



## How to Repay Your Student Loan in Three Easy Steps

1. Know what you owe
2. Develop a budget
3. Utilize your options




---

---

---


---

---

---

---

---



## Step 1: Know What You Owe

### National Student Loan Data System (NSLDS)

[www.nslsds.ed.gov](http://www.nslsds.ed.gov)

---

---

---



---

---

---

---

---


---

---

---

---

---


---

---

---







## Step 2: Develop a Budget

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 7

---

---

---


---

---

---


---

---



## Why Budget?

- Know where your money is going
- Know what you can afford
- Avoid financial problems
- Reduce stress and borrow less



© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 8

---

---

---


---

---

---


---

---



## Elements of a Budget

- Income
  - Include all sources
- Expenses
  - Fixed
  - Flexible
  - Periodic
- Savings

$$\begin{array}{r}
 \$220 \\
 100 \\
 98 \\
 86 \\
 37 \\
 145 \\
 + 185 \\
 \hline
 \text{Too much \$}
 \end{array}$$


© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 9

---

---

---

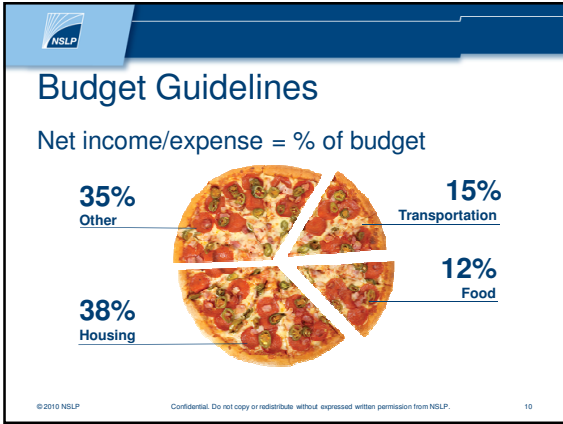
---

---

---

---

---




---

---

---

---

---

---

---

---




---

---

---

---

---

---

---

---

**Joe's Monthly Expenses**

Car payment	\$245	Rent	\$600
Cell phone	\$100	Utilities	\$120
Gasoline	\$170	Food	\$300
Credit card	\$75	Private student loan	\$180
Internet	\$40	Federal student loan	???
Haircuts	\$20	Savings	???
Entertainment	\$120	Total	\$1,970

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 12

---

---

---

---


---

---

---

---





### Joe's Annual (Periodic) Expenses

	Annual	Monthly
Car maintenance	\$400	\$33.33
Car registration and taxes	\$210	\$17.50
Car insurance	\$1,845	\$153.75
<b>Total</b>	<b>\$2,455</b>	<b>\$204.58</b>

---

---

---


---

---

---

---

---



### Joe's Budget

	Income	Expenses	Cash Balance
Wages	+\$2,500		\$2,500
Monthly Exp		-\$1,970	\$530
Periodic Exp		-\$204.58	<b>\$325.42</b>

Does not include monthly federal student loan payment!

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 14

---

---

---

---

---

---

---

---



## Step 3: Utilize Your Student Loan Repayment Options

---

---

---

---


---

---

---

---





## Joe's Federal Student Loans

\$23,000 total amount borrowed  
6.8% interest rate

---

---

---


---

---

---

---

---



## Student Loan Repayment Plan

- Considerations when selecting a plan:
  - Current situation
    - Short or long term?
  - Overall cost of decision
  - Length of repayment
  - Ability to prepay *and* change plans if needed

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 17

---

---

---


---

---

---


---

---



## Student Loan Repayment Plans

- Standard (level)
- Graduated
- Income-sensitive (*FFELP*)
- Income-based repayment
- Income-contingent (DL)
- Extended



© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 18

---

---

---

---

---

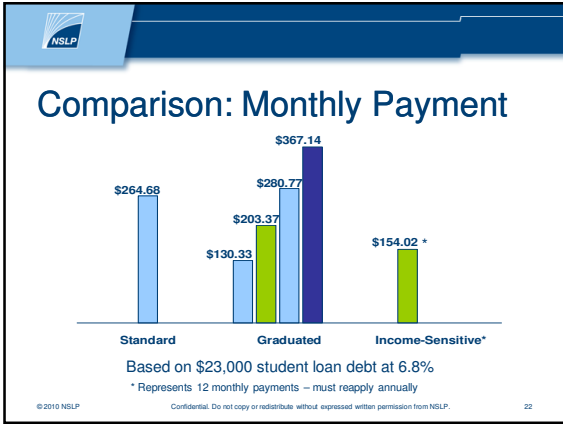
---

---

---








---

---

---

---

---

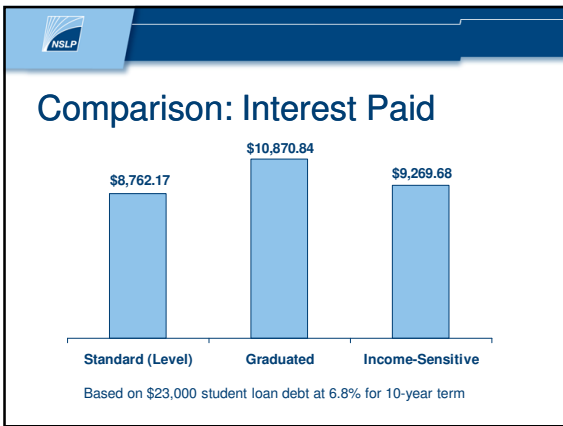
---

---

---

---

---




---

---

---

---

---

---

---

---

---

---

**Discussion: Joe's Options**

	Student Loan Repayment Plan		
	Standard	Graduated	Income-Sensitive
Payment	\$264.68	\$130.33*	\$154.02*
Cash Remaining	\$47.82	\$182.17	\$158.48

**\$325.42 remaining after expenses**  
 \* Payment could have future budgeting implications

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 24

---

---

---

---

---

---

---


---

---


---





 **Life Happens...**

- Joe loses his \$40,000 job
- Contacts lender/servicer to explore his options
  - Deferment
  - Forbearance
- Selects unemployment deferment



© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 25

---

---

---


---

---

---

---

---

 **Impact of Unpaid Interest**

- \$23,000 federal student loan
  - 6.8% interest rate
- Six month forbearance/unsubsidized deferment
  - Approximately \$785 accrued interest
- New balance: \$23,785\*

\*Estimate for example purposes. Actual amount may vary. Assumes no payment during forbearance/unsubsidized deferment

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 26

---

---

---


---


---

---

---

---

 **Life Happens...**



- Joe finds a job – public education
  - \$20,000 salary
  - Same expenses
- Contacts lender/servicer to explore his options
  - Discuss payment plan based on income:
    - Income-based repayment
    - Income-contingent (DL)

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 27

---

---

---

---


---

---

---

---





## Income-Based Plan (IBR)

- Helps those with high student loan debt *relative* to income
  - \$0 payment possible
- Reapply annually; payment adjusted accordingly
  - Once in IBR plan, advisable to stay in plan
  - “Permanent” plan payment amount established = security for you
- Forgiveness after 25 years of *qualifying* payments
  - Pay off more quickly if desired

[www.ibrinfo.org](http://www.ibrinfo.org) for information\*      \* an independent source of information not affiliated with NSLP  
 © 2010 NSLP      Confidential. Do not copy or redistribute without expressed written permission from NSLP.      28

---

---

---

---

---


---

---

---

---

---



## Income Based Repayment calculator

Use this calculator to estimate your monthly student loan payment using the Income-Based Repayment (IBR) option. View the [FAQ](#) for more information. Contact your lender to apply.

**Personal Information**      **Loan Information**

State of Residence: Other      Amount owed on eligible student loans (\$): 23000  
 Family Size (F): 1      Average Student Loan Interest Rate (%): 6.8  
 Adjusted Gross Income (AGI): 20000

	Income-based Repayment	Level Repayment
<b>Totals</b>		
Term	120	120
Loan Amount	\$23,000.00	\$23,000.00
Interest	\$9,761.32	\$8,762.17
Amount Paid	\$32,761.32	\$31,762.17
<b>Monthly Payments</b>		
12	\$46.94	\$264.68
108	\$298.13	\$265.25

© 2010 NSLP      Confidential. Do not copy or redistribute without expressed written permission from NSLP.      29

---

---

---

---

---


---

---

---

---

---



**START HERE**  
GO FURTHER  
FEDERAL STUDENT AID

Home About Contact Us Glossary **Direct Loans**

Interest Rate: 6.8 %  
 Loan Amount: \$ 23000  
 Adjusted Gross Income (AGI): \$ 20000  
 Marital Status: Single  
 Family Size: 1  
 State of Residence: Continental U.S.

Repayment Plan	Term (in Months)	Initial Monthly Payments	Total Payments (Interest Included)	Detail
Standard	120	\$ 264.68	\$ 31761.60	<a href="#">Detail</a>
<b>Extended</b>				
Extended payment plans are only available for amounts greater than \$10,000.00				
Graduated (see Note 1 below)	120	\$ 185.74	\$ 33477.78	<a href="#">Detail</a>
Income Contingent (see Note 2 below)	290	\$ 149.05	\$ 48431.34	<a href="#">Detail</a>

[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

© 2010 NSLP      Confidential. Do not copy or redistribute without expressed written permission from NSLP.      30

---

---

---

---

---

---

---

---

---

---





## Returning to School

- Joe returns to graduate school
- Accumulates additional \$40,000 in federal student loan debt



© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 31

---

---

---


---

---

---

---

---



## Returning to School and Managing Loan Repayment

- If returning to school *during* grace period, may have grace period reinstated
- If already in *repayment*, may receive an in-school deferment
  - Remember the impact of accrued, unpaid interest on unsubsidized loans
    - Make interest payments when possible

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 32

---

---

---


---

---

---

---

---



## Extended Repayment Plan

Level   
  Graduated   
  Income sensitive   
  Consolidation

Loan Amount: \$23,000.00   
 Interest Rate: 6.80%   

Paying your loan back early saves interest. Select one of the following options to accelerate your loan repayment and our calculator will do the math. [Click here for more information.](#)

Some borrowers qualify for Extended repayment. [Click here](#) to see if you qualify.

  
   
 Term: 300   
 Months: 0/0   
 Larger Payment: \$437.27

(25 years) LEVEL REPAYMENT	
Totals	
Term	300
Interest Rate	6.8%
First Payment	\$437.27
Total Interest	(\$63,179.63)
Total Loan Amount	\$82,000.00
Total Payments	\$131,179.63

Payment Summary	
Number of Months	Monthly Payment
259	<\$437.27
1	\$435.90

© 2010 NSLP    [link 108 necessary for Education/Dept/Finance/© 2010 Level Tool](#)    33

---

---

---

---


---

---

---

---





## Federal Loan Consolidation

- Combines all federal student loans into one new loan
- New fixed interest rate
- Can consolidate FFELP loans into DL program
- Can reconsolidate only when you take out additional student loans
- Considerations:
  - Larger balance = longer repayment term
  - More interest paid when extending repayment term
  - Be sure to do your research!

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 34

---

---

---

---

---

---

---

---



## Public Service Loan Forgiveness Overview

- Loan forgiveness program for public service employment
  - Direct Loan Program only — not available in FFELP
  - Income-based or income-contingent repayment can lower monthly payment amount
- Eligibility based on employer and employment status
  - ☎ 800-4-FEDAID for specifics
- Forgiveness after 120 “qualifying payments”

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 35

---

---

---


---

---


---

---

---



## Questions



© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 36

---

---

---

---


---

---

---

---





## Department of Education Loan Servicer Contact Information

<ul style="list-style-type: none"> <li>✦ DL SERVICING CENTER</li> <li>☎ 800.848.0979</li> <li>🌐 <a href="http://www.dl.ed.gov">www.dl.ed.gov</a></li> </ul>	<ul style="list-style-type: none"> <li>✦ DEPT OF ED/GREAT LAKES</li> <li>☎ 800.236.4300</li> <li>🌐 <a href="http://www.mygreatlakes.org">www.mygreatlakes.org</a></li> </ul>
<ul style="list-style-type: none"> <li>✦ DEPT OF ED/ACS</li> <li>☎ 800.508.1378</li> <li>🌐 <a href="http://www.ed-servicing.com">www.ed-servicing.com</a></li> </ul>	<ul style="list-style-type: none"> <li>✦ DEPT OF ED/NELNET</li> <li>☎ 888.486.4722</li> <li>🌐 <a href="http://www.nelnet.com">www.nelnet.com</a></li> </ul>
<ul style="list-style-type: none"> <li>✦ DEPT OF ED/FEDLOAN SERVICING (PHEAA)</li> <li>☎ 800.699.2908</li> <li>🌐 <a href="http://www.myfedloan.org">www.myfedloan.org</a></li> </ul>	<ul style="list-style-type: none"> <li>✦ DEPT OF ED/SALLIE MAE</li> <li>☎ 800.722.1300</li> <li>🌐 <a href="http://www.salliemae.com">www.salliemae.com</a></li> </ul>

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 37

---

---

---


---

---

---

---

---



## Contact:

NSLP  
1300 O St.  
Lincoln, NE 68508  
800-735-8778 [www.nslp.org](http://www.nslp.org)

Financial Literacy, ext. 6858  
[NSLPFinancialLiteracy@nslp.org](mailto:NSLPFinancialLiteracy@nslp.org)

© 2010 NSLP Confidential. Do not copy or redistribute without expressed written permission from NSLP. 38

---

---

---

---

---

---

---

---

