

STUDENT LOAN EXIT COUNSELING

PRESENTED BY:

FAQS

When do I start repaying my Direct or Student PLUS loan?

For Direct loans, repayment begins six months after you graduate, withdraw, or drop below half-time enrollment. In other words, you get a six-month grace period before you start repaying your loans. Student PLUS loans enter repayment right after you receive the full amount of the loan. However, you can obtain an in-school deferment that allows you to postpone repayment until six months after you graduate, withdraw, or drop below half-time enrollment.

What will happen if I don't repay my student loan?

Your decision to borrow money for school is a life investment you must take seriously. Although it may be easy to get a student loan, it won't be easy to get rid of if you don't pay it back. Not repaying your student loan can cause many problems, such as:

- Negative credit report
- Higher interest rates
- Difficulty getting hired
- No more federal financial aid
- Federal tax refund withheld
- Lawsuits and court costs
- Unable to renew professional license
- Collection fees
- Wage garnishment
- Debt collectors

Where can I find more information about federal loans that I have borrowed?

You can log on to the National Student Loan Data System (NSLDS) at www.nsls.ed.gov to see a listing of your federal loans. To log on, you will need your FSA ID. If you don't remember your FSA ID, you can go to <https://fsaid.ed.gov> to obtain it.

What is a deferment?

A deferment allows you to temporarily stop making payments on your loan principal.

A deferment is not automatically given to you. You must apply for it, and you must meet certain criteria or conditions before your loan servicer will approve it. You may qualify for a deferment if you are:

- Enrolled at least half time in an eligible postsecondary school.
- Studying full time in a graduate fellowship program or an approved disability rehabilitation program.
- Unemployed or experiencing economic hardship.
- Serving on active duty during a war or other military operation or national emergency or performing qualifying National Guard duty during a war or other military operation or national emergency, and if you are serving on or after Oct 1, 2007, for the 180-day period following the demobilization date for your qualifying service.
- A member of the National Guard or other reserve component of the U.S. Armed Forces (current or retired) and are called or ordered to active duty while enrolled at an eligible school, or within six months of having been enrolled. You are also eligible for a deferment during the 13 months following the end of your active duty service or until you return to enrolled student status, whichever is earlier.

Who pays the interest on my loan during a period of deferment?

The federal government will pay interest on the following loans during approved periods of deferment:

- Subsidized Direct loan (FDLP) or Subsidized Stafford Loan (FFELP)
- Direct Consolidation loan—for the underlying subsidized loans that were consolidated

You, the borrower, will be responsible for paying interest that accrues (is added onto) for:

- Unsubsidized Direct loans (FDLP) or Unsubsidized Stafford loan (FFELP)
- Student PLUS loans
- Direct Consolidation loans—for the underlying unsubsidized loans that were consolidated

How do I ask for a deferment?

1. Contact your loan servicer.
2. Submit the required documentation.
3. Keep making payments on your loan until your loan servicer tells you that the deferment has been approved.

What is a forbearance?

A forbearance allows you to either temporarily stop making payments on your loan, temporarily make smaller payments, or extend the time for making payments while you are experiencing financial difficulty. Consider a forbearance only after you have used all of your deferment options. Interest will accrue during a forbearance and it can add up quickly, increasing your loan's principal balance. You are completely responsible for paying the interest that accrues during a forbearance period.

You may qualify for a forbearance if you:

- Are experiencing personal problems (such as poor health or economic hardship);
- Are affected by circumstances such as a local or national emergency, military mobilization, or natural disaster;
- Have used your eligibility for a medical or dental internship deferment; or
- Are serving in a position that may, after a specified period of service, qualify you for loan forgiveness, partial repayment of your loan, or a national service educational award.

Who pays the interest on my loan during a forbearance?

You are responsible for all of the interest that accrues (adds up) during a forbearance. It is a good idea to pay the interest as it accrues to avoid interest capitalization. Interest capitalization happens when unpaid accrued interest is added to the principal balance of the loan, which increases the total outstanding debt. When this happens, your monthly payment may also go up.

Where do I apply for a forbearance?

To request a forbearance, contact your loan servicer.

How can I have my loan discharged?

You must pay back your student loan, and there are serious consequences if you do not repay your student loan. However, there are certain situations that may allow for your loan to be discharged, meaning you are no longer required to repay all or part of it. Your loan may be discharged if:

- You die
- Your school does not pay a refund if you withdraw
- Your school closes and you are unable to complete your program
- You did not have the "ability to benefit" from your education
- Your loan was falsely certified (e.g. identity theft)
- You become totally and permanently disabled

Generally, federal student loans may not be discharged due to bankruptcy unless the borrower is experiencing undue hardship.

How can I have my loan forgiven?

Teacher Loan Forgiveness Program

This is a loan forgiveness program for borrowers who are teachers and meet certain criteria, including, but not limited to:

- You must have been employed as a full-time teacher for five complete, consecutive academic years at a low-income eligible school or qualifying location
- You teach as a “highly qualified” teacher

Forgiveness amounts are:

- Up to \$5,000 or
- Up to \$17,500 for certain highly qualified secondary math and science teachers, and elementary and secondary special education teachers

Public Service Loan Forgiveness Program

This is a loan forgiveness program for FDLP borrowers who are employed in public service positions. You may qualify for forgiveness of the remaining balance due on your eligible federal student loans after you:

- Have made 120 monthly payments on the eligible loan on or after October 1, 2007, while serving in a public service position, and
- Are employed in a public service position at the time forgiveness is requested

Although loan forgiveness under this program is available only for loans made and repaid under the FDLP, loans made under other federal student loan programs may qualify for forgiveness if they are consolidated into a Direct Consolidation Loan. However, the required 120 payments must be made after the Consolidation loan is made in order to qualify for forgiveness. For more details about the Public Service Loan Forgiveness Program, go to www.studentloans.gov

Are there any other loan repayment programs that can help me repay my loans?

Yes, other programs include but are not limited to:

- AmeriCorps: For more information, visit www.americorps.gov or call (800) 942-2677.
- Department of Defense: Available to those serving in various branches of the Department of Defense. For more information, contact your military personnel office.

Tips for managing your student loans:

- Sign up for online access with your loan servicer(s).
- Remember that paying extra principal whenever possible can lower the total amount you pay on your federal student loan. If you're experiencing financial hardship, consider a different repayment plan on your federal student loan.

Tips for managing other debt:

- Start tracking your money. There are many ways to do this, from apps to online tools to using a check register or notebook.
- Then, create a spending plan to help you keep track of and predict your income and expenses.
- Tackle your debts one at a time, preferably paying off the debts with higher interest rates first.
- Over time, also start building an emergency savings account and then start building toward your longer-term financial goals.
- Know what you owe by reviewing your credit report each year. A credit report will help you keep track of debts other than federal student loans, such as private loans or credit card debt. You can get a free copy of your report at www.annualcreditreport.com.

