



Exploring your Student Loan Repayment Options

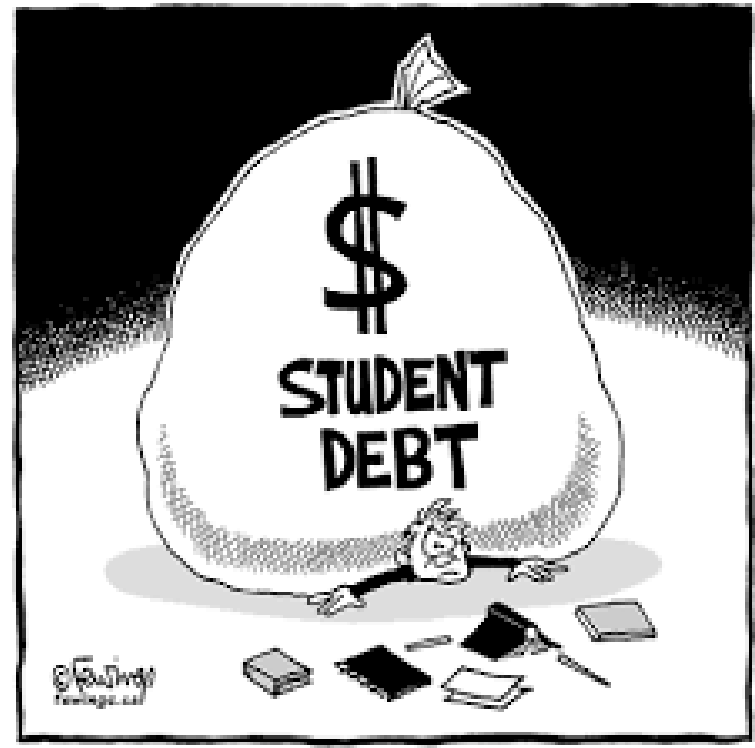


Student Loan Crisis



You Are Not Alone!

- Currently at \$1.26 trillion
- Increasing at \$2,854 per second
- Average debt load \$29,400
- 43 million Americans carrying student loan debt



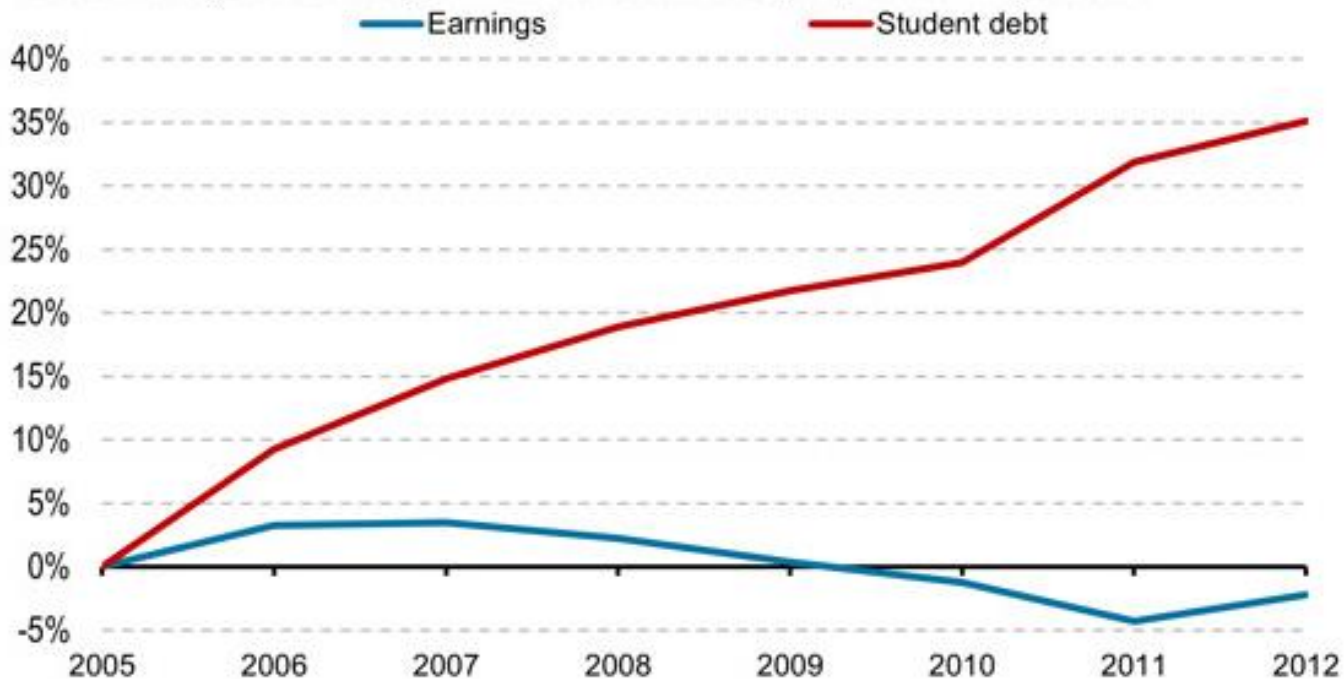
Current Student Profile



College Graduates and Employment:

What Young People Make and What They Owe

Percent change from 2005 in median annual earnings of people 25-34 years old holding just a bachelor's degree and average student loan balance for people under 30 years old.



Source: National Center for Education Statistics (earnings); NY Fed (student debt) | WSJ.com

Private vs. Federal Loans

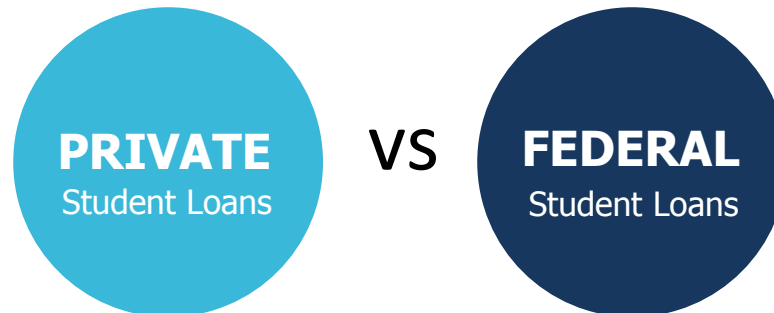


Private Loans:

- Made by a lender such as a bank, credit union, state agency or school
- Private loans account for \$100B dollars of student loan debt balance (8%)
- Repayment options are at the discretion of each private lender

Federal Loans:

- Loans funded by the federal government
- Federal loans account for \$1.16T dollars of the student loan debt balance (92%)
- Multiple repayment options available
- Federal loans provide benefits that private loans do not (subsidized loans, in-school deferment, income-driven plans & Public Service Loan Forgiveness)



Private Loan Borrowers



Options Available for Private Loans:

Postponement	Lower Payments	Consolidation
<p>Contact your private lender directly to ask about temporarily postponing payments if you're experiencing any of the following:</p> <ul style="list-style-type: none">○ Returning to school○ Economic hardship○ Unemployment○ Natural Disaster○ Military Deployment	<p>Certain private loans may qualify for lower payments. Contact your private lender to see if you qualify for:</p> <ul style="list-style-type: none">○ Interest-only payments○ Extending your loan term○ Resources	<p>Private student loan consolidation may offer more favorable repayment terms if your credit has improved since you originally borrowed your student loans.</p> <p>Be sure to ask the lender:</p> <ul style="list-style-type: none">○ Whether the interest rate is fixed or variable○ Whether there are any fees associated with the consolidation○ If there are prepayment penalties

Federal Loan Borrowers



What Kind of Help is Available?

- ✓ Postponement
- ✓ Consolidation
- ✓ Repayment Options
- ✓ Loan Forgiveness
- ✓ Discharge

**KNOWLEDGE
IS
POWER**

Repayment Options



Standard Repayment Plan:

Borrowers make monthly payments of at least \$50 for up to 10 years. All borrowers are automatically enrolled in this plan upon graduation.

Qualifications:

- Loan Types
 - Direct Subsidized and Unsubsidized Loans
 - Subsidized and Unsubsidized Federal Stafford Loans
 - All PLUS loans



Set up payments on automatic-debit to take advantage of a 0.25% reduction in your interest rate.

Repayment Options



Graduated Repayment Plan:

Payments start lower then increase every two years for up to 10 years.

Qualifications:

- Loan Types
 - Direct Subsidized and Unsubsidized Loans
 - Subsidized and Unsubsidized Federal Stafford Loans
 - All PLUS loans
- Can be extended for borrowers with more than \$30,000 in student loan debt up to 25 years

Repayment Options



Extended Repayment Plan:

Payments may be fixed or graduated for up to 25 years.

Qualifications:

- Loan Types
 - Direct Subsidized and Unsubsidized Loans
 - Subsidized and Unsubsidized Federal Stafford Loans
 - All PLUS loans
- 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 FFEL Program loans
- For both programs, you must also be a "new borrower" as of Oct. 7, 1998

Repayment Options



Income-Based Repayment Plan:

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; you have up to 25 years to pay in full.

Qualifications:

- Loan Types
 - Direct Subsidized and Unsubsidized Loans
 - Subsidized and Unsubsidized Federal Stafford Loans
 - All PLUS loans made to students
 - Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents
- You must have a partial financial hardship

Repayment Options



Income-Contingent Repayment Plan:

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; you have up to 25 years to pay in full.

Qualifications:

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



To avoid negative amortization, you can make extra payments on your student loans. Be sure to advise your servicer to apply the extra funds to your principal balance, instead of simply advancing your due date.

Repayment Options



Pay-as-you-Earn Repayment Plan:

Your maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). Your payments change as your income changes; you have up to 20 years to pay in full.

Qualifications:

- Loan Types
 - Direct Subsidized and Unsubsidized Loans
 - Direct PLUS loans made to students
 - Direct Consolidation Loans that do not include (Direct or FFEL) PLUS loans made to parents
- You must be a new borrower on or after Oct. 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

Forgiveness



Busting the Myths of Student Loan Forgiveness:

MYTH: All student loan borrowers are entitled to enroll in the 'Obama Forgiveness Program.'

FACT: First, there is nothing called the 'Obama Forgiveness Program' or 'Obama Loan Forgiveness.' There are a number of federal student loan repayment programs introduced in recent years that offer the potential for loan forgiveness. These plans include: Income-Based Repayment, Pay-as-you-Earn and Public Service Loan Forgiveness.

MYTH: If I qualify for loan forgiveness, my student loan debt will immediately disappear.

FACT: Most borrowers who qualify for federal student loan forgiveness still have to pay back a portion of their debt – from 10 to 25 years' worth – after which the remaining balance is forgiven.

MYTH: If I don't qualify for federal student loan forgiveness, I can just pay someone to arrange it.

FACT: This is simply not true. Any person or company telling you otherwise is not being honest about what they can offer. Remember – if something seems too good to be true, it probably is.

Forgiveness



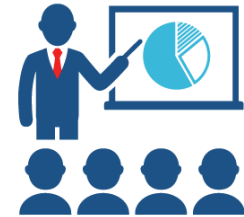
Public Service Loan Forgiveness:

This program provides an opportunity for you to get out of debt within ten years if you work in a public service job. You must meet a specific set of criteria to qualify.

Qualifications:

- Only Direct Loans are eligible (consolidation may be necessary)
- Must make 120 (10 years) on-time, full scheduled payments
- Only payments made after October 1, 2007 count
- Must be working full-time (30 hours per week) in a qualifying public service organization or nonprofit (THIS MEANS YOU!)

Case Study



Background:

Kim is a professor. She is married with a family size of four. Her adjusted gross income is \$85,000. She has 12 student loans that total \$101,000 with a monthly payment of \$989.

Actions Taken:

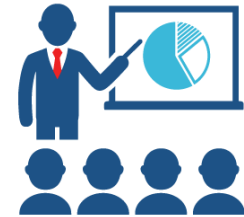
- Consolidated 12 loans into one Direct Loan resulting in one monthly payment
- Enrolled in the Income-Based Repayment Plan
- Completed the paperwork to start Public Service Loan Forgiveness

Outcomes:

- New student loan payment: **\$615**
- Monthly savings: **\$374**
- Eligible to have more than **\$15,990** of federal loans **forgiven** (non-taxable)*

*Based on current payment amount and 120 qualified payments

Case Study



Background:

Jane works in public service. She is married with a family size of three. Jane's total household income is \$140,100. She has 5 student loans that total \$35,777; they are current but Jane wants to know what options she has to pay her loans ASAP.

Actions Taken:

- Evaluated the current affordability of Jane's student loans
- Determined if Public Service Loan Forgiveness (PSLF) would be beneficial

Outcomes:

- Remain on Standard 10 Year Repayment
 - Current monthly student loan payment was affordable
 - Fastest repayment option to meet goal
- Did not enroll in PSLF
 - No benefit as her loans would be paid in full prior to the 10 years



Questions?

Call 877.784.2008 or visit TakeChargeAmerica.org

