! The bottom line, however, is that you need to read ALL of the information very carefully before you choose a repayment plan. And remember, an income-based plan may be easiest on your budget.

If you can't make your student loan payment, you should contact your lender immediately. You are not the first or only person who's been in this situation and the student loan people are accustomed to working out repayment plans that will fit your situation. Depending on that situation, you may be advised to consolidate your loans, change your repayment schedule, or alter your plan to one that adjusts payments to your income level or gradually increases your payment over time to compensate for lower earnings when you first start out on your career. The important thing is to not default!

The Public Service Loan Forgiveness Program is one option for lessening student loan debt for individuals who work full-time in public service positions. Some of the positions included are: law enforcement, public library services, public education, and emergency management. In order to receive this forgiveness, it is necessary to make 120 qualifying payments on the loans. The following kinds of loans are eligible for this program:

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans)-for parents and graduate or professional students
- Federal Direct Consolidation Loans

More information can be found at <http://studentaid.ed.gov/sites/default/files/public-service-loan-forgiveness.pdf>.

Defaulting (failing to repay your loans) will hurt your personal credit rating and could prevent you from renting/buying a home, car, or other major purchase. Defaulting could also make you ineligible for certain jobs. Take a look at the consequences for defaulting on student loans:

- You will no longer be eligible to receive financial aid for education
- Your loan may be sent to a collection agency
- Your total student loan debt becomes due in full - you won't even have the option of making installment payments
- The defaulted loan is reported on your credit rating for up to seven years, lowering your personal credit score to a very low number
- Your employer could be ordered to garnish your pay to repay your loans; this means they could be required to withhold 15% of your salary from you and forward it to pay off your loan
- The federal government will withhold any tax refunds from you and apply them to your loan balance
- Even - you can't join the military, you can't join the Peace Corps, and you can't legally accept a job or move overseas

Yes, it can be a pretty grim story.

Congratulations on your graduation! And we hope this loan repayment information is helpful to you.