

Financial Literacy:



Dealing with Student Debt



Financial Literacy: Dealing with Student Debt

Wayne State University
Office of Alumni Relations in partnership with the
Office of Student Financial Aid

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Presenter:
Financial Aid Administrator
Daisy Cordero, M.I.S.




Topics

- Locating your federal student loans
- Repayment plan options
- Loan forgiveness
 - Loan Consolidation
- Life with loans after school:
 - Grace, Deferment, and Forbearance



Locating Your Federal Student Loans




NSLDS STUDENT ACCESS
National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

- Financial Aid Review** View your federal loans, grants, and aid overpayments.
- Enrollment** View your current enrollment, or let NSLDS know about future enrollment.
- Subsidized Usage** View the status of your loans that are subject to subsidized usage limits.
- Your Contact Information** View or add your contact information.
- Exit Counseling** Complete exit counseling for your TEACH grant.
- Authorization** Authorize a loan servicer to view your information on the NSLDS Professional Access site.
- Glossary of Terms** Find definitions of the terms used on this site.
- Frequently Asked Questions** View answers to common questions about this website and your financial aid.
- Contact Us** Learn how to contact us.

 MyStudentData
Download

https://nslds.ed.gov/nslds/nslds_SA/



Repayment Plan Options

Standard

Graduated

Extended

Income-Sensitive

Income-Contingent

Income-Contingent
Pay As You Earn

Income-Based
Repayment

<https://studentaid.ed.gov/sa/repay-loans/understand/plans>



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Although you may select or be assigned a repayment plan when you first begin repaying your student loan, you can change repayment plans at any time—for free.

Contact your loan servicer if you would like to discuss repayment plan options or change your repayment plan. You can get information about all of the federal student loans you have received and find the loan servicer for your loans by logging in to "My Federal Student Aid."

- ✔ Use the *Repayment Estimator*
- ✔ Repay Your Direct Loans and Federal Family Education Loan (FFEL) Program Loans
- ✔ Repay Your Federal Perkins Loan
- ✔ Consolidate Your Loans

Quick Links

- > [Standard Plan](#)
- > [Extended Plan](#)
- > [Graduated Plan](#)
- > [Income-Driven Plans](#)
- > [Income-Sensitive Plan](#)

<https://studentaid.ed.gov/sa/repay-loans/understand/plans>



Public Service Loan Forgiveness

The Public Service *Loan Forgiveness* (PSLF) Program forgives the remaining balance on:

William D. Ford Federal Direct Loans (Direct Loans)
***Not* Federal Family Education Loans (FFEL)**

- After **120** qualifying monthly payments
- Under a **qualifying repayment** plan
 - IBR or PAYE can lower monthly payment amount
- While **working full-time** for a **qualifying employer**.



Public Service Loan Forgiveness

Qualifying Loans

- Effective for qualifying DIRECT Loan payments made on or after October 1, 2007
- Loans eligible for forgiveness are limited to:
 - Federal DIRECT Subsidized and Unsubsidized Loans
 - Federal DIRECT PLUS Loans
 - Federal DIRECT Consolidation Loans



Public Service Loan Forgiveness

Qualifying Employer

- In general, it's full-time employment in:
- 501(c)(3) organization that is exempt from taxation under section 501(a) of the Internal Revenue Code of 1986, **or**
- Government (federal, state, local, tribal) agency

Full-time employment is defined as greater of:

- 30 hours/week, **or**
- Employer's definition of full-time



Public Service Loan Forgiveness

Steps to Participate

- Consolidate FFEL loans in the Federal Direct Loan Program:
<https://studentloans.gov/myDirectLoan/index.action>
- Select either the IBR or PAYE payment plan
- Begin making payments – 120 months of payments **do not** have to be consecutive
- Maintain records of public service employment history

Loan amount forgiven is not treated as taxable income



Federal Student Loan Consolidation

- Not a repayment option
- Combines designated federal student loans into one new loan
 - Interest rate fixed
 - Interest rate is the weighted average of the rates on the loans being consolidated rounded up to the nearest one-eighth of one percent
- 120- to 300-month repayment term
 - Longer terms means increased interest paid
 - Can prepay
 - Can change federal approved repayment plans annually



Federal Student Loan Consolidation

Pros

- Reduce monthly loan payment
 - Increases monthly cash flow, but increases total cost of debt
- Single statement billing
 - Increases convenience
- Take advantage of fixed interest rate
- Take advantage of Public Service Loan Forgiveness



Federal Student Loan Consolidation

Cons

- May lose federal student loan benefits
 - Forgiveness options
 - Grace period
 - Some deferment options
 - Some loan cancellation options
- Lender benefits vary



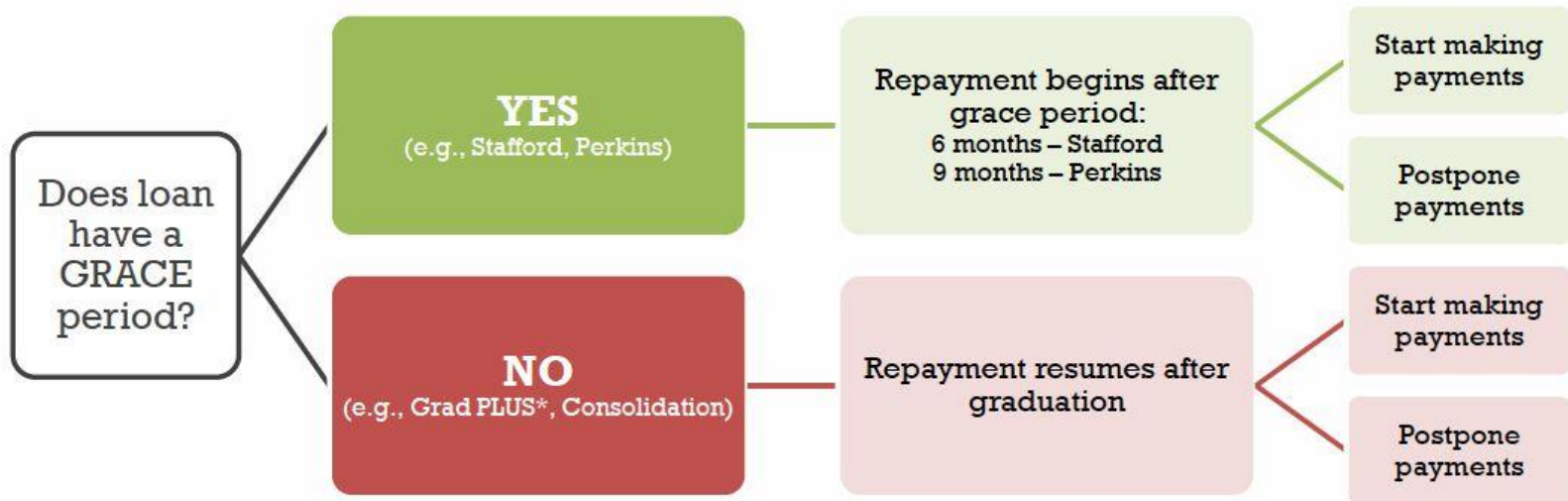
Grace, Deferment, and Forbearance

Definitions:

- Grace – six to nine months post-enrollment, no payments required
- Deferment – temporarily stops repayment
- Forbearance – temporarily stops or reduces payments



Grace Periods



*For Grad PLUS loans taken out after July 1, 2008, an in-school deferment is automatically placed on these loans for the first six months after graduation.

For Grad PLUS loans taken out prior to July 1, 2008, the borrower must request a discretionary forbearance to set repayment to begin six months after graduation.

Source: Tom Ramaeker, Inceptia, with Permission



Deferment Types

- In-school (at least half-time)
- Education-related
 - Graduate fellowship program (full-time)
 - Rehabilitation training program (full-time)
- Unemployment
- Economic hardship
- Military
 - Post-active duty
- Post-enrollment (Grad PLUS only)



Forbearance

- Responsible for all accrued interest
- Must request forbearance
- Must provide all requested documentation
- Mandatory forbearance may be available

Questions?

