Student Loan Repayment 101

Know Before You Owe

Holly Wright
Program Manager
Federal Student Aid
- Personal Finance
  - Budgets
  - Credit Reports
- Savings Account
- Reaching Financial Goals
Private Student Loans

- Issued by a private lender (not the government) to the student.
- Most require credit check, cosigner, occupation.
- May have higher interest rates than federal loans.
- Limited repayment options, loan forgiveness, deferment, etc.
- Cannot be consolidated with Federal or Institutional loans.
LOANS

Federal / Institutional Student Loans

❖ Types of Federal Loans

• Direct Subsidized Loan, 4.29%

• Federal Perkins Loan, 5%

• Direct Unsubsidized Loan, 4.29%

• Direct Parent PLUS Loan, 6.84%
LOANS
Federal / Institutional Student Loans

✧ Types of Federal Loans - Graduate or Professional

• Federal Perkins Loan, 5%

• Direct Unsubsidized Loan, 5.84%
  ✧ Up to $20,500 per year

• Direct Graduate PLUS Loan, 6.84%
  ✧ Covers the remainder of your Cost Of Attendance (requires a credit check)
There Are Caps To What You Can Borrow

Dependent Undergraduates: $31,000
Independent Undergraduates: $57,500
Graduate or Professional Students: $138,500
There are four main servicers used by the Department of Education for Direct Loans:

- FedLoan Servicing
- Nelnet
- Navient
- Sallie Mae
- Great Lakes
If you have loans from before 2010 in Montana:

STUDENT ASSISTANCE FOUNDATION

If you have Perkins loans:

UNIVERSITY OF MONTANA

CAMPUS PARTNERS
LOANS
Grace Periods

"Direct" or "Stafford": 6 months

"Perkins": 9 months

* You only get your Grace Period once *

❖ May - Graduation
❖ November - Repayment of Federal Loans
❖ February - Repayment of Perkins Loans
THANK YOU, STUDENT LOANS, FOR HELPING ME GET THROUGH COLLEGE.

I DON'T THINK I CAN EVER REPAY YOU.
LOANS

Repayment Plans

- Standard (fixed payments, 10 yrs)
- Graduated (low payments at first, then increase over 10 yrs)
- Extended Standard (fixed payments, up to 25 yrs)
- Extended Graduated (low payments at first, then increase; up to 25 yrs)
- Revised Pay As You Earn (payments 10% of discretionary income)
- Pay As You Earn (payments 10% of discretionary income)
- Income-Based Repayment, IBR (payments 15% of discretionary income)
- Income-Contingent Repayment, ICR (payments based on gross income, family size, total amount of loans)
- Income-Sensitive Repayment (payments based on annual income)

I want to pay off my loans in a set number of years

I can only make payments that are based on how much money I make
LOANS

Repayment Plans - Parent PLUS

- Standard (fixed payments, 10 yrs)
- Graduated (low payments at first, then increase over 10 yrs)
- Extended Standard (fixed payments, up to 25 yrs)
- Extended Graduated (low payments at first, then increase; up to 25 yrs)
- Revised Pay As You Earn (payments 10% of discretionary income)
- Pay As You Earn (payments 10% of discretionary income)
- Income-Based Repayment, IBR (payments 15% of discretionary income)
- Income-Contingent Repayment, ICR (payments based on gross income, family size, total amount of loans)
- Income-Sensitive Repayment (payments based on annual income)

I want to pay off my loans in a set number of years

I can only make payments that are based on how much money I make
LOANS
Estimate your Repayment

 Manage Your Money
Find out how GMS can help you

Budget Smart
Plan your budget, manage your money

Loan Smart
View your student loan details

Calculate Smart
Forecast your future

Federal Student Aid
An Office of the U.S. Department of Education

Repayment Estimator

Repayment Plans » Repayment Estimator

Use the Repayment Estimator when you're:
- beginning repayment of your federal student loans for the first time; or
- exploring repayment options based on your income.

Otherwise, we recommend contacting your loan servicer to explore the best repayment option for you.

Log In
To view estimates based on your actual loan information

Or

Proceed
To continue to the Repayment Estimator without logging in
LOANS

Repayment Plans

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I can only make payments that are based on how much money I make
LOANS

Complete Income-Driven Repayment Plan Request at www.studentloans.gov
LOANS

Timeline

- May - Graduation
- October - Switch to Income-Driven Repayment (if Standard Repayment is not an option)
- November - Repayment of Federal Loans
- February - Repayment of Perkins Loans
LOANS
Consolidation

You would want to consider consolidation if

- You had multiple servicers
- You needed to extend repayment from 25 years to 30 years
- You do not have Direct loans but need them for Public Service Loans Forgiveness.
LOANS

Can't Make Your Payment

If a major life event prevents you from meeting your payment (even after considering other repayment plans) you can utilize

Deferment

Forbearance

But please use both sparingly!
LOANS

Deferment

- A period of time where payments are temporarily postponed or reduced
  - Unemployment Deferment
  - Economic Hardship Deferment

*During a deferment, interest does not accrue on Subsidized Loans or Perkins Loans*

Contact the servicer for a deferment
LOANS

Forbearance

- A period of time where payments are temporarily postponed or reduced
  - Financial Hardship Forbearance
  - Illness Forbearance

*During a forbearance, interest accrues on all loans*

Contact the servicer for a forbearance
Capitalization: the addition of unpaid interest to the principal balance of a loan.

Example:
Principal: $32,000    Interest: $4,700

After your grace period ends:
Principal: $36,700    Interest: $0
STUDENT LOAN DEFAULT

- Have no statute of limitations
- Are typically not discharged in bankruptcy.
- Technically they are in default when the last payment is 270 or more days late (120 days for Perkins)
  - 24% collection agency cost
  - Wages garnished at 15%
  - Federal and state tax refund kept
  - SSI and SSDI benefits are garnished
  - Goes on their credit report.
LOANS

Loan Forgiveness

Shoo.
LOANS
Loan Forgiveness

- Public Service Loan Forgiveness
- Teacher Loan Forgiveness
- Quality Educator Loan Forgiveness
- Perkins Loans
LOANS

Public Service Loan Forgiveness

- Work at least 30 hrs/wk at a government agency or a non-profit that has been designated as tax-exempt by the IRS

- Make 120 on-time, qualifying payments (that's 10 years)

- Have the remainder of your loan forgiven at the end of the 10 years.

- You will **not** be taxed on the forgiven amount.
LOANS

Teacher Loan Forgiveness

- Up to $17,500 in loan forgiveness for highly qualified full-time math or science teachers; special education teachers

- Up to $5,000 in loan forgiveness for full-time elementary teachers; secondary teachers teaching in a subject area relevant to your major
Teacher Loan Forgiveness

- Full-time teacher for five complete and consecutive academic years
- Your elementary or secondary school must be Title I or more than 30% of the schools enrollment is made up of children who qualify for Title I
- All elementary or secondary schools on Indian Reservations automatically count.
LOANS

Quality Educator Loan Forgiveness

- State Loan Forgiveness program
- Up to $3,000 per year for up to 4 years.
- Full-time educator with valid educator license.
- Teach at an impacted school (rural, high percentage of economically disadvantaged student, critical educator shortages)
- Applications due by end of March, awards given out end of July.
LOANS

Perkins Loan Forgiveness

Five year commitment

• Volunteer in the Peace Corps or ACTION program (including VISTA)
• Teacher
• Member of the U.S. armed forces (serving in area of hostilities)
• Nurse or medical technician
• Law enforcement or corrections officer
• Head Start worker
• Child or family services worker
• Professional provider of early intervention services
LOANS
Perkins Loan Forgiveness

❖ Up to 100% forgiveness in some cases.

❖ Before you start your five years of work for Perkins Loan Forgiveness you must contact

Alice Tully in Business Services (406) 243-5535
Once You Graduate...

Beware of Third-Party Companies
LOANS

www.nslds.ed.gov

Login
Enter your username and password and select LOGIN if you already have an FSA ID. If you do not have an FSA ID, select the Create An FSA ID tab.

Log in to NSLDS  Create An FSA ID  Edit My FSA ID

Username (or Verified Email Address) *
Forgot My Username

Password *
Forgot My Password

LOGIN
Aid Summary for **JOSEPH C**

Your enrollment status is **WITHDRAWN**, effective **08/22/2006**.

Loans

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
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<tbody>
<tr>
<td>1   DIRECT CONSOLIDATED SUBSIDIZED</td>
<td>$979</td>
<td>01/17/2011</td>
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<td>$963</td>
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<td>4   DIRECT CONSOLIDATED SUBSIDIZED</td>
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<td>5   STAFFORD UNSUBSIDIZED</td>
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<td>6   STAFFORD SUBSIDIZED</td>
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<td>$875</td>
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<td>7   STAFFORD UNSUBSIDIZED</td>
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<td>09/26/2001</td>
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<td>$2,277</td>
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<td>10  STAFFORD SUBSIDIZED</td>
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Total DIRECT CONSOLIDATED SUBSIDIZED: $963 $14
Total DIRECT CONSOLIDATED UNSUBSIDIZED: $1,448 $21
Total STAFFORD UNSUBSIDIZED: $6,951 $2
Total STAFFORD SUBSIDIZED: $3,672 $2
Total All Loans: $13,034 $39
## Amounts and Dates

<table>
<thead>
<tr>
<th>Loan Amount</th>
<th>Outstanding Principal Balance</th>
<th>Outstanding Principal Balance As of Date</th>
<th>Outstanding Interest Balance</th>
<th>Outstanding Interest Balance As of Date</th>
<th>Interest Rate</th>
<th>Canceled Amount</th>
<th>Canceled Date</th>
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<tr>
<td>$2,557</td>
<td>$2,562</td>
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## Disbursement(s) and Status(es)

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<tr>
<th>Disbursement Date</th>
<th>Disbursement Amount</th>
<th>Loan Status</th>
<th>Status Description</th>
<th>Status Effective Date</th>
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<td>FB</td>
<td>FORBEARANCE</td>
<td>03/01/2011</td>
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<td></td>
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<td>RP</td>
<td>IN REPAYMENT</td>
<td>02/18/2011</td>
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<tr>
<td></td>
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<td>FB</td>
<td>FORBEARANCE</td>
<td>12/13/2011</td>
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<tr>
<td></td>
<td></td>
<td>IG</td>
<td>IN GRACE PERIOD</td>
<td>06/13/2010</td>
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<tr>
<td></td>
<td></td>
<td>IA</td>
<td>LOAN ORIGINATED</td>
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</tbody>
</table>

## Servicer/Lender/Guaranty Agency/ED Servicer Information

<table>
<thead>
<tr>
<th>Contact Type</th>
<th>Contact</th>
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<tbody>
<tr>
<td>Current Servicer:</td>
<td>DEPT OF ED/GREAT LAKES</td>
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<tr>
<td></td>
<td>PO BOX 7860</td>
</tr>
<tr>
<td></td>
<td>MADISON</td>
</tr>
<tr>
<td></td>
<td>WI 537077860</td>
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<tr>
<td></td>
<td>800-236-4300</td>
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<tr>
<td></td>
<td>mygreatlakes.org</td>
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<tr>
<td>Current Lender:</td>
<td>U.S. DEPT OF EDUCATION/2009-2010 LPCP</td>
</tr>
<tr>
<td></td>
<td>830 FIRST ST. NE</td>
</tr>
<tr>
<td></td>
<td>WASHINGTON</td>
</tr>
<tr>
<td></td>
<td>DC 202020000</td>
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<tr>
<td>Current ED Servicer:</td>
<td>DEPT OF ED/GREAT LAKES</td>
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<tr>
<td></td>
<td>PO BOX 530229</td>
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<tr>
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<td>ATLANTA</td>
</tr>
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<td></td>
<td>GA 303530229</td>
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<td>800-236-4300</td>
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<tr>
<td></td>
<td>mygreatlakes.org</td>
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</tbody>
</table>
STUDENT LOANS?

BRING THEM ON