

Managing Your Student Loans 101

Basic Understanding of the Repayment Process

Federal Student Aid

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Agenda

- Financial Aid Landscape
- Loan Servicers
- Loan Basics
- Repayment Plans
- Postponing Repayment: Deferment & Forbearance
- Delinquency, Default, & Collections
- Discharge, Forgiveness, & Cancellation

The Financial Aid Landscape

What are the sources of financial aid?

- Federal government
- State government
- Colleges and universities
- Private foundations
- Employers and private companies
- Professional and service organizations

Your Financial Aid History

What types of financial aid have you received?

- Grants
- Work-study
- Scholarships
- Merit Awards
- Student Loans
- Parent Loans

Your Financial Aid History

- Gift Aid vs. Self-help Aid
- Federal Student Loans vs. Private Student Loans
- Knowing your balance(s)!

How many of you know the total balance of your student loans?

Your Financial Aid History

Private Student Loans May:

- Require payments while you are still in school
- Have variable interest rates, some greater than 18%
- Not be subsidized.
- Require an established credit record. The cost of a private student loan will depend upon your credit score and other factors
- Need a co-signer
- Not be consolidated into a Direct Consolidation Loan
- Not offer forbearance or deferment options
- Not offer a loan forgiveness program

Your Loan History

The National Student Loan Data System (NSLDS):

- Is a centralized national database
- Stores information on federal grants and loans (no private student loans)
- Shows how much aid you've received
- Displays your current enrollment status

Access NSLDS using your Federal Student Aid PIN at
www.nslds.ed.gov

NSLDS: Home Page



START HERE
GO FURTHER
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National Student Loan Data System (NSLDS) for Students

[Financial Aid Review](#) [Exit Counseling](#) [Glossary of Terms](#) [Browser Info/Setup](#) [FAQs](#) [Contact Us](#)



NSLDS STUDENT ACCESS

National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[Financial Aid Review](#)

[Exit Counseling](#)

NSLDS: Log-on Page



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NSLDS is a repository of information from many sources. Changes to the data are made by those sources. Collecting the data into one central location such as NSLDS gives you convenience and saves you time. If for any reason you disagree with the information reported to NSLDS, please contact one or more of the sources of your data listed on the detail pages on this site. The Department is also available as a resource at 1-800-4FEDAID if you need additional assistance. Your comments and corrections will help improve the services NSLDS provides.

What is your social security number?

Please enter this number without the dashes. For example, 123456789.

What are the first two (2) letters of your last name?

What is your date of birth?

Please enter this date in "mmddyyyy" format. For example, 08171975 for August 17, 1975.

What is your PIN?

Please enter pin by selecting a value from each column in grid to right. Each column represents 1 position within your 4-digit pin. Select a number by mouse click or moving to it with keyboard arrow keys:



If using arrow keys, move mouse off of grid so it does not conflict with keyboard. Use the up and down arrows to move to desired number within column; use right and left arrows to move between columns.

Below each column is an indicator showing if a value from the column has been selected:
Y=Yes, N=No

4	1	0	3
5	2	1	4
6	3	2	5
7	4	3	6
8	5	4	7
9	6	5	8
0	7	6	9
1	8	7	0
2	9	8	1
3	0	9	2
N	N	N	N

Since your PIN can be used to retrieve personal information about you and to sign documents, including a promissory note, you must not share or disclose the PIN to others. By using your PIN, you agree that it has not been compromised -- no one besides you knows it. If you think your PIN has been compromised, you should change it at the Department of Education PIN Registration Web site using the option "Change PIN".

NSLDS Student Access site only supports the current 4-digit PIN standard. If you have a PIN that does not conform to this standard, please visit www.pin.ed.gov to establish a new 4-digit pin.

You will be prompted to re-enter the information on this page after 15 minutes of inactivity.

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility, loan payoffs, overpayment status, or tax reporting. Please consult the Financial Aid Officer at your school or the specific holder of your debts for further information.

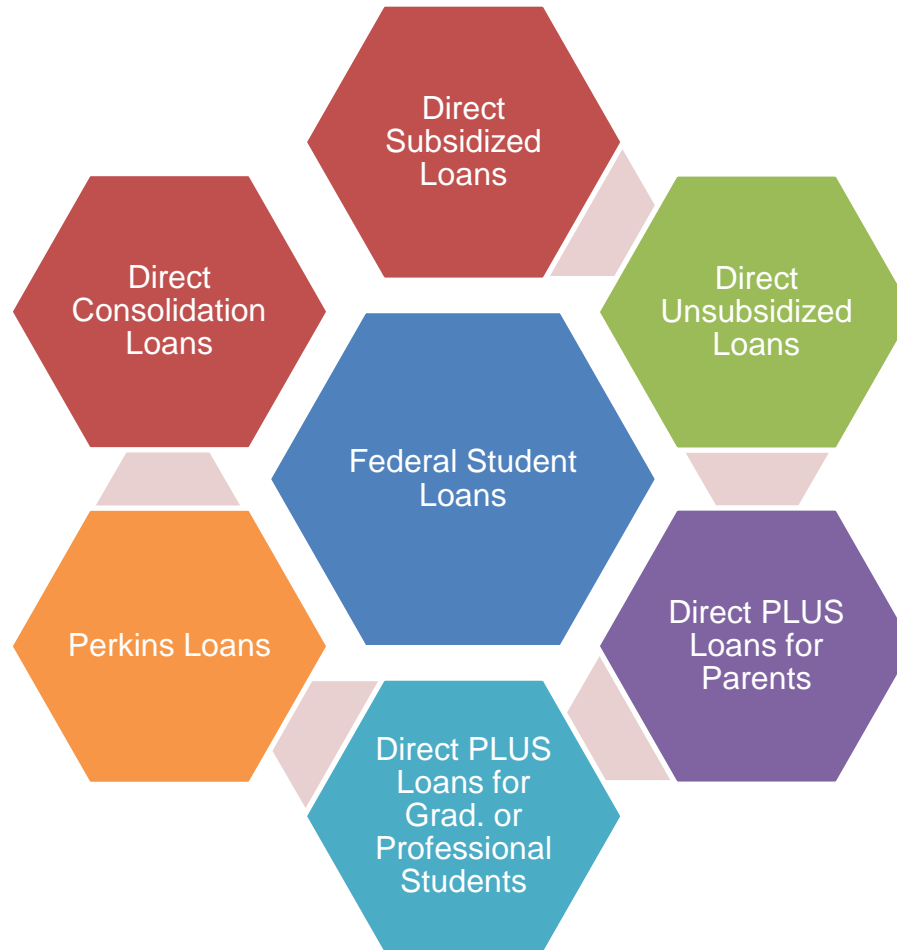
Your Loan Servicer

- Collects payments on a loan
- Responds to customer service inquiries
- Performs other administrative tasks associated with maintaining a loan on behalf of a lender

If you're unsure of who your federal student loan servicer is, you can look it up on **www.nslds.ed.gov**

Loan Basics

Current Federal Student Loan Types



Interest – Simple Daily Interest

- The “simple” in “simple daily interest” means that interest does not compound unless there is a specific reason for it to do so
- The “daily” in “simple daily interest” means that interest accrues every day
- Let’s walk through the calculation to determine how much interest accrues in one day on a \$10,000 loan with an interest rate of 3.86%

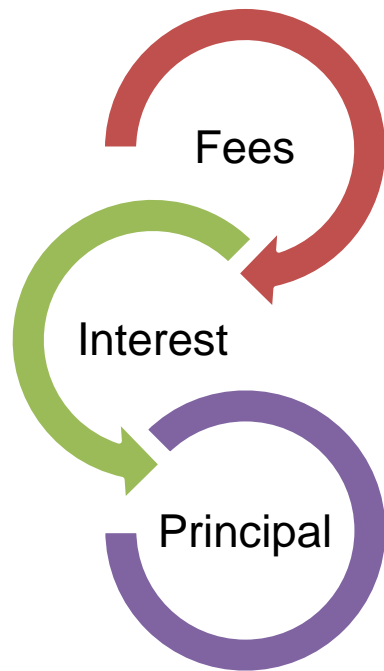
$(\text{Interest Rate} \div \text{Days in Year}) \times \text{Outstanding Principal Balance}$

$$(0.0386 \div 365) \times \$10,000 = \$1.06$$

Interest Rate for Federal Loans

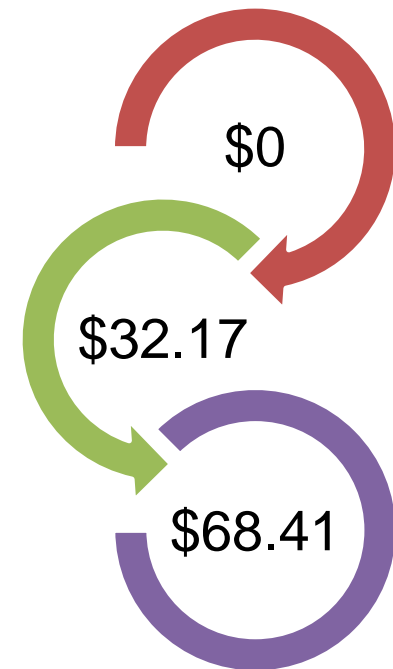
	Interest Rate	Repayment	Additional Info
Federal Perkins Loan	5% Fixed	9 months after school	
Federal Stafford/ Direct Loan Undergraduate	Subsidized 3.86% Variable Unsubsidized 3.86% Variable	6 months after school	Subsidized: no interest charged while in school Unsubsidized: interest accrues while in school
Federal Stafford/ Direct Loan Graduate	Unsubsidized 5.41% Variable	6 months after school	Unsubsidized interest accrues while in school
Federal Direct PLUS Loan (Parents, Graduate & Professional)	6.41% Variable Direct Lending Schools	May be deferred until 6 months student drop ½ time or 60 days after loan is fully disbursed	Interest accrues while student is in school

How Payments are Applied



First payment on:

- \$10,000 loan
- Interest rate: 3.86%
- Monthly payment amount: \$100.58



Repayment Plans

Repayment Plans – FFEL and DL

- Traditional plans:
 - 10-Year Standard
 - Extended
 - Graduated
 - Extended Graduated
 - Consolidation Standard
 - Consolidation Graduated
- Income-driven plans:
 - Income-Based
 - Income-Contingent
 - Pay As You Earn

Standard Repayment Plan

Under this plan, the borrower will pay a fixed amount that ensures they pay their loan(s) in full within the repayment period. Payments will be at least \$50 per month.

For subsidized, unsubsidized, and PLUS loans, the repayment period is 10 years. For consolidation loans, the repayment period is 10-30 years, depending on the borrower's total educational indebtedness.

For borrowers who do not have consolidation loans, this plan results in the lowest total interest paid because the repayment period is shorter than it would be under any of the other repayment plans.

Extended Repayment Plan

Under this plan, the borrower will pay a fixed or graduated amount in an amount that will ensure that they pay their loans(s) in full within 25 years. Fixed payments will be at least \$50 per month. Graduated payments will be at least the amount of interest that accrues in a month.

A borrower may choose this plan if:

- He or she did not have an outstanding balance on a FFEL Program or Direct Loan as of October 7, 1998 or on the date they obtained a student loan after that date **and**
- He or she has more than \$30,000 in outstanding FFEL Program loans or more than \$30,000 in outstanding Direct Loans.

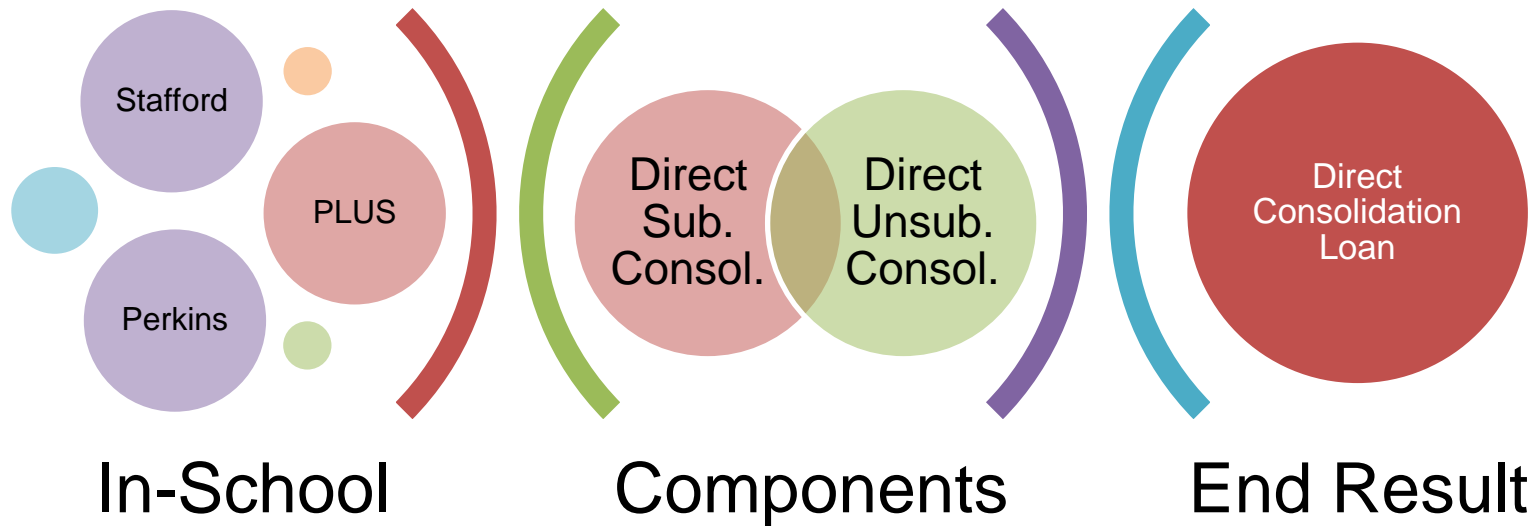
Graduated Repayment Plan

Under this plan, the borrower will pay an amount that increases every two years and ensures that they pay their loan(s) in full within the repayment period.

For subsidized, unsubsidized, and PLUS loans, the repayment period is 10 years. For consolidation loans, the repayment period is 10-30 years, depending on the borrower's total educational indebtedness.

The minimum payment equals the amount of interest that accrues monthly. No one payment will be more than three times greater than any other payment.

Consolidation: www.StudentLoans.gov



- Interest rate is weighted average of consolidated loans
- Interest rate is rounded to nearest higher 1/8 of 1%
- No interest rate cap

Loan Consolidation

- One lender and one monthly payment
- Flexible repayment options
- Reduced monthly payments
- Fixed interest rate
- Subsidized, unsubsidized, PLUS loans for graduate or professional students, Perkins Loans, and certain health profession loans made by the U.S. Department of Health and Human Services are eligible for consolidation

Note: Private loans are ineligible for federal loan consolidation but can be used to establish the repayment period on consolidation loans.

Income-driven – Pay As You Earn

The Pay As You Earn Repayment Plan helps keep your monthly student loan payments affordable, and usually has the lowest monthly payment amount of the repayment plans that are based on your income. Payments are generally 15% of discretionary income.

Advantages of Pay As You Earn

- The government will pay the unpaid interest on subsidized loans for up to three consecutive years if the monthly Pay As You Earn payment does not cover the monthly accrued interest
- Limitation on capitalized interest – interest that accrues but is not covered by your loan payment will not be capitalized, even during deferment or forbearance, except in rare circumstances—and even then, only up to 10% of the initial loan balance
- Any remaining principal and interest will be forgiven after 20 years of qualifying repayment
- Pay As You Earn payments count for Public Service Loan Forgiveness

Disadvantages of Pay As You Earn

- More interest paid over the life of the loan
- To continue reduced payments under Pay As You Earn, a borrower must submit updated information on income and family size each year
- Only Direct Loans are eligible for the Pay As You Earn Repayment Plan
- Only available to new borrowers as of October 1, 2007, who receive a Direct Loan on or after October 1, 2011
- Unpaid portion may be discharged with possible tax liability

Income-driven – Income-Contingent Repayment (ICR)

A repayment plan for Direct Loans only that bases a borrower's monthly payment on discretionary income and loan amount. Payments are the lesser of 20% of discretionary income or a percentage (based on income) of what the borrower would pay on a 12-year standard repayment plan.

Advantages of ICR

- Limitation on capitalized interest – interest that accrues but is not covered by your loan payment will be capitalized annually, but only up to an amount equal to 10% of your initial loan balance
- Any remaining principal and interest will be forgiven after 25 years of qualifying repayment
- ICR payments count for Public Service Loan Forgiveness

Disadvantages of ICR

- More interest paid over the life of the loan
- To continue reduced payments under ICR, a borrower must submit updated information on income and family size each year
- Unpaid portion may be discharged with possible tax liability

Income-driven – Income-Based Repayment (IBR)

Income-Based Repayment (IBR) is designed to reduce monthly payments to assist with making your student loan debt manageable. Payments are generally 15% of discretionary income. IBR has higher payments than does Pay As You Earn, but usually has lower payments than ICR.

Advantages of IBR

- The government will pay the unpaid interest on subsidized loans for up to three consecutive years if the monthly IBR payment does not cover the monthly accrued interest
- Limitation on capitalized interest – interest that accrues but is not covered by your loan payment will not be capitalized, even during deferment or forbearance, except in rare circumstances
- Any remaining principal and interest will be forgiven after 25 years of qualifying repayment
- IBR payments count for Public Service Loan Forgiveness

Disadvantages of IBR

- More interest paid over the life of the loan
- To continue reduced payments under IBR, a borrower must submit updated information on income and family size each year
- Unpaid portion may be discharged with possible tax liability

Repayment Plan Summary

John Smith has \$35,000 in Direct Loan debt at an interest rate of 3.86%. His income is \$30,000, he is single, and he lives in Indiana. His income increases at a rate of 5% per year.

Repayment Plan	Initial Payment	Final Payment	Total Paid	Total Paid in Interest	Total Time in Repayment	Forgiveness
10-Year Standard	\$352	\$352	\$42,244	\$7,244	10 years	-
Graduated	\$196	\$590	\$44,032	\$9,032	10 years	-
Extended	\$182	\$182	\$54,624	\$19,614	25 years	-
Extended Graduated	\$113	\$331	\$59,711	\$24,711	25 years	-
Income-Based	\$160	\$352	\$48,557	\$13,557	15 yr., 5. mo.	\$0
Pay As You Earn	\$106	\$352	\$51,283	\$20,755	20 years	\$4,479
Income-Contingent	\$231	\$273	\$46,822	\$11,822	15 yr., 5. mo.	\$0

StudentLoans.gov

Sign up for IBR, Pay As You Earn or ICR at StudentLoans.gov!



START HERE
GO FURTHER
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StudentLoans.gov

English | Español

My Account

Learn More

Tools and Resources

Managing Repayment

FAQs

Contact Us

Manage My Direct Loan

Sign In

Use your PIN to sign in
[Why am I signing in?](#)

- » Entrance Counseling
- » Sign Master Promissory Note
- » Complete PLUS Request Process
- » Financial Awareness Counseling
- » Endorse Direct PLUS Loan
- » IBR/Pay As You Earn/ICR Repayment Plan Request

Visit the PIN site if you are a new user or have forgotten your PIN.



StudentLoans.gov

This site is your source for information from the U.S. Department of Education about how to manage your student loans.

Learn More

- » Find Information about Student Aid Programs
- » Recent Changes to the Student Aid Programs
- » Direct Loan Overview
- » What you Need for Direct Loans
- » What to Expect for Direct Loans
- » Glossary

Tools and Resources

- » Apply for PIN
- » FAFSA
- » Financial Awareness Counseling
- » Exit Counseling
- » Direct Loan Consolidation
- » My Financial Aid History

Managing Repayment

- » Repaying Your Loans
- » Repayment Plans & Calculators
- » Trouble Making Payments?
- » Loan Discharge
- » Public Service Loan Forgiveness
- » Teacher Loan Forgiveness
- » Loan Servicers

StudentLoans.gov

Log in with the following information:

Sign In

Social Security Number

First Two (2) Characters
of Last Name

Date of Birth (mm/dd/yyyy)

PIN

Sign In

If you do not have a Federal Student Aid
PIN, visit www.pin.ed.gov.

Anyone signing in to this Web site must use his/her own Federal Student Aid PIN to sign in and complete the following processes:

- Counseling (Entrance, Financial Awareness)
- Master Promissory Notes (MPNs)
- Direct PLUS Loan Requests
- Direct PLUS Loan Endorser Addendums
- Income-Based (IBR)/Pay As You Earn/Income-Contingent (ICR) Repayment Plan Requests

Use of another person's PIN constitutes fraud. Use only your own PIN information.

Estimate your student loan payments

Welcome to StudentLoans.gov

Before you begin, verify that your personal information is up to date.

The personal information displayed is based on the information returned from the Federal Student Aid PIN Web site. If any of the information is incorrect, you must correct it at the Federal Student Aid PIN Web site.

Once you have confirmed your information, select what you would like to do:

- [Complete Counseling](#)
(Entrance, Financial Awareness, and Exit)
- [Complete Master Promissory Note](#)
- [Request a Direct PLUS Loan](#)
- [Endorse a Direct PLUS Loan](#)
- [Complete IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [Co-sign IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [I am not sure](#) (we will ask you a series of questions to direct you)

Alerts

- Your disclosure statements are now available. Click [here](#) to access

Personal Information

Borrower:

Social Security Number:

Date of Birth:

E-mail:

[Update E-mail and/or My Preferences](#)

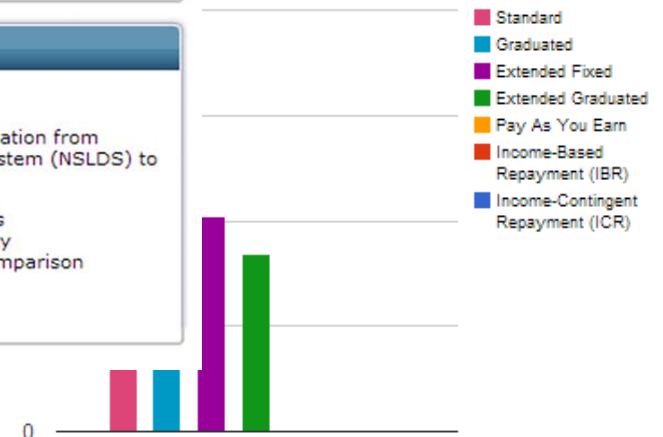
Tools and Calculators

Repayment Estimator

This tool uses your loan information from National Student Loan Data System (NSLDS) to estimate:

- initial monthly payments
- repayment plan eligibility
- repayment plan cost comparison
- total interest paid

Payment



Available at
StudentLoans.gov.

Initial Monthly Payment | Final Monthly Payment |
Total Interest Paid | Total Amount Paid

StudentLoans.gov

Click on the right-hand side: “Complete IBR / Pay As You Earn / ICR Repayment Plan Request”

Welcome to StudentLoans.gov

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- [Complete Entrance Counseling](#)
- [Complete Master Promissory Note](#)
- [Request a Direct PLUS Loan](#)
- [Complete Financial Awareness Counseling](#)
- [Endorse a Direct PLUS Loan](#)
- [Complete IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [Co-sign IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [I am not sure](#) (we will ask you a series of questions to direct you)

Postponing Repayment - Deferment and Forbearance

Deferment & Forbearance Reasons

Deferment

- Unemployment
- Economic hardship
- Graduate fellowship
- Rehabilitation training program
- Military
- In-school

Forbearance

- Medical/dental internship residency
- Student loan debt burden
- AmeriCorps
- Teacher Loan Forgiveness
- DOD Student Loan Repayment Program
- National Guard
- Medical/other acceptable reasons

Deferment and Forbearance

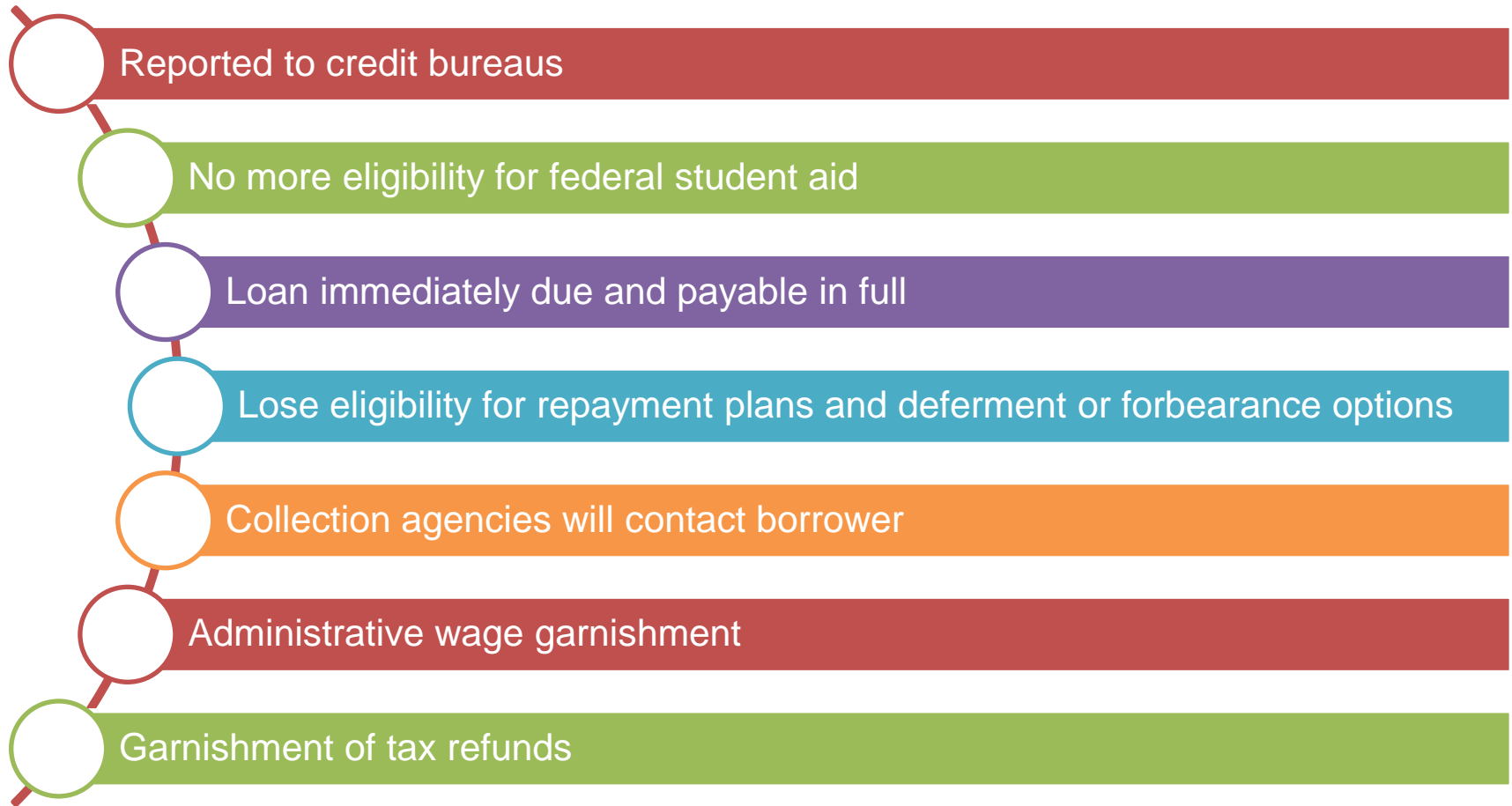
- Postpone making payments
- All deferments have eligibility criteria
- Some forbearances have eligibility criteria; others are at the lender's discretion
- Most have time limits
- Unpaid interest capitalizes at end
- Interest does not accrue on subsidized loans during deferments
- Time does not count against repayment period

Delinquency, Default, and Collections

Delinquency and Default

- Delinquency begins on the day after due date when full payment not made
- Loan servicers will begin activities to try to prevent default, including contacting references and sending notices
- Loan servicers always try to keep the borrower making payments because it will save the borrower time and interest payments in the long run
- Servicers will provide deferment and forbearance options if needed
- Default occurs after 270 days of delinquency

Consequences of Default



Getting Out of Default: Options

Repay loan in full

Consolidate and
agree to repay
under income-driven
plan

Consolidate after
making 3
consecutive
payments

Rehabilitate the loan
(make 9 on-time
payments in 10
consecutive months)

Discharge, Forgiveness, and Cancellation

Discharge, Forgiveness, Cancellation

Death (DL, FFEL, Perkins)

Disability (DL, FFEL, Perkins)

Public Service (DL)

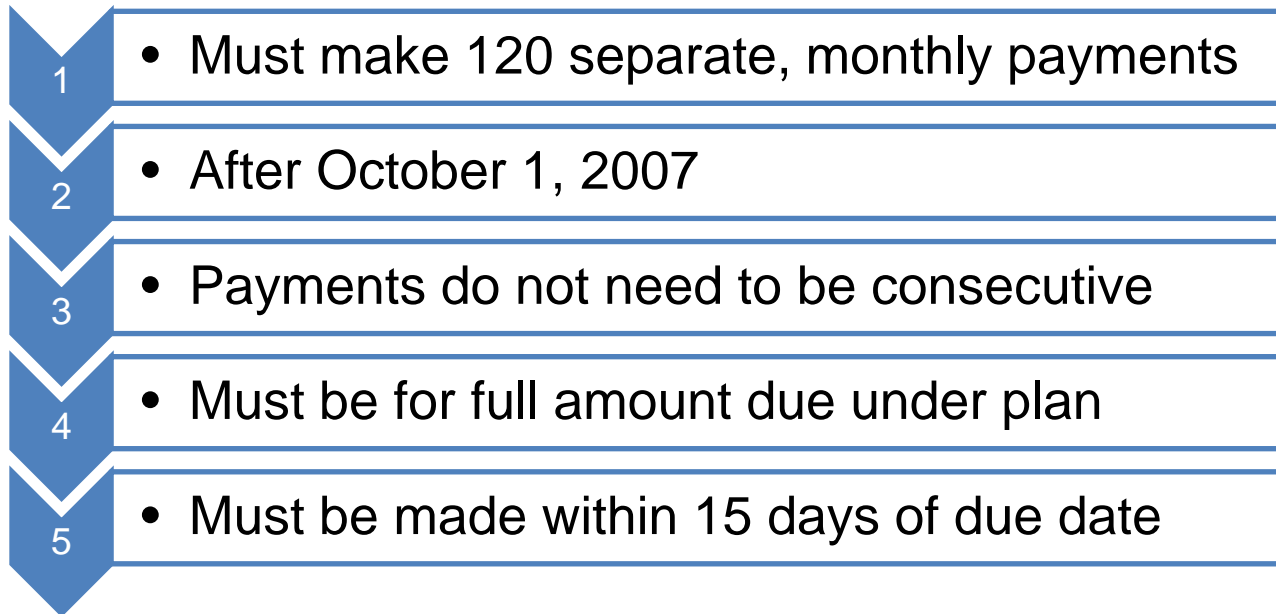
Teaching (DL, FFEL, Perkins)

Public Service Loan Forgiveness



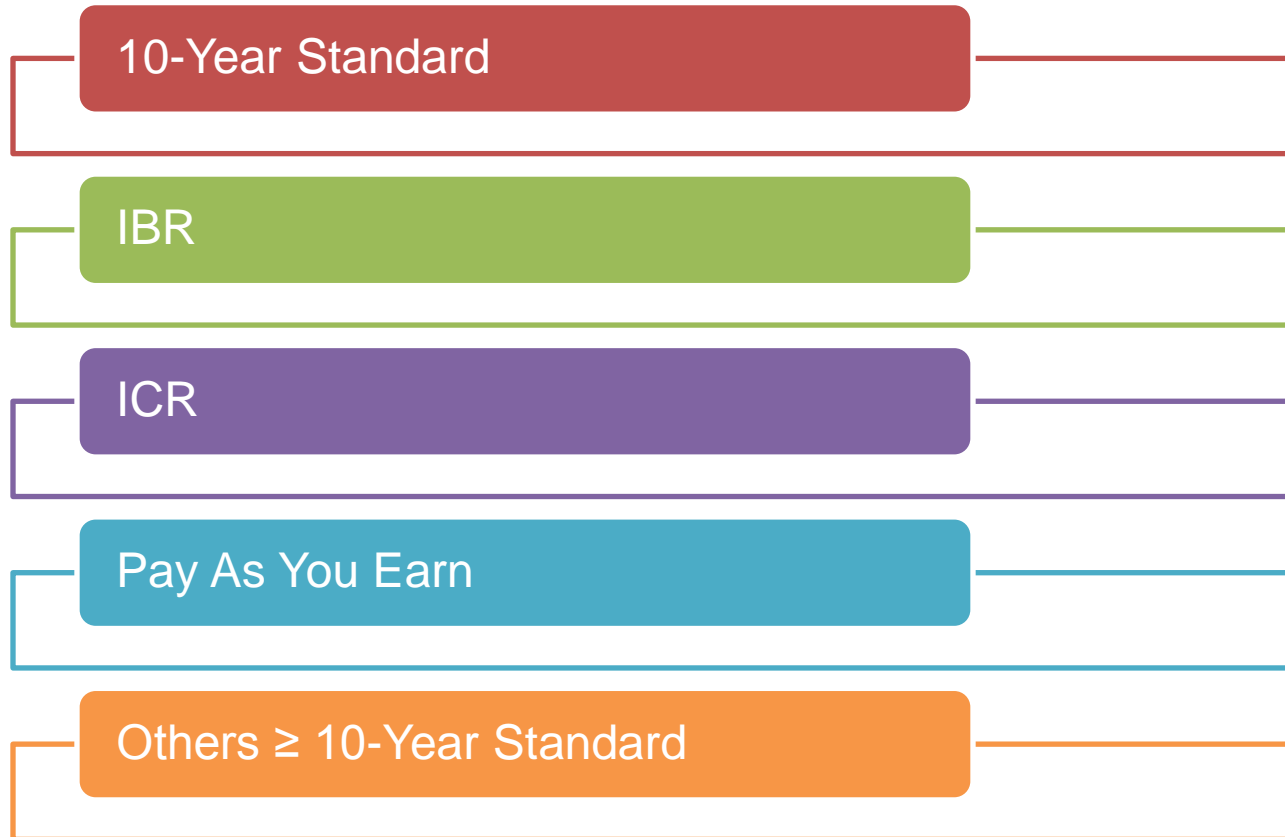
- Borrower must also be employed by a qualifying organization at the time that the borrower applies for and receives PSLF
- According to the IRS, the forgiven amount is **not** treated as taxable income
- Details about the program: [StudentAid.gov/publicservice](https://studentaid.gov/publicservice)

PSLF – Qualifying Payments



- Multiple, partial payments during the borrower's monthly billing cycle will qualify if they add up to equal or exceed the borrower's monthly payment amount
- A borrower will not receive credit for more than one payment toward PSLF if the borrower makes a lump sum payment (e.g., makes a single payment equal to two or more full monthly payments)
 - Exception for AmeriCorps and Peace Corps borrowers who make lump sum payments using education award or transition payment

PSLF – Qualifying Repayment Plan



Income-driven plans are most likely to leave a remaining balance for forgiveness after 120 qualifying payments

PSLF – Qualifying Employment

1

- Any government organization

Doesn't matter what the borrower's job duties are.

2

- 501(c)(3) not-for-profit organization

Borrower can work at multiple organizations while making the required 120 payments

3

- Other not-for-profit organizations providing specific qualifying services

Additional Resources - StudentAid.gov

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Prepare for College



Types of Aid



Who Gets Aid



FAFSA: Apply for Aid



Repay Your Loans



Minds can achieve anything. We make sure they get to college.

At Federal Student Aid, we make it easier to get money for higher education.



HOW DO I
PREPARE FOR
COLLEGE?

Learn about exploring careers, choosing and applying to schools, and taking required tests. Use checklists to help get ready.



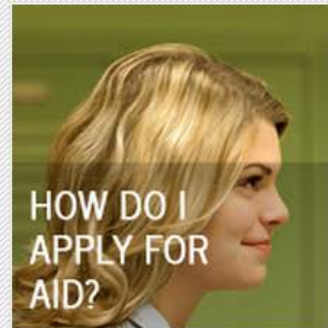
WHAT TYPES
OF AID CAN
I GET?

Read about the types of financial aid available from the government and other sources: grants, scholarships, loans, and work-study.



DO I
QUALIFY
FOR AID?

Most people are eligible for financial aid. Find out who gets aid, how to stay eligible, and how to get eligibility back if you've lost it.



HOW DO I
APPLY FOR
AID?

Learn how to submit your *Free Application for Federal Student Aid* (FAFSASM), how aid is calculated, and how you'll get your aid.



HOW DO I
MANAGE
MY LOANS?

Choose a repayment plan, pay on time, avoid default, and get help with problems.

ANNOUNCEMENTS

[WELCOME TO STUDENTAID.GOV!](#)

Additional Resources - StudentAid.gov

("Repay Your Loans" menu options)

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Prepare for College	Types of Aid	Who Gets Aid	FAFSA: Apply for Aid	Repay Your Loans
Understanding Repayment Loan Servicers Repayment Plans	Loan Consolidation Special Consolidation Loans	Deferment and Forbearance	Forgiveness, Cancellation, and Discharge Forgiveness, Cancellation, and Discharge Charts	Repayment Calculators  Get information on the loan repayment plans and use our calculators to estimate your monthly payments. LEARN MORE
Understanding Default Avoiding Default Collections Getting out of Default	Resolving Disputes Getting Prepared Before Seeking Help			

IF YOUR INCOME IS LOW, YOU MAY QUALIFY FOR THE [INCOME-BASED REPAYMENT PLAN](#).

Learn about exploring careers, Read about the types of financial Most people are eligible for Learn how to submit your Free Choose a repayment plan, pay on

Federal Student Aid Information Center

The Federal Student Aid Information Center (FSAIC) operates a toll-free hotline to provide comprehensive assistance in English, as well as Spanish on:

- General information about federal student aid (Title IV programs);
- The FAFSA application (paper and online);
- FAFSA corrections;
- Student loan history

➤ 1-800-4-FED-AID (1-800-433-3243)

➤ www.StudentAid.gov

➤ www.fafsa.ed.gov

➤ www.FinancialAidToolkit.ed.gov

Hours:

Monday through Friday

8:00a.m. – 10:00p.m. ET

Extended hours may be available

Questions?