



Student Loan Repayment

Wil Casaine

Executive Director of Financial Aid, Tutoring,
& The Center for Student Success at the College of New Jersey

April 2015

Student Loan Facts (As of July 2013)

- 57% of students graduate with loan debt
- Average student loan debt - \$24,301
- Standard Federal loan repayment period – 10 years
- Average monthly payment - \$248
- Repayment begins:
 - Loans prior to July 2012 – 6 months after graduation
 - Loans after July 2012 – Immediately after graduation



Information About Loans

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

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

PROUD SPONSOR of
the AMERICAN MIND®

Search StudentAid.gov

Prepare for College

Types of Aid

Who Gets Aid

FAFSA: Apply for Aid

Repay Your Loans

[Home](#) » [Repay Your Loans](#) » [Understanding Repayment](#) » Repayment Plans



Work with your **loan servicer** to choose a **federal student loan** repayment plan that's best for you. To make your payments more affordable, repayment plans can give you more time to repay your loans or be based on your income.

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.

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 using the [National Student Loan Data System \(NSLDS\)](#).

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

Use the Repayment Estimator

Before you contact your loan servicer to discuss repayment plans, you can use our [Repayment Estimator](#) to get an early look at which plans you may be eligible for and see estimates for how much you would pay monthly and

Quick Links

- > [Loan Consolidation](#)
- > [Avoiding Default](#)
- > [Forgiveness, Cancellation, and Discharge](#)

Resources



Federal Student Loan Programs
[VIEW FILE](#) >



Income-Based Repayment Plan
[VIEW FILE](#) >

Upon graduation the Office of Student Financial Assistance will reach out to you to complete your Exit Interview.

Federal Loan Deferment/Forbearance

- **Deferment:** allows students to temporarily postpone making payments on their loans
 - Government pays interest during deferment on subsidized loans, the student is responsible for interest on unsubsidized loans
 - Eligibility for deferment:
 - Half-time enrolled at postsecondary school
 - Taking part in an approved graduate fellowship or rehabilitation program
 - Unable to find full-time employment
 - Qualified for economic hardship
 - On active duty during war or other military operation
 - Member of the National Guard or other reserve component
- **Forbearance:** a temporary postponement or reduction of payments for a period of time because you are experiencing financial difficulty
 - Interest accrues on both subsidized and unsubsidized loans during forbearance
- Both can be granted in intervals of up to 12 months at a time for up to 3 years

Federal Loan - Defaults

- Wage Garnishment
- Take Your Tax Refund
- Revoke Professional License
- Take Your Federal Benefit (ie. Social Security)
- Ruin Your Credit
- Lawsuit
- Loan Debt Increases
- Cannot Released in Bankruptcy



Federal Loan – Repayment Options

- Standard
- Graduated
- Extended
- Income-Sensitive
- Income-Contingent
- Income-Based



Standard Repayment

- Equal monthly payments of at least \$50 for up to 10 years
- Example:
 - \$25,000 loan (at 6.8% for 10 years)
 - Monthly payment = \$287
 - Total interest paid = \$9,524
 - Total paid (principle + interest) = \$34,524



Graduated Repayment

- Monthly payments start lower and gradually increase over time for up to 10 years; will pay more in interest than Standard
- Example:
 - \$25,000 loan (6.8% for 10 years)
 - Monthly payments:
 - Years 1-2 = \$198
 - Years 3-4 = \$240
 - Years 5-6 = \$292
 - Years 7-8 = \$255
 - Years 9-10 = \$432
 - Total interest paid = \$11,389
 - Total paid (principle + interest) = \$36,389



Extended Repayment

- Monthly payments are fixed or gradually increase over 25 years for loan debt that exceeds \$30,000 in direct or FFELP loans
- Example:
 - \$30,000 (6.8% for 25 years)
 - Monthly payment = \$208
 - Total interest paid = \$32,466
 - Total paid (principle + interest) = \$62,466



Income-Sensitive Repayment

- Monthly payments are based on income and total loan amount for up to 10 years; for FFELP loans only
- Must reapply for this type of repayment plan yearly
- Example:
 - \$25,000 loan; gross monthly income of \$3000
 - Monthly payment = \$120 for year 1
 - Monthly payment = \$313 for years 2-10
 - Total interest paid = \$10,293
 - Total paid (principle + interest) = \$35,293



Income-Contingent Repayment (ICR)

- Monthly payments are based on income and family size for up to 25 years and any remaining amount is discharged; for Direct loans only
- Must reapply for this type of payment plan yearly
- Example:
 - \$25,000 loan
 - Monthly payment
 - \$218 initial payment
 - \$249 remaining payments
 - Total interest paid = \$14,421
 - Total paid = \$39,421
- Borrower is responsible for paying any taxes on the amount discharged



Income-Based Repayment (IBR)

- Payment won't exceed 15% of disposable income; designed to help borrowers with unmanageable payments relative to their income
 - Eligibility is based on AGI (Adjusted Gross Income), family size, and loan debt
- Must reapply for this type of repayment plan yearly
- Loan balance forgiven after 25 years and 300 eligible payments have been made
- Example:
 - \$25,000 loan
 - Monthly payments
 - First year payment = \$247
 - Maximum monthly payment = \$288
 - Total interest paid = \$10, 546
 - Total paid (principle + interest) = \$35,546



Loan Forgiveness

- Public Service Loan Forgiveness
- Teacher Loan Forgiveness
- Federal Employee Loan Forgiveness



Public Service Loan Forgiveness

- Borrower's who work for a public service employer may be eligible to have a portion of their direct loan debt forgiven after 120 qualifying monthly payments are made after October 1, 2007
- Public Service Organization
 - Federal, state, local or tribal government agency/organization
 - Public child or family service agency
 - Non-profit organization under section 501(c)(3)
 - A tribal college or university
 - A private organization that provides public services
- Qualifications:
 - Cannot be in default
 - Must be employed full time (30 hours/week)
 - Must make 120 qualified payments
 - These payments do not have to be consecutive, but must be separate, on-time, and full monthly payments
 - Payments must be made under IBR, ICR, or standard repayment plans

Loan Forgiveness for Teachers

- Borrowers who teach in an elementary or secondary school that is designated as low-income may be eligible to have a portion of their Stafford loan debt forgiven
- Qualifications:
 - Teach full-time for at least 5 consecutive years at a low-income school
 - Cannot be in default
 - Must be a “highly qualified” teacher
 - Obtained full state certification; bachelor’s degree; and demonstrate subject knowledge and teaching skills in reading, writing, math, or other basic elementary curriculum (for elementary teachers) or high level of competency in the subject area taught (for secondary teachers)
- Up to \$5000 in forgiveness for teachers who meet the qualifications on or after October 30, 2004
- Up to \$17,500 in forgiveness for “highly qualified” mathematics or science teacher in a secondary school or for “highly qualified” special education teachers in an elementary or secondary school

Federal Employee Loan Forgiveness

- Permits federal agencies to repay federal student loans as a recruitment or retention incentive for candidates or current employees of the federal agency



Your Responsibilities

- Stay on top of your loans
 - Inform each servicer of changes to your name, address, or telephone number
 - Discuss options with your servicer before failing to make a payment
 - Remember that you can change your repayment plan and due date (at least 1x annually)
 - If you have difficulty making payments, remember deferment and forbearance



Additional Help

- Federal Student Aid on the Web
 - Studentaid.ed.gov or studentloans.gov or nslds.ed.gov
- www.mymoney.gov
- www.jumpstart.org
- www.youcandealwithit.com
- www.studentloans.gov
- www.educationplanner.org
- www.mysmartborrowing.org



THANK YOU !