

REPAYING STUDENT LOANS

Types of Loans | **Repayment Options** | Forgiveness

Agenda

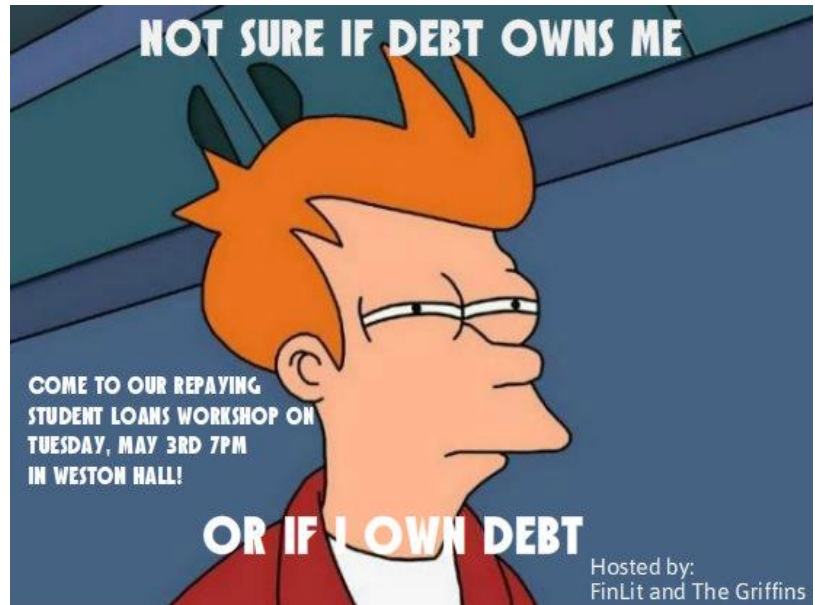
- Know What You Owe
- Know Who To Pay
- Repayment Options
- Forgiveness Options
- What Williams Faculty/Staff Say

Complete Your Loan Exit Counseling!

- Complete at www.studentloans.gov
- You'll need an FSA ID (from fsaid.ed.gov)
- All seniors were emailed detailed instructions in early May
- Indicate which repayment option you prefer

All-in-one Guide for Grads with Federal Loans

Nelnet's "Live Life Smart" Guide



How Do I Know What I Borrowed?

Check Peoplesoft! Under “Student Services Center”, then under “Finances”, then “View Financial Aid”, then select *each* academic year and look for any category of your award that says “Loan”. **Pay attention to what type of loan it is, because each loan type has different repayment terms.**

Type of Loan	Grace Period	How do I repay and find more information?
Federal Direct Loans (Formerly "Stafford" Loans)	6 months	Contact your Federal Loan Servicer (find it by logging into studentaid.ed.gov)
Perkins Loans	9 months	Williams ACS Loan Servicer: Contact the Bursar's Office or go to http://bursar.williams.edu/policies-and-procedures/ and review "Exit Interview Counseling"
Williams Loans	9 months	
Private Loans	Contact lender directly	Contact lender directly



Additional Resources

Loan Servicer information

Personalized repayment recommendations from Federal Student Aid (requires FSA ID)

General Loan Repayment Estimator
From MyFedLoan.org (No log-in required)

Obama and the Consumer Protection Bureau are working on other resources, such as the "Payback Playbook"

Can I pay my loans early?

If you can afford to put extra money toward your loan, do it! Communicate with your servicer that the extra payments should go toward your loan's **principal**.

Every repayment plan except the standard repayment plan and paying it off early = more interest paid and/or a longer repayment term.

What is a Federal Loan Servicer?

Federal Loan Servicers handle all billing and payments of your federal student loans. They can (and do) change at any time, so keep your contact information with them up-to-date and read any communications you receive from them. Some of the bigger servicer names you might see include Navient, Great Lakes, Nelnet, FedLoan Servicing, and MOHELA. Don't ignore them if they're contacting you!

Federal Loan Repayment Options: Two Main Types

Income-based repayment plans require an annual application process to determine what percentage of your income can be paid toward your loan. There are three main types, and **all are eligible for loan forgiveness**:

- 1) **Pay As You Earn (PAYE)** ***Most recommended***
 1. Monthly payment is no more than 10% of your discretionary income
 2. After 20 years of repayment, the remaining balance will be forgiven
- 2) **Income-Based Repayment (IBR)**
 1. Monthly payment is no more than 15% of your discretionary income
 2. After 25 years of repayment, the remaining balance will be forgiven
- 3) **Income-contingent Repayment (ICR)**
 1. Monthly payment is calculated based on your family size, adjusted gross income (AGI), and total balance of eligible loans
 2. After 25 years of repayment, the remaining balance will be forgiven

Non-Income-based repayment plans require no application and aren't eligible for forgiveness.

1. **Standard Repayment**
 - i. Minimum payment of \$50, Loan is paid off in 10 years
2. **Graduated Repayment**
 - i. Your repayment amount is reduced in the early years, then increased gradually over a period of 10 years
3. **Extended Repayment**
 - i. Your repayment term is extended more than 10 years, which reduces your monthly payments

Federal Consolidation vs. Private Refinance?

What does this mean?

- Combine multiple federal loans at different interest rates into one loan with a newly calculated interest rate

Federal Consolidation

(Recommended over Refinancing)

- Retains benefits of Federal Direct Loans (subsidized status, flexible repayment/forgiveness options, etc)
- Consolidating your loans may reduce your monthly payment (which increases repayment period and/or interest rates)
- Avoid consolidation of your Perkins loan to prevent the loss of special benefits

Refinancing

(Watch out!)

- Offered through private banks/companies with their own rules & fine print
- Usually a variable interest rate
- Lose all benefits of federal loans
- Repayment is generally much less flexible

What Other Forgiveness Options Are There?

Public Service Loan Forgiveness is available for borrowers who fulfill the following requirements:

- Enroll in one of the qualifying income-based repayment options and maintain payments for at least 10 years
- Work full-time in a qualifying organization for 10 years (generally public or non-profit, and does not have to be consecutive)
- More information online from MyFedLoan.org

Perkins Loan Forgiveness of up to 100% is available for many public sector employees such as firefighters, nurses, teachers, even government lawyers.

Teacher Loan Forgiveness of up to \$5000 is available for teachers in low-income schools after 5 years.

More information is online at studentaid.gov

Americorps service may also include an Education Award that can be applied to student loans and/or future school costs.

Can't Pay? Here are some options/consequences...

Loan Deferment: Temporarily postpones payments while attending school at least half time, in the military, or other qualifying situations

- Unsubsidized loans will still accrue interest
- Subsidized loans and Perkins loans do not accrue interest while deferred

Loan Forbearance (avoid if possible): Temporarily postpones or lowers monthly payments while demonstrating financial hardship

- Enroll in IBR before going into forbearance!

Loan Delinquency (AVOID): Starts first day after missing a payment

- Affects your credit report after 90 days

Loan Default (AVOID AT ALL COSTS!!!!): Default begins after 270 days of no payments

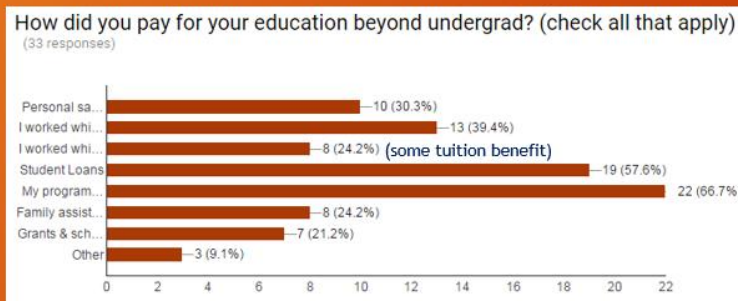
- Affects your credit, requires rehabilitation, you lose eligibility for IBR/deferment, forbearance, you could get tax refund and/or wages garnished, IT'S REALLY BAD!!!

Contact Your Loan Servicer for Assistance!

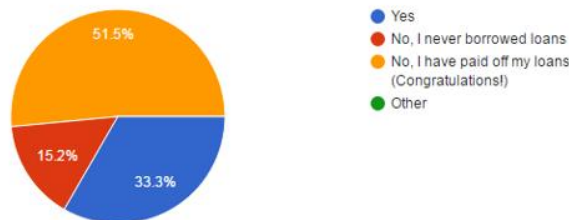
WHAT DID WILLIAMS' FACULTY & STAFF HAVE TO SAY ABOUT PAYING FOR GRAD SCHOOL?

34 of Williams' faculty and staff answered an anonymous, optional survey about their student loans and paying for grad school (9 Doctoral, 24 Master's). Their concentrations included: 2 *Econ*, 4 *MBA*, 4 *Education*, 2 *Art*, 2 *Math*, 2 *Library Science*, *Psych*, *Counseling*, *Classics*, *Music*, *Theater*, *Animal Science*, *Biology*, *Physics*, *Public Policy*, *Public Administration*, & *Environmental Science*.

Informational Williams Faculty/Staff Survey



Do you currently have student loans from undergrad or beyond undergrad? (33 responses)



Who responded?

- 9 Doctorates
 - 4 with no loans, 4 with less than \$12,500 total, 1 with \$37,000
- 24 Master's
 - Total average debt = \$38,200
- 34 Total

“Try to pay off early if you can!”

“Don’t miss payments... but if the interest rate is low, it’s not so bad to keep paying for a long time. Prioritize debt with higher interest rates.”

“best debt you’ll ever take... You are in incredibly advantaged positions relative to almost all other college graduates.

“If you qualify for income based plans, do it!”

“IBR is definitely a hassle to do, but it’s well worth it for the financial savings”

“It looks and feels impossible each month for the first few years, but then it magically becomes normal, and finally easy. It just happens.”

“Consolidate if you can!”

“Call your servicer if you have trouble paying, they can help.”