REPAYING YOUR STUDENT LOANS

Repayment Options

- **Standard Repayment**
  - Fixed monthly payments of at least $50 until loan is paid in full (up to 10 years)
  - Loan is highest payment, repaid in shortest amount of time with the least interest paid

- **Graduated Repayment**
  - Payments start low and increase every two years (for up to 10 years)
  - This plan is a good option if you expect your income to increase steadily over time
  - Amount due each month must cover interest

- **Extended Repayment**
  - Fixed annual or graduated repayment (up to 25 years)
  - Must have a total amount of Direct Loans exceeding $30,000
  - More interest is paid due to the longer loan term
  - Loans must have been disbursed on or after October 7, 1998

- **Income-Based Repayment (IBR)**
  - Payments are capped at the amount determined to be affordable based on your Adjusted Gross Income (AGI) and family size and are adjusted every year
  - In order to be initially eligible, you must have a Partial Financial Hardship, which is based on your total loan debt, AGI and family size
  - After you are no longer in Partial Financial Hardship status, payments will not be any higher than they would have been under a 10-year standard repayment schedule
  - Balance remaining after 25-year term is forgiven

- **Income-Contingent Repayment (ICR)**
  - Payments are calculated based on AGI, family size and total Direct Loan debt and are adjusted annually
  - Any unpaid interest (due to payment amount) is capitalized annually, meaning that it is added to the principal balance
  - Remaining balance after 25-year term is forgiven

- **Pay as You Earn**
  - You must be a new borrower with no outstanding loan balances as of October 1, 2007 and your federal student loan debt must be high, relative to your income
  - Monthly payments will be lower and if your payment amount does not cover the full amount of interest that accrues on your loans each month, the government
will pay your unpaid accrued interest on subsidized loans for up to three consecutive years from the date you begin paying your loans under Pay As You Earn.

- Remaining balance will be forgiven after 20 years of qualifying repayment.
- You will more than likely pay more total interest over the life of the loan and you must submit annual documentation each year about income and family size.

**Avoiding Default: Forbearance and Deferment Options**

- **Deferment**—A period when payment on the principal of a loan is postponed. After the grace period (the six months after graduating or dropping below half-time status) has expired, borrowers are entitled to a deferment if they meet regulatory requirements. Your eligibility for deferment depends on when the loan was made and the individual deferment’s requirements. Any unpaid interest will be capitalized (added to the principal balance) at the end of the deferment period, likely increasing the total balance and your monthly payments.
  - Common Types of Deferment
    - In-School Deferment
    - Unemployment Deferment
    - Economic Hardship Deferment
    - Military Deferment
    - Temporary Total Disability, Parental Leave

- **Forbearance**—A borrower who is willing but unable to make payments and does not meet the qualifications for a deferment, may request a forbearance. Forbearance allows you to temporarily postpone your payment for a specified period of time. The forbearance will eliminate any delinquency that currently exists on the account, but won’t reverse any derogatory credit information previously reported. No fees are assessed for obtaining forbearance, but interest will continue to accrue on your loan during the forbearance period. Any unpaid interest will increase the amount that must be repaid and may result in an increased monthly payment amount.
  - Common Types of Forbearance
    - Hardship
    - Reduced Payment
    - Internship/Residency
    - Student Loan Debt Burden
    - Department of Defense Loan Repayment Program
    - Corporation for National and Community Service Loan Repayment Program/Hardship
**Consequences of Delinquent Payments and Default**

- The entire amount of your loan, including accrued interest and late fees, can become immediately due and payable, unless payments are placed in forbearance or deferment.
- Delinquency and default will be reported to all national credit bureaus, making it difficult to buy a car, a home, lease an apartment, apply for a credit card, etc.
- Legal action can be taken against you and you could possibly be responsible for all attorney fees and court costs.
- A collection agency can be hired to collect the loan balance and you will be responsible for paying all collection costs.
- Your wages can be withheld (garnished) and your federal tax return can also be withheld to pay the loan balance.
- You will not be eligible for any other federal financial aid until your loan is in acceptable payment status.

***Don’t be afraid to speak with your Servicer about Repayment Options and what alternatives you may qualify for if you are having difficulty making monthly payments. They are here to help and will work with you to avoid delinquency and default!!!***