The End of Grace
How to Navigate Your Student Loans After You Graduate
Where to find your loans

- National Student Loan Data System
  - Complete your Financial Aid Review
  - Complete your Exit Counseling

- This is a government website with all of your government loan date
  - NO private loans are listed here
  - This is NOT where you make payments on your loans
U.S. Department of Education
Loan Servicers

- NSLDS lists your federal loans

Federal Loans are serviced by several companies contracted by the U.S. Department of Education
- FedLoan Servicing (PHEAA)
- Navient (formerly Sallie Mae)
- Nelnet
- Great Lakes Educational Loan Services, Inc.
Interest

- Interest on Grad Plus or any Unsubsidized loans begins accruing immediately after the loan is disbursed.
- Interest accrues even when enrolled full time.
- Interest capitalizes at the end of the grace period.
- Payments can be made at any time without penalty.
- Strongly recommended that you pay off accrued interest before it capitalizes.
  - Prevents paying interest on interest.
  - Tax deduction for interest paid on student loans.
  - Form 1098E for taxes.
Grace

- A period of time (usually six months) immediately following graduation OR time spent enrolled less than half time
- One grace period per loan for the life of the loan
- Interest accrues during the grace period
Deferment

- A deferment is a period of time during which repayment of the principle and interest of your loan is temporarily delayed.
- The Government may pay the interest on your loan
- Types of Deferments:
  - Economic Hardship Deferment
  - Unemployment Deferment
  - In-School Deferment
  - Grace Period
Forbearance

- A period of time in which you cannot make payments on your loans and you do not qualify for a deferment
- Up to 12 months of forbearance during the life of the loan
- Discretionary
  - Financial Hardship
  - Illness
- Mandatory
  - Monthly payment > 20% of your MGI
  - Activated in the National Guard
  - Qualifying teaching service
Payment Plans

Standard Repayment Plan

Graduated Repayment Plan

Extended Repayment Plan

Income Based Repayment Plan

Pay As You Earn Repayment Plan

Income Contingent Repayment Plan

Income Sensitive Repayment Plan
Standard Repayment

- **Eligibility**
  - Direct Subsidized and Unsubsidized Loans
  - Subsidized and Unsubsidized Federal Stafford Loans
  - All PLUS Loans

- **Time Frame**
  - Payments are a fixed amount of at least $50 per month
  - Up to 10 years

- **Quick Comparison**
  - You may pay less interest for your loan over time under this plan than you would under other plans
Graduated Repayment Plan

- **Eligibility**
  - Direct Subsidized and Unsubsidized Loans
  - Subsidized and Unsubsidized Federal Stafford Loans
  - All PLUS Loans

- **Time Frame**
  - Payments are lower at first and increase then increase over time, usually every two years
  - Up to to 10 years

- **Quick Comparison**
  - You will pay more for your loan over time than under the 10-year standard repayment plan
Extended Repayment Plan

- **Eligibility**
  - Direct Subsidized and Unsubsidized Loans
  - Subsidized and Unsubsidized Federal Stafford Loans
  - All PLUS Loans

- **Time Frame**
  - Payments may be fixed or graduated
  - Up to 25 years
Quick Comparison

If you are a

- Direct Loan Borrower, you must have more than $30,000 in outstanding Direct Loans.
- FFEL borrower, you must have more than $30,000 in outstanding Direct Loans.

Example: if you have $35,000 of FFELP Loans and $10,000 in Direct Loans, you can use the extended repayment plan for FFELP loans, but not for your Direct Loans.

For both programs, you must be a “new borrower” as of Oct. 7, 1998

You will pay more for your loan over time than under the 10-year standard plan.
Income Based Repayment Plan

Eligibility
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Stafford Loans
- All PLUS Loans made to students
- Consolidation Loans (Direct or FFELP) that do not include Direct or FFELP PLUS loans made to parents.

Time Frame
- Your maximum monthly payments will be 15% of discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply)
- Your payments change as your income changes.
- Up to 25 years
Quick Comparison

- You must have a partial financial hardship
- Your monthly payments will be lower than payments under the 10-year standard plan.
- You will pay more for your loan over time than you would under the 10-year standard plan.
- If you have not repaid your loan in full after 25 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven.
- You may have to pay income tax on any amount that is forgiven.
Pay As You Earn Repayment Plan

Eligibility
- Direct Subsidized and Unsubsidized Loans
- Direct PLUS loans made to students
- Direct Consolidation Loan that do not include (Direct or FFELP) PLUS loans made to parents

Time Frame
- Your maximum monthly payments will be 10% of discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply)
- Your payment changes as your income changes
- Up to 20 years
PAYE continued

Quick Comparison

- You must be a new borrower on or after Pct. 1, 2007, and must have received a disbursement of a Direct loan on or after Oct. 1, 2011.
- You must have a partial financial hardship.
- Your monthly payments will be lower than payments under the 10-year standard plan.
- You will pay more for your loan over time than you would under the 10-year standard plan.
- If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance will be forgiven.
- You may have to pay income tax on any amount that is forgiven.
Income Contingent Repayment Plan

Eligibility

- Direct Subsidized and Unsubsidized Loans
- Direct PLUS Loans made to students
- Direct Consolidation Loans

Time Frame

- Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans
- Your payments change as your income changes.
- Up to 25 years
ICR continued

Quick Comparison

- You will pay more for your loan over time than under the 10-year standard plan.
- If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven.
- You may have to pay income tax on the amount that is forgiven.
Income Sensitive Repayment Plan

- **Eligibility**
  - Subsidized and Unsubsidized Federal Stafford Loans
  - FFEL PLUS Loans
  - FFEL Consolidation Loans

- **Time Frame**
  - Your monthly payment is based on annual income.
  - Your payments change as your income changes.
  - Up to 10 years

- **Quick Comparison**
  - You will pay more for your loan over time than under the 10-year standard plan.
  - Each lender’s formula for determining the monthly payment amount under this plan can vary.
Quick Summary

- Standard = 10 years, fixed
- Graduated = 10 years, increase every 2 years
- Extended = up to 25 years, fixed or graduated
- Income Based = up to 25 years, 15% of Discretionary Income
- Pay As You Earn = up to 20 years, 10% of Discretionary Income
- Income Contingent = up to 25 years, AGI, Family Size, Total Amount of Direct Loans
- Income Sensitive = up to 10 years, based on AGI, Formula Varies Per Lender
Loan Consolidation

- A Direct Consolidation Loan allows you to consolidate multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments.

- May or May Not be for you
  - Could result in loss of benefits
    - Interest rate deductions
    - Principle rebates
  - Could lengthen the term of the loan

- Contact your servicers for more details

- www.studentloans.gov