



▶ WHAT REPAYMENT PLANS ARE AVAILABLE?



▶ LOAN CONSOLIDATION



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Student loans

Remember, federal student loans are real loans, just like car loans or mortgages. You must repay a student loan even if your financial circumstances become difficult. Your student loans cannot be canceled because you didn't get the education or job you expected, or because you didn't complete your education.

Achieving A Solid Financial Foundation

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Standard Repayment	Direct Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Fixed payments, at least \$50 per month Up to 10 years	Pay less interest over time
Graduated Repayment	Direct Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Graduated payments, begin lower and increase, usually every two years Up to 10 years	Pay more interest over time than standard plan
Extended Repayment	Direct Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Payments may be fixed or graduated. Must have more than \$30,000 in Direct or FFEL Loans Up to 25 years	Monthly payments are lower than standard plan
Income-Based Repayment (IBR)	Direct Subsidized and Unsubsidized Federal Stafford Loans; PLUS loans made to students; Consolidation Loans that do not include Direct or FFEL PLUS loans to parents	Maximum monthly payments are 15% of discretionary income; payments change as income changes Up to 25 years	Monthly payments are lower than standard plan; pay more interest over time than standard plan; after 25 years of years of monthly payments, the unpaid portion will be forgiven.
Pay As You Earn Repayment	Direct Subsidized and Unsubsidized Direct PLUS loans made to students Direct Consolidation Loans that do not include PLUS loans to parents	Maximum monthly payments will be 10% of discretionary income; payments change as income changes Up to 20 years	Monthly payments are lower than standard plan; pay more interest over time than standard plan; after 20 years of years of monthly payments, the unpaid portion will be forgiven.
Income-Contingent Repayment	Direct Subsidized and Unsubsidized Direct PLUS Loans made to students Direct Consolidation Loans	Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans; payments change as income changes Up to 25 years	Monthly payments are lower than standard plan; pay more interest over time than standard plan; after 20 years of years of monthly payments, the unpaid portion will be forgiven.
Income-Sensitive Repayment	Federal Stafford Loans FFEL PLUS Loans FFEL Consolidation Loans	Monthly payment is based on annual income; payments change as your income changes Up to 10 years	Monthly payments are lower than standard plan; Each lender's formula for determining the monthly payment amount under this plan can vary.



INFORMATION FOR FEDERAL STUDENT LOAN REPAYMENT

Learn what it means to consolidate your loans, how to apply for loan consolidation, things to consider before consolidating your loans, the types of loans that qualify for consolidation, and what happens after you consolidate your loans.

If you are considering **consolidating your loans**, review the steps below to see whether this is the best option for you.

Step 1: Review your current federal student loans

- Check your student loan account online, review your loan documents or contact your lender or loan servicer. If you don't know who your loan servicer is, you can find out at www.nsls.ed.gov.

Step 2: Determine your current monthly payment amounts

- Check your student loan account online or call your loan servicer to determine exactly how much you're paying each month.

Step 3: Determine your monthly payment amount if you consolidate

- Use the Direct Loan Consolidation online calculator or call the Direct Loan Consolidation Center at 1-800-557-7392 to estimate your weighted average interest rate and to see what your loan payments might be under the available repayment plans.

Step 4: Decide if you will consolidate

- Compare your current monthly payment amount to what your monthly payment amount would be if you consolidated (see Step 3 above). Would consolidating your student loans decrease your monthly payment amount? How long would you be repaying your loan?

If you want to lower your monthly payment amount but are concerned about the impacts of loan consolidation, consider these alternatives:

- Reevaluate your budget and income situation.
- Consider deferment or forbearance for short-term payment relief needs.

If you decide consolidation is right for you, go to www.loanconsolidation.ed.gov to complete an application. If you are already in repayment, be sure to continue making payments on your loans until consolidation is completed. If you have questions about consolidation, go to www.loanconsolidation.ed.gov or call 1-800-557-7392 (TDD/TTY: 1-800-557-7395).

REPAYMENT TERMS

Forbearance - A period when monthly loan payments are temporarily suspended or reduced. Your lender may grant you a forbearance if you are willing but unable to make payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue.

Deferment - A postponement of payment allowed under certain conditions and during which interest does not accrue on Direct Subsidized Loans, Subsidized Federal Stafford Loans, and Federal Perkins Loans.

Grace Period - A period of time after borrowers graduate, leave school, or drop below half-time enrollment where they are not required to make payments on certain federal student loans.

Lender - The organization that made the loan initially; the lender might be the borrower's school; a bank, credit union, or other lending institution; or the U.S. Department of Education.

Loan Servicer - A company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a lender. To identify your federal student loan servicer, use your federal PIN to sign in at www.nsls.ed.gov.

FINANCIAL LITERACY: Common Terms



Consolidation - The process of combining one or more loans into a single new loan.

Direct Loan - A federal student loan for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

Discretionary Income - Your income minus the poverty guidelines for your family size.

Loan Forgiveness - The cancellation of all or some portion of your remaining federal student loan balance. If your loan is forgiven, you are no longer responsible for repaying that remaining portion of the loan.

National Student Loan Data System (NSLDS) - A centralized database, at www.nsls.ed.gov, which stores information on federal grants and loans. NSLDS contains information on how much aid you've received, your enrollment status, and your loan servicer(s).

Private Loan - A nonfederal loan made by a lender such as a bank, credit union, state agency, or school.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

All information provided by
www.studentaid.ed.gov