Managing Your Student Loans

Each year, millions of students like you rely on federal student loans to help cover college expenses. Your college education is an investment in your future, and student loans are a part of that investment. As you borrow money, it is important to manage your debt and borrow only what you need. Remember to explore all your options – including grants, scholarships and employment opportunities – before you borrow.

Knowing What You Owe

Follow these tips to avoid any surprises when it comes time to repay your student loans.

- **Check your loan balance.** You can check the balances of your federal student loans by visiting the National Student Loan Data system at **nslds.ed.gov**.
- **Estimate your monthly loan payments.** Estimating your monthly loan payments now will help you manage your debt and adjust your financial priorities. Use the account tools provided to you by your loan servicer to calculate your estimated monthly loan payments. Additional calculators and loan repayment resources can be found at **www.studentaid.ed.gov**.
- **Compare payments to potential earnings.** It's important to think about the potential earnings for your chosen career and whether they will be enough to cover your current debt and estimated loan payments. Visit the Bureau of Labor Statistics at **bls.gov** to find the average annual income for your field of study. Compare the income to your current debt and your estimated monthly payments. Your monthly payment should not be more than 10% of your monthly income.

Repaying Your Student Loans

You will most like begin repaying your student loans once you leave school or drop below half-time enrollment. When this time comes, your loan holder will inform you of how much your first payment will be and when it is due. The type of loans you have determines when repayment begins.

- Perkins Loans – Nine months after leaving school or dropping below half time
- Direct/ Stafford Loans – Six months after leaving school or dropping below half time
- Grad PLUS Loans – Payments on your PLUS loan will begin within 60 days after the six-month post-deferral period unless you choose to decline the additional postponement period and begin making payments
- Consolidation Loans – Within 60 days of the loan being made
- Private Loans – If you have private loans, you will need to contact the lender of the loan(s) with any repayment questions. Private loans cannot be consolidated with federal loans. You will continue to have multiple payments if you have private alternative loans and federal loans, even if you consolidate your federal loans.

  If you are unsure where you borrowed private loans from, you may want to view your credit report at **www.annualcreditreport.com**

Payment Plan Options

Your monthly payment amount will vary depending on how much you borrowed, the interest rate of your loans, and other factors. During your loan's grace period, you will have the opportunity to choose one of the following repayment plans:

- Standard – Equal monthly payments of at least $50 for up to 10 years
- Graduated – Lower payments at first, which increase over time, up to 10 years
- Income Contingent Repayment – Monthly payments calculated based on income, family size, and amount of Direct Loan debt. Calculated each year
- Extended – Monthly payments that are fixed or graduated over a period of up to 25 years. Only available for loan amounts greater than $30,000
- Income Based Repayment – Monthly payment calculated based on income and family size. Public service loan forgiveness exists after 10 years with this plan
- Consolidation – An individual can apply for one Federal Consolidation loan to pay off selected separate loans. Interest rate is fixed using a weighted average of loan amounts and rates plus 1/8%.

  You may apply for a Direct Consolidation Loan with the Department of Education. For more information, visit **www.loanconsolidation.ed.gov**

Keeping in Touch

When you're in repayment, it's important to keep in touch with your lender or servicer and let them know if you change your name, address, or telephone number. It's also important to call your lender or servicer if you think you're going to have trouble making your student loan payment. They can help you change your payment plan to one that better fits your budget, or discuss deferment or forbearance options that will allow you to lower or postpone your payments. They key is to ask for help before you fall behind.

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Protecting Your Credit

An important part of managing your student loans is protecting your credit. With good credit, you're more likely to get the credit card, apartment, insurance policy, or job you want – and you'll have a much easier time borrowing to pay for school, a car, or even one day, a house.

The best way to build good credit is to make all your loan payments on time. If you fail to make your payments and don't work something out with your lender, you will eventually default on your loan. Your default will be reported to credit bureaus, which will make it harder to get a loan for a car or a home. Your default will affect your credit history for years to come, even after you've paid the loan off. Default may bring other serious, long-term consequences, including:

- Calls from collection agencies
- Ineligibility for deferments and forbearances, as well as future financial aid
- Application of your federal income tax refund to your loans
- Garnishment of a portion of your wages for application to your loans
- Collection fee assessment

Amount of Combined Loans Repaid (Based on Direct Loans - 3.4%)	Number of Months and Plan	Monthly Payment		Total Payment (Principal and Interest)	Total Interest
$10,000	120 (Standard)	$98.42		$11,810.17	$1,810.17
$10,000	120 (Graduated)	$63.59 (Years 1-2) $78.49 (Years 3-4) $96.89 (Years 5-6)	$119.60 (Years 7-8) $147.63 (Years 9-10)	$12,1478.71	$2,148.71
$15,000	120 (Standard)	$147.63		$17,715.26	$2,715.26
$15,000	120 (Graduated)	$95.38 (Years 1-2) $117.74 (Years 3-4) $145.33 (Years 5-6)	$179.40 (Years 7-8) $221.44 (Years 9-10)	$18,223.06	$3,223.06
$20,000	120 (Standard)	$196.84		$23,620.35	$3,620.35
$20,000	120 (Graduated)	$127.18 (Years 1-2) $156.99 (Years 3-4) $193.78 (Years 5-6	$239.19 (Years 7-8) $295.25 (Years 9-10)	$24,297.42	$4,297.42
$25,000	120 (Standard)	$246.05		$29,525.43	$4,525.43
$25,000	120 (Graduated)	$158.97 (Years 1-2) $196.23 (Years 3-4) $242.22 (Years 5-6)	$239.19 (Years 7-8) $295.25 (Years 9-10)	$30,371	$5,371.77
$30,000	120 (Standard)	$295.25		$35,430.52	$5,430.52
$30,000	120 (Graduated)	$190.77 (Years 1-2) $235.48 (Years 3-4) $290.67 (Years 5-6)	$358.79 (Years 7-8) $442.88 (Years 9-10)	$36,446.12	$6,446.12

Amount of Combined Loans Repaid (Based on Direct Loans - 6.8%)	Number of Months and Plan	Monthly Payment		Total Payment (Principal and Interest)	Total Interest
$10,000	120 (Standard)	$115.08		$13,809.64	$3,809.64
$10,000	120 (Graduated)	$79.02 (Years 1-2) $96.07 (Years 3-4) $116.79 (Years 5-6)	$141.99 (Years 7-8) $172.62 (Years 9-10)	$14,555.56	$4,555.59
$15,000	120 (Standard)	$172.62		$20,714.46	$5,714.46
$15,000	120 (Graduated)	$118.53 (Years 1-2) $144.10 (Years 3-4) $175.19 (Years 5-6)	$212.98 (Years 7-8) $258.93 (Years 9-10)	$21,833.34	$6,833.34
$20,000	120 (Standard)	$230.16		$27,619.28	$7,619.28
$20,000	120 (Graduated)	$158.04 (Years 1-2) $192.13 (Years 3-4) $233.58 (Years 5-6)	$283.98 (Years 7-8) $345.24 (Years 9-10)	$29,111.11	$9,111.11
$25,000	120 (Standard)	$287.70		$34,524.10	$9,524.10
$25,000	120 (Graduated)	$197.54 (Years 1-2) $240.16 (Years 3-4) $291.98 (Years 5-6)	$354.97 (Years 7-8) $431.55 (Years 9-10)	$36,388.89	$11,388.89
$30,000	120 (Standard)	$345.24		$41,428.92	$11,428.92
$30,000	120 (Graduated)	$237.05 (Years 1-2) $288.20 (Years 3-4) $350.37 (Years 5-6)	$425.96 (Years 7-8) $517.86 (Years 9-10)	$43,666.67	$13,666.67