

Exit Counseling

Federal Direct Loans



When to Complete Exit Counseling

Required when you:

- / Graduate
- / Withdraw
- / Drop below half-time
- / Transfer schools

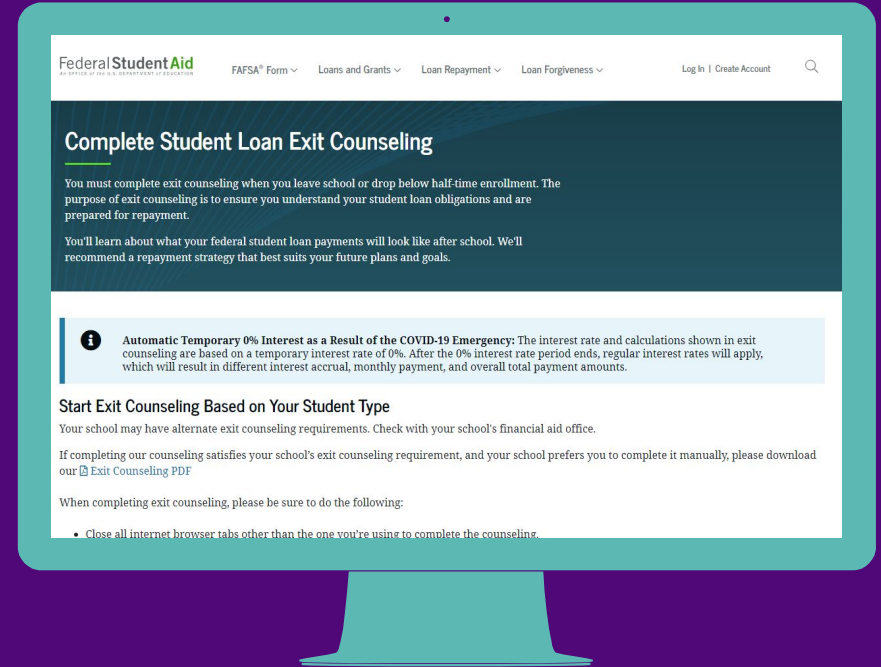
Federal Loans Covered:

- / Direct Subsidized
 - / Direct Unsubsidized
 - / Direct Grad PLUS
-

How to Complete Exit Counseling

studentaid.gov

- / Sign in using FSA ID
- / Click “Loan Repayment”
- / Select “Loan Exit Counseling”



Exit Counseling Not Required

Parent PLUS Loans

Parent can locate Loan Servicer by logging in to studentaid.gov with parent FSA ID.

Private Education Loans

Contact lender for repayment information.

Federal Loan Servicers

Collects student loan payments and answers questions

Locate Loan Servicer information:

- Go to studentaid.gov
- Log in with FSA ID

Nelnet	nelnet.com/welcome	1-888-486-4722
MOHELA	mohela.com	1-888-866-4352
EdFinancial	edfinancial.com	1-800-337-6884
Aidvantage	aidvantage.com	1-800-722-1300

Federal Loan Repayment

/ **6 month grace period after graduating or dropping below half-time**

- If you've already used your grace period, repayment begins immediately!

/ **Create online account with Loan Servicer**

- They will contact you with payment schedules
- Keep your info up-to-date (name, address, email, phone, etc.)



Sign up for auto pay for a 0.25% reduction on your interest rate!

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Graduate School Deferment

Continuing on to
graduate school?



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- / Loans will be deferred if you are enrolled at least half-time
- / Automatic process, but double-check with loan servicer!

Time-Driven Repayment Plans

Standard Repayment Plan

Automatically placed in this plan unless you change it!

- ✓ **Fixed monthly payment of at least \$50**
- ✓ **Max timeframe: 10 years**
- ✓ **May be best option**
 - Less interest = save money!
 - Monthly payments may be higher



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Extended Fixed Plan

Available to new Direct Loan borrowers starting Oct. 7, 1998 with more than \$30,000 in Direct loans.

- / Fixed monthly payments**
- / Max timeframe: 25 years (300 payments)**

Graduated Repayment Plan

Payments start lower and increase every two years.

- ✓ **Max timeframe: 10 years**
- ✓ **Minimum payments must cover accumulated interest**

Extended Graduated Plan

Available to new Direct Loan Borrowers starting Oct. 7, 1998 with more than \$30,000 in Direct Loans.

- / Payments start lower and increase every two years**
- / Max timeframe: 25 years (300 payments)**

Income-Driven Repayment Plans

- ✓ **Must apply for these plans at studentaid.gov**
- ✓ **Recertify income and family size EVERY YEAR**
- ✓ **Provide income documentation**
- ✓ **Recommend using Data Retrieval Tool (DRT)**

Discretionary Income: For **Income-Based Repayment** and **Pay As You Earn**, discretionary income is the difference between your annual income and 150% of the poverty guideline for your family size and state of residence.

For **Income-Contingent Repayment**, discretionary income is the difference between your annual income and 100% of the poverty guideline for your family size and state of residence.

For the **SAVE Plan**, your discretionary income is the difference between your adjusted gross income (AGI) and 225% of the poverty guideline.

The poverty guidelines are maintained by the U.S. Department of Health and Human Services and are available at

aspe.hhs.gov/poverty-guidelines.

Income-Contingent Plan

Must apply online at studentaid.gov and update income and family size each year

- ✓ **Monthly payment lesser of:**
 - 20% of discretionary income, or
 - Amount paid for 12 year fixed monthly payment plan
- ✓ **Discretionary income:** difference between annual income and 100% of the poverty guideline
- ✓ **Timeframe:** 25 years

Income-Based (IBR) Plan

Must apply online at studentaid.gov and update income and family size each year

- ✓ **Monthly payment lesser of:**
 - 10% of discretionary income (if new borrower on or after July 1, 2014)
 - 15% of discretionary income (if not a new borrower on or after July 1, 2014), or
 - Standard Plan amount
- ✓ **Discretionary income:** difference between annual income and 150% of the poverty guideline
- ✓ **Must qualify for partial financial hardship**
 - High debt to income ratio
- ✓ **Timeframe:** 20 years if new borrower on or after July 1, 2014; 25 years if not a new borrower on or after July 1, 2014

Pay As You Earn (PAYE)

Must apply online at studentaid.gov and update income and family size each year

Must be new borrower as of 10/01/2007 and have a loan disbursed after 10/01/2011.

✓ **Monthly payment lesser of:**

- 10% of discretionary income, or
- Standard Plan amount

✓ **Discretionary income:** difference between annual income and 150% of the poverty guideline

✓ **Must qualify for partial financial hardship**

- High debt to income ratio

✓ **Timeframe:** 20 years

Saving on a Valuable Education (SAVE)

Must apply online at studentaid.gov and update income and family size each year

- ✓ **Monthly payment generally 10% of discretionary income**
- ✓ **Discretionary income:** difference between AGI and 225% of the poverty guideline
- ✓ **Timeframe:** 20 years if all loans for undergraduate; 25 years if any loans for graduate or professional
- ✓ **Lowers payments for almost everyone because payments are based on a smaller portion of AGI**



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SAVE, cont.

Interest Benefit: If you make full monthly payment, but it's not enough to cover accrued interest, the government covers the rest of the accrued interest that month. This prevents your balance from growing due to unpaid interest.

The Saving on a Valuable Education (SAVE) Plan



Repayment Suggestions

- ✓ **If you borrowed \$15,000 or less and have a job right out of college:**
 - Standard Plan may be the best option
- ✓ **If you borrowed more than \$15,000 and your income is low:**
 - Graduated or Income-Driven plan may be the best option
 - **NOTE:** You will end up paying more in interest!
- ✓ **You can switch repayment plans!**



It's ok to pay more than the minimum amount due!



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Delinquency & Default

Delinquency Vs. Default

Delinquency:

Your monthly payment is not received by the due date

Default:

When you become 270 days delinquent in making payments



Not getting a bill does NOT mean you don't have to pay!

Consequences of Default

- ✓ **Entire unpaid amount becomes due and payable**
- ✓ **Account sent to collection agency**
- ✓ **Reported to credit bureaus** - negatively impacts credit
- ✓ **May be sued and forced to make payments, including collection fees and costs**
- ✓ **All or part of tax refund may be withheld**
- ✓ **Wages may be garnished**
 - Employer required to send payments to Direct Loans as part of your salary
- ✓ **Lose eligibility for federal student aid and loan deferment**



Deferment & Forbearance

Deferment

- ✓ **Temporary postponement of payment on a loan**
- ✓ **Interest generally does NOT accrue on Direct Subsidized Loans.** All other federal student loans that are deferred will continue to accrue interest.
- ✓ **Perkins Loans are with a different servicer - reach out to both when requesting deferment**



Contact Loan Servicer(s) for questions and assistance!

Forbearance

- ✓ **Monthly loan payments are temporarily suspended or reduced**
- ✓ **Interest continues to accrue on ALL loans**
- ✓ **Unpaid interest will be added (capitalized) to the principal balance of your loan(s)**



Contact Loan Servicer(s) for questions and assistance!



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Loan Consolidation

Federal Loan Consolidation

- / **Allows you to consolidate multiple federal loans into one loan**
- / **For more information, visit studentaid.gov**
 - Complete application and select repayment plan



You should NEVER
pay to consolidate!
It's FREE!

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Potential Benefits of Loan Consolidation

- ✓ **Interest Rate:** Fixed, weighted average (no cap)
- ✓ **One bill per month** (most have this anyway)
- ✓ **May have lower monthly payment due to increased time to repay** (up to 30 years)

Disadvantages of Loan Consolidation

- ✓ **Possibly pay more in interest**
- ✓ **Lose borrower benefits** (interest rate discounts, some loan cancellation benefits)
- ✓ **Any outstanding interest becomes part of the principle balance**

Loan Forgiveness

Teacher Loan Forgiveness

Up to \$5,000 forgiven if:

- / Teach full-time for 5 consecutive years as highly qualified teacher
- / In low-income elementary or secondary school **OR** low-income educational service agency

Up to \$17,500 forgiven if meet above criteria **AND**:

- / Full-time math or science teacher at secondary level, OR
- / Teacher with a primary responsibility to provide special education
- / Must be certified by Chief Administrative Officer



Visit studentaid.gov for more information!

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Public Service Loan Forgiveness (PSLF)

Forgives remaining balance on eligible direct loans after:

- 120 on-time payments (*doesn't need to be consecutive*)
- Under a qualifying repayment plan (*income-driven or standard plan*)
- While working full-time for a qualifying employer

PSLF Qualifying Employment

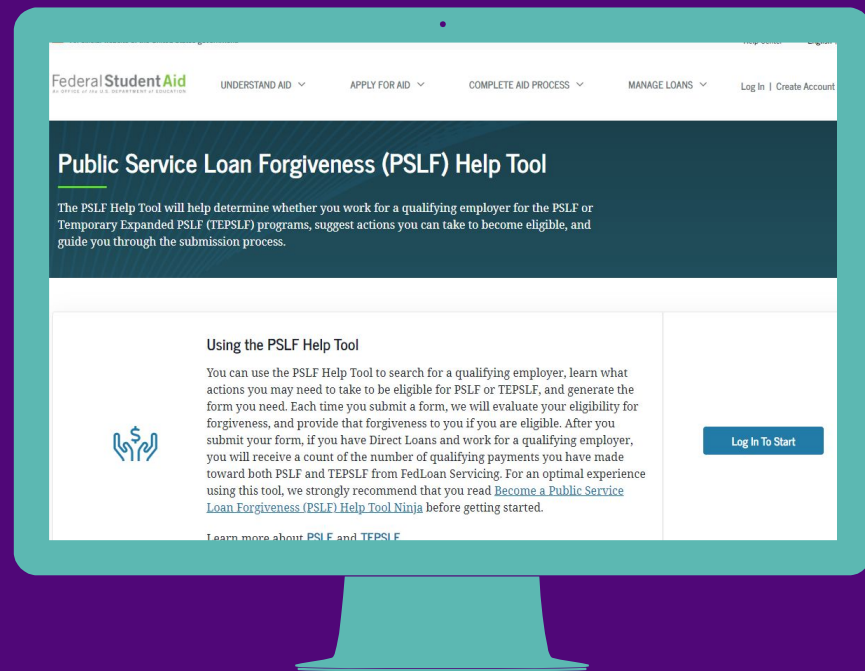
Qualifying employers:

- Government organization at any level
- Not-for-profit organizations that are tax-exempt
- Other types of not-for-profit organizations, if primary purpose is public service (this is rare)
- Serving as a full-time AmeriCorps or Peace Corps volunteer also counts as qualifying employment

Public Service Loan Forgiveness Help Tool

studentaid.gov/pslf

- ✓ Learn more about PSLF
- ✓ Search for a qualifying employer



Final Notes

Loan Servicer

- ✓ **Create online account with your Loan Servicer**
- ✓ **Stay in contact with your Loan Servicer!**
 - If they don't know you are struggling, they can't help!
- ✓ **Notify them of changes:**
 - Address
 - Phone number
 - Email
 - Employment status or changes in income

Don't Forget to Complete Exit Counseling Online!

Federal Loans: studentaid.gov

Perkins Loans: uasconnect.com

Questions?

Email: fin-aid@uni.edu

Phone: 319-273-2700
