



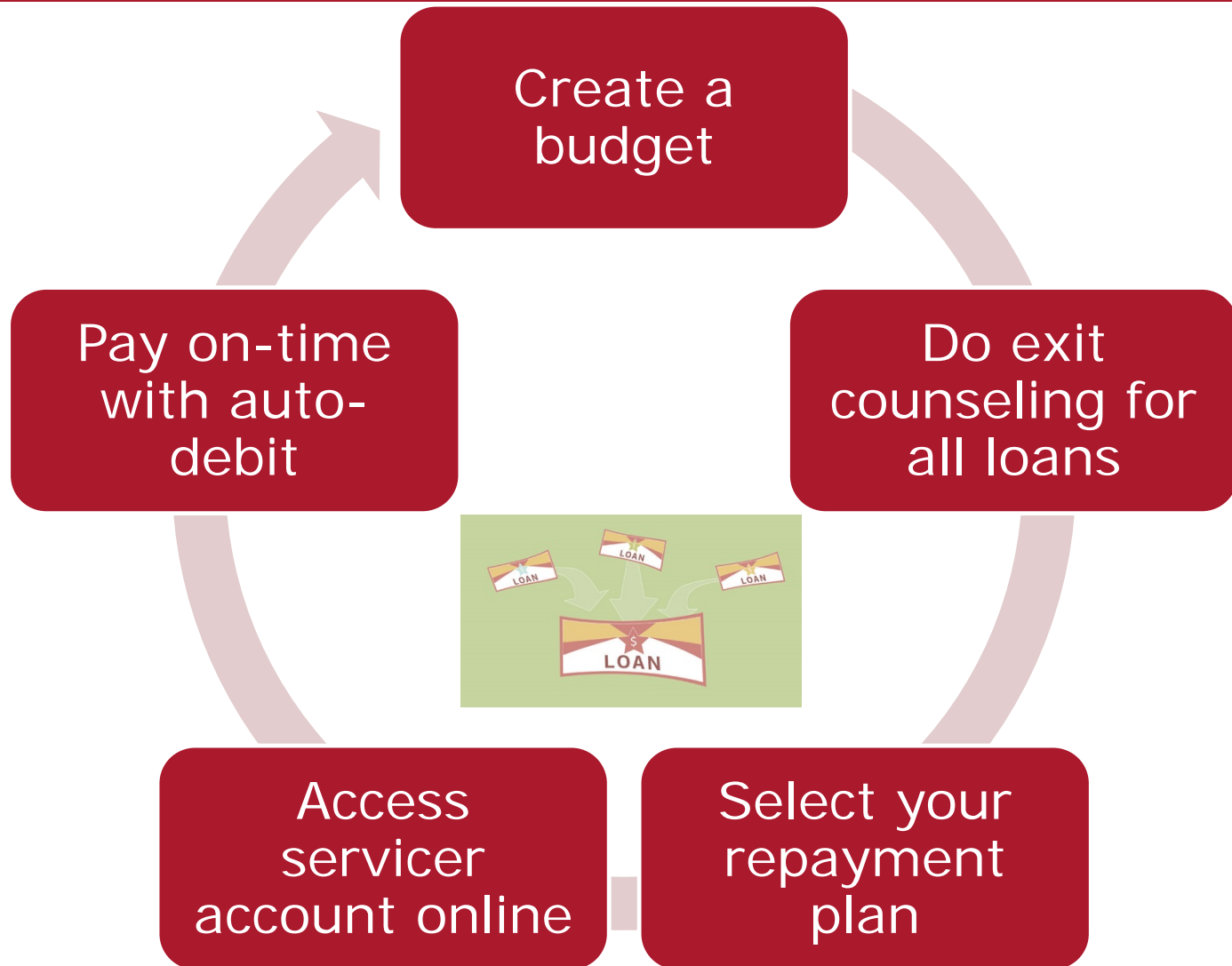
WPI

Student Loans: What You Need to Know About Successful Repayment

Spring 2016



Loan Repayment



First Steps

- Create a budget, track your spending, set limits
- Complete required exit counseling for each of your loans
 - For Direct Loans, go to www.studentloans.gov and use your FSA ID to complete
 - For Perkins Loan, Massachusetts No Interest Loan, WPI Ward and Institute Loans, servicer ECSI Heartland will email your WPI email address with exit counseling instructions
- Identify your servicer – check www.nslds.gov or see your personal loan history sheet, mailed in June
- Explore which repayment plan is most suitable
- Update your contact information with your servicer
- Establish an online account
- Enroll in auto-debit payments

Direct Loan Exit Counseling

- It's required by law if student drops below half-time status, ceases attendance, withdraws, or graduates
- Done online at www.studentloans.gov and provides important information you will need to repay your loans; takes about 30 minutes
- Review your rights and responsibilities as a borrower
- Information on hand to complete counseling
 - Your federal loan balances at www.nslds.ed.gov/nslds_SA/
 - Names, addresses, email addresses & phone numbers for
 - Your next of kin
 - Two references who live in the U.S.
 - Your employer or future employer
- Ability to select repayment plan that can be changed later

Loan Servicer	Contact
CornerStone	1-800-663-1662
ESA/Edfinancial	1-855-337-6884
FedLoan Servicing (PHEAA)	1-800-699-2908
Granite State – GSMR	1-888-556-0022
Great Lakes Educational Loan Services, Inc.	1-800-236-4300
MOHELA	1-888-866-4352
Navient	1-800-722-1300
Nelnet	1-888-486-4722
OSLA Servicing	1-866-264-9762
VSAC Federal Loans	1-888-932-5626

Fed Loan Servicers

- Your Direct Loan has been assigned to a servicer by the Department of Education
- **What do they do?**
 - Collect payments
 - Respond to customer service inquiries
 - Provide repayment options
 - Help to change repayment plan
 - Assist if difficulty paying
 - Want to see you repaying successfully

When does repayment begin?

- At the end of your grace period - confirm with your servicer exact date
 - Direct Loans = 6 month grace period
 - Perkins and WPI Loans = 9 month grace period
 - Private loans = varies, so check with your servicer
- Prepare for repayment during your grace period
 - It's okay and even recommended to make payments before grace period ends to save you money later!

“Traditional” Direct Loan Repayment Plans

Repayment Options	Monthly Payment and Time Frame	Quick Comparison
<ul style="list-style-type: none">STANDARD	Fixed payments paid up to 10 years	You'll pay less interest for your loan over time.
<ul style="list-style-type: none">GRADUATED	Payments are lower at first and increase every 2 years, paid over 10 years	Assumes your income will increase over time.
<ul style="list-style-type: none">EXTENDED	Payments can be fixed <u>or</u> graduated and extend up to 25 years	Limited to those with over \$30k in Direct Loans; pay more in aggregate for loans.

“Income-Driven” Direct Loan Repayment Plans

Repayment Options	Monthly Payment and Time Frame	Quick Comparison
<ul style="list-style-type: none"> Income-Based (IBR) Plan 	<p>Generally 15% of your discretionary income; paid up to 25 years</p>	<p>Must have <i>financial hardship</i>, provide income documents, possible forgiveness after 25 yrs.</p>
<ul style="list-style-type: none"> Pay As Your Earn Plan (PAYE) 	<p>Generally 10% of your discretionary income; paid up to 20 years</p>	<p>Must have <i>financial hardship</i>, provide income documents, possible forgiveness after 20 yrs.</p>
<ul style="list-style-type: none"> Income-Contingent Plan (ICR) 	<p>Lesser of 20% of your discretionary income or fixed 12 year repayment plan; paid up to 25 years</p>	<p>No hardship required, payment based on income and family size, possible forgiveness after 25 yrs.</p>

New REPAYE Plan!

- Revised Pay As Your Earn
- Newly available starting December 16, 2015
- No financial hardship is required.*
- Payment is 10% of discretionary income.*
- * This means if you have higher income, your monthly payment may be higher on this plan compared to others.
- Repayment duration is 20 years for undergraduate borrowers, 25 years for graduate borrowers.

Repayment Plan Example #1

Sam Sample has borrowed \$35,000 in Direct Loans at an interest rate of 4.66%. He is single, earns \$30,000 and lives in Indiana. His income rises 5% annually.

Repayment Plan	Initial Payment	Final Payment	Total Paid	Total Paid in Interest	Total Time in Repayment	Forgiveness
10-Year Standard	\$366	\$366	\$43,934	\$8,934	10 years	-
Graduated	\$206	\$619	\$46,212	\$11,212	10 years	-
Extended	\$199	\$199	\$59,561	\$24,561	25 years	-
Extended Graduated	\$137	\$332	\$65,102	\$30,102	25 years	-
Income-Based	\$156	\$366	\$53,706	\$18,706	15 yr., 5. mo.	\$0
Pay As You Earn	\$104	\$361	\$50,699	\$28,620	20 years	\$12,920
Income-Contingent	\$240	\$315	\$49,347	\$14,347	15 yr., 5. mo.	\$0

Repayment Plan Example #2

Gompei Graduate has borrowed \$31,000 in Direct Loans at an interest rate of 4.383%. He is single, earns \$66,805 and lives in MA. His income rises 5% annually.

Repayment Plan	First Monthly Payment	Last Monthly Payment	Total Amount Paid	<u>Projected Loan Forgiveness</u>	Repayment Period
<u>Standard</u>	\$278	\$278	\$33,397	\$0	120 months
<u>Graduated</u>	\$156	\$469	\$35,008	\$0	120 months
<u>Revised Pay As You Earn (REPAYE)</u>	\$408	\$545	\$30,594	\$0	66 months
<u>Pay As You Earn (PAYE)</u>	-	-	-	-	-
<u>Income-Based Repayment (IBR)</u>	-	-	-	-	-
<u>IBR for New Borrowers</u>	-	-	-	-	-
<u>Income-Contingent Repayment (ICR)</u>	\$244	\$280	\$34,138	\$0	130 months

Estimate your student loan payments

Welcome to StudentLoans.gov

Before you begin, verify that your personal information is up to date.

The personal information displayed is based on the information returned from the Federal Student Aid PIN Web site. If any of the information is incorrect, you must correct it at the Federal Student Aid PIN Web site.

Once you have confirmed your information, select what you would like to do:

- [Complete Counseling](#)
(Entrance, Financial Awareness, and Exit)
- [Complete Master Promissory Note](#)
- [Request a Direct PLUS Loan](#)
- [Endorse a Direct PLUS Loan](#)
- [Complete IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [Co-sign IBR/Pay As You Earn/ICR Repayment Plan Request](#)
- [I am not sure](#) (we will ask you a series of questions to direct you)

Alerts

• Your disclosure statements are now available. Click [here](#) to access

Personal Information

Borrower:

Social Security Number:

Date of Birth:

E-mail:

[Update E-mail and/or My Preferences](#)

Tools and Calculators

Repayment Estimator

This tool uses your loan information from National Student Loan Data System (NSLDS) to estimate:

- initial monthly payments
- repayment plan eligibility
- repayment plan cost comparison
- total interest paid

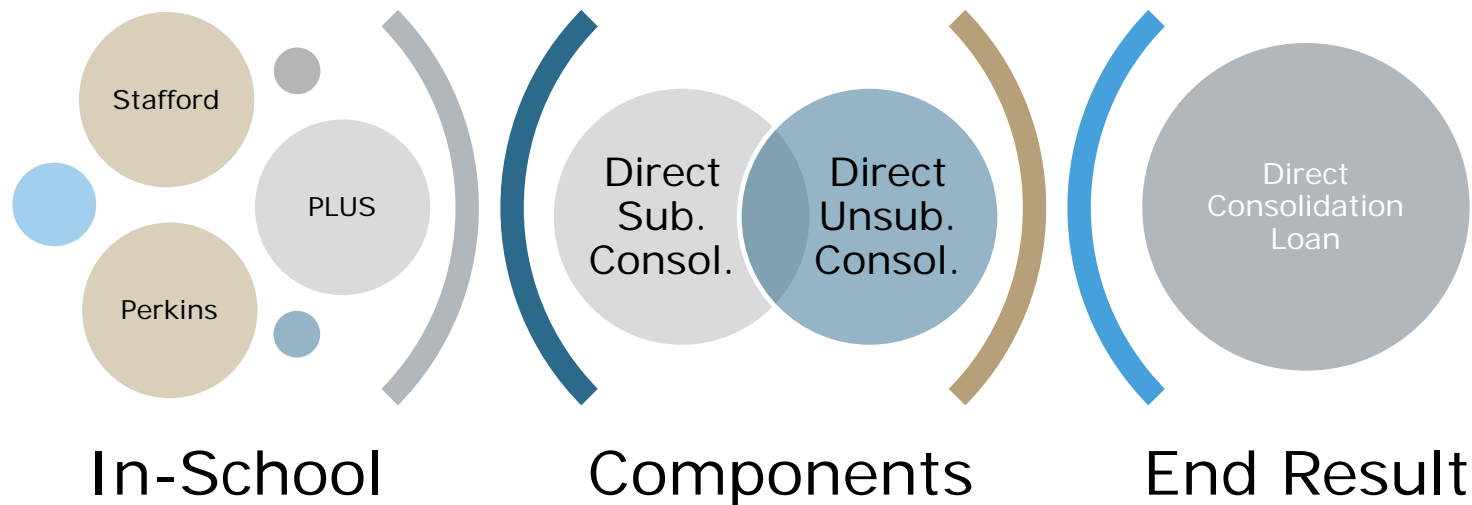
ment

- Standard
- Graduated
- Extended Fixed
- Extended Graduated
- Pay As You Earn
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)

Visit studentloans.gov

[Initial Monthly Payment](#) | [Final Monthly Payment](#) |
[Total Interest Paid](#) | [Total Amount Paid](#)

Federal Direct Loan Consolidation



- Interest rate is weighted average of consolidated loans
- Interest rate is rounded up to nearest higher 1/8 of 1%
- No interest rate cap

Federal Student Loan Consolidation

+ BENEFITS

- Repayment period up to 30 years means lower *monthly* payments
- Any variable interest rate loans switch to a weighted-average fixed interest rate
- Simplification: one payment to one holder
- It's **free** to consolidate your federal student loans

- DRAWBACKS

- If consolidation occurs during grace, you forfeit any remaining grace
- Extending repayment period means paying more interest, so *paying more in aggregate*
- Possible forfeit of benefits: rate discounts, principal rebates, cancellation benefits
- Cannot undo consolidation



Deferment and Forbearance Reasons

- Deferment/forbearance are periods during which repayment of interest and principal is temporarily delayed.
- You will need to submit a request to your servicer with documentation.
- There are time limits; neither counts toward repayment.

Deferment

- Unemployment
- Economic hardship
- Graduate fellowship
- Rehabilitation training program
- Military
- In-school

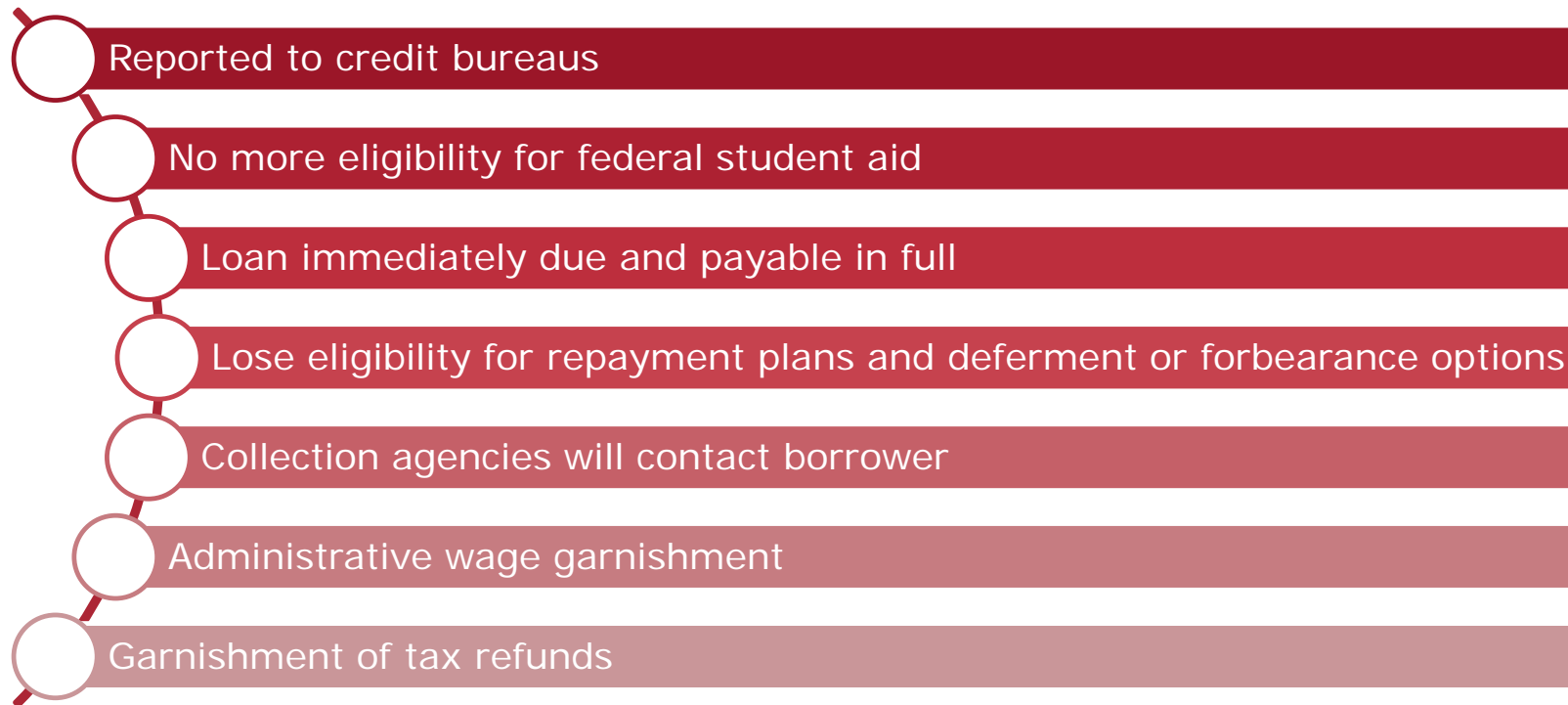
Forbearance

- Medical/dental internship residency
- Student loan debt burden
- AmeriCorps
- Teacher Loan Forgiveness
- DOD Student Loan Repayment Program
- National Guard
- Medical/other acceptable reasons



Delinquency and Default

- Your loan is considered **delinquent** the first day after you miss (or fail to make) a payment that is due.
- A loan that is delinquent for 270 days = **default**.



Do you have any Private Loans?

- Know your loan rates, terms, and details
 - Some variable interest rates up to 18%
- Private loans are unsubsidized, meaning you pay the interest
- Cannot be consolidated into a “Direct” Consolidation Loan
- May not offer forbearance or deferment options
- Any prepayment penalty fees?
- Loan forgiveness programs unlikely
- Consult your lender for repayment options

Strategies when facing hardship

- Contact your servicer first
 - Explore switching your repayment plan to “income driven” option
 - Lower your monthly payments, but realize that you may pay more over the life of the loan.
- Ask your servicer for deferment or forbearance
 - Temporary postponement or reduction in payments
 - Contact your servicer and follow through with forms
- Consider consolidation
 - Combines multiple federal loans into a single loan
 - Beware that payment may be lower, but by extending your repayment, you will pay more over the life of the loan

Strategies for the financially stable

- Start repayment during your grace period
 - Although not required, it will save you some interest
- Enroll in the standard repayment plan
 - With the shortest repayment of 10 years with fixed payments, it generally has the lowest aggregate payment
- Pay more than the minimum
 - Apply payments above the minimum to the “principal” amount on your loans with the highest interest rates

Next Steps

- Complete exit counseling for each type of loan borrowed
- Check your email for servicer outreach
- Create on-line account, some apps available
- Utilize auto-debit – track balance and payments
- Pay on time and pay more than minimum if possible
- Keep your loans in good repayment standing
- Stay in touch with your servicer ahead of trouble