

Federal Loan Exit Counseling



Topics

- Federal Student Loan Basics
- Your Lender or ‘Servicer’
- Repayment options & Loan Forgiveness
- Consolidation
- Deferment and Forbearance
- Budgeting
- Consequences of Default
-

Federal Student Loan Pause

The student loan payment pause is extended to 60 days after the U.S. Department of Education debt relief program litigation is resolved OR June 30th 2023

....making 9/1/23 the expected new end date for the pause

The pause includes the following relief measures for eligible loans:

- a suspension of loan payments
- a 0% interest rate
- stopped collections on defaulted loans

Federal Student Loan Interest Rates

- Interest rates are fixed for the life of your loan.

Year	Direct Loan Interest Rate
2019-20	UG: 4.53% Grad: 6.08%
2020-21	UG: 2.75% Grad: 4.3%
2021-22	UG: 3.73% Grad: 5.3%
2022-23	UG: 4.9% Grad: 6.54%

Federal Student Loan Basics

- Subsidized Loans do not accrue interest while you are in school. Interest will begin to accrue at graduation.
- Unsubsidized Loans begin to accrue interest at disbursement.
- If you attend graduate school and are enrolled at least “half time” your loan payments are automatically deferred.
- Your Direct Unsubsidized Loan eligibility as a graduate student is \$20,500 per year. You may borrow a Graduate PLUS loan if you need more than \$20,500.



Your Loan Holder & Servicer

- For Direct Loans, your loan holder is the U.S. Department of Education.
- You are assigned a loan servicer by the Department.
- Find out details about your loan including who your servicer is by using your Federal Student Aid ID (FSA ID) to log in to <https://studentaid.ed.gov>
- Stay in contact with your servicer. Let them know if you change your name, address or phone number.



Studentaid.gov Dashboard

The screenshot displays the Studentaid.gov dashboard interface. At the top, it identifies itself as an official website of the United States government, with navigation links for 'Help Center' and 'English | Español'. The main navigation bar includes 'Federal Student Aid' (an office of the U.S. Department of Education) and four primary menu items: 'UNDERSTAND AID', 'APPLY FOR AID', 'COMPLETE AID PROCESS', and 'MANAGE LOANS'. A user profile icon is visible, with a dropdown menu open showing options: 'Dashboard', 'My Aid', 'Documents', 'Settings', 'Enrollment', and 'Log Out'. The 'MY AID' section features a large blue circular gauge showing a 'Loans Total Balance' of '\$18,986'. To the right, a list shows a principal of '\$18,986' and interest of '\$0'. Below this, it notes 'Loan information as of 04/04/2020' and provides a link to 'View loan servicer details'. The 'UPCOMING PAYMENT' section lists the servicer as 'DEPT OF ED/FEDLOAN SERVICING(PHE AA)' with a due date of '10/30/20' and a 'Pay on Servicer Website' button. At the bottom, there is a 'MY CHECKLISTS' section and a prompt to 'Estimate monthly payments and compare loan repayment plans'. The footer contains the URL 'https://studentaid.gov/dashboard' and the text 'NG FOR SCHOOL'.

An official website of the United States government. Help Center English | Español

Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION UNDERSTAND AID ▾ APPLY FOR AID ▾ COMPLETE AID PROCESS ▾ MANAGE LOANS ▾

Dashboard My Aid Documents Settings Enrollment Log Out

MY AID VIEW DETAILS >

Loans
\$18,986
Total Balance ⓘ

- \$18,986 Principal ⓘ
- \$0 Interest ⓘ

UPCOMING PAYMENT

SERVICER	DUE DATE
DEPT OF ED/FEDLOAN SERVICING(PHE AA)	10/30/20

Pay on Servicer Website

MY CHECKLISTS

Estimate monthly payments and compare loan repayment plans

https://studentaid.gov/dashboard NG FOR SCHOOL

FSA Loan Detail



LOANS SERVICED BY

DEPT OF ED/FEDLOAN SERVICING(PHEAA)



TOTAL BALANCE
\$18,986

NEXT PAYMENT ON
10/30/20

Pay on Servicer Website

REPAYMENT PLAN : Income-Contingent Repayment Plan (ICR)

HIDE DETAILS ^

Sort By

Loan Date

Subsidized Loan

UNIVERSITY OF ILLINOIS AT CHICAGO

LOAN DATE

9/3/08

LOAN STATUS

Forbearance

REPAYMENT PLAN

Income-Contingent
Repayment Plan (ICR)

INTEREST RATE

6.00%

TOTAL BALANCE

\$3,342

VIEW LOAN DETAILS >

Subsidized Loan

UNIVERSITY OF ILLINOIS AT CHICAGO

LOAN DATE

9/10/10

LOAN STATUS

Forbearance

REPAYMENT PLAN

Income-Contingent
Repayment Plan (ICR)

INTEREST RATE

4.50%

TOTAL BALANCE

\$482

Private Education Loans

- These loans will NOT appear on studentaid.ed.gov.
- The terms of these loans vary lender to lender. Ensure you have an understanding of your rights and responsibilities.
- If you do not have an online account with your loan provider, contact them to set up your access.
- You can also view these loans on your credit report.

Repayment

- Repayment begins 6 months after you drop below half time enrollment or graduate.
- The “default” repayment plan is the standard 10 year repayment.
- If you borrowed the ‘standard’ full eligibility in Federal Subsidized/Unsubsidized loans each year, you owe \$27,000.
- On the standard 10 year repayment plan your monthly payment would be about \$275.

Repayment Plans

- Standard
 - Up to 10 years to fully repay
 - Highest initial monthly payment & lowest total interest paid
- Graduated
 - Starts with interest only payments, payments gradually increase every 2 years
 - Tiered payment structure
 - Up to 10 years to fully repay
- Extended
 - You must have borrowed at least \$30,000 to qualify
 - Allows repayment term of up to 25 years depending on how much you borrow
 - Lowest monthly payment without considering income



Income-Driven Repayment Plan

- The remainder of your loan is forgiven (but taxable) if you make all of your payments on time during the repayment term for your Income Driven repayment plan.
- Documentation of income must be submitted annually to determine your monthly payment.
- Discretionary Income – The difference between your income and 150% of the poverty line for your family size and state of residence

Income Driven Repayment Options

Repayment Plan	Payment Amount	Payment Term
Income Based Repayment (IBR)	10% or 15% of your discretionary income. 15% if you borrowed for the first time after July 1 st 2014	20 or 25 Years. 25 years if you borrowed for the first time after July 1 st 2014
Income Contingent Repayment (ICR)	20% of your discretionary income	25 Years
Pay As You Earn (PAYE)	10% of your discretionary income.	20 Years
Revised Pay As You Earn (REPAYE)	10% of your discretionary income	20 years if all of your loans were used for undergraduate study. 25 years otherwise.

Applying for An Income Driven Repayment Plan

- Contact your Loan Servicer now if you plan to apply
- You will generally be asked to provide documentation of your income at least 30 days before you begin repayment
- You will be asked for the number of people in your household and your most recent tax return. If you did not file a tax return, your servicer will ask for most recent pay stubs.
- You must apply and provide documentation of your income annually



Sample Repayment Chart

Assumptions:

- \$50,000 Adjusted Gross Income with no dependents
- Living in New York State

Amount Borrowed	Standard Plan (10 Years) Month Payment	Standard Plan (10 Years) Total Interest	Graduated Plan (10 Years) Monthly Payment	Graduated Plan (10 Years) Total Interest	Extended Plan (25 Years) Monthly Payment	Extended Plan (25 Years) Total Interest	Pay As You Earn (PAYE) Monthly Payment	Pay As You Earn (PAYE) Total Interest
\$10,000	\$102	\$2,264	\$57 up to \$171	\$2,830	N/A	N/A	N/A	N/A
\$15,000	\$153	\$3,396	\$85 up to \$256	\$4,245	N/A	N/A	N/A	N/A
\$20,000	\$204	\$4,528	\$115 up to \$344	\$5,660	N/A	N/A	N/A	N/A
\$25,000	\$256	\$5,660	\$143 up to \$430	\$7,075	N/A	N/A	N/A	N/A
\$27,000	\$276	\$6,112	\$155 up to \$464	\$7,641	N/A	N/A	N/A	N/A
\$30,001	\$307	\$6,791	\$172 up to \$516	\$8,490	\$162	\$18,506	\$266 up to \$307 (124 months)	\$7,184
\$35,000	\$358	\$7,923	\$202 up to \$602	\$9,905	\$189	\$21,589	\$266 up to \$358 (134 months)	\$9,396
\$40,000	\$409	\$9,055	\$229 up to \$688	\$11,320	\$216	\$24,673	\$266 up to \$409 (146 months)	\$12,162

Loan Forgiveness Possibilities

- 10 Year Public Service Loan Forgiveness (PSLF)
 - If you work full-time for a qualifying public service organization and have reduced payments under an income based repayment plan the balance remaining after 120 qualifying payments could be forgiven.
- Teacher Loan Forgiveness
 - If you teach full-time for five complete and consecutive academic years in certain elementary and secondary schools and educational service agencies that serve low-income families, and meet other qualifications, you may be eligible for forgiveness of up to a combined total of \$17,500 on your Federal Direct Loans

Consolidation

- Combines all of your outstanding federal student loans into a single new loan with one servicer.
- There is no application fee to consolidate your federal education loans into a Direct Consolidation Loan.
- You will be assigned a fixed interest rate based on the weighted average interest rate of the loans you are consolidating.
- Outstanding interest becomes part of the original principal balance on your consolidation loan, which means that interest may accrue on a higher principal balance than might have been the case if you had not consolidated.

Postponing Loan Payments

Deferment	Forbearance
<ul style="list-style-type: none"> ● Must prove: <ul style="list-style-type: none"> ○ Economic hardship ○ You are In-school ○ Unemployment (Up to 3 years) ○ Military deployment <u>OR</u> Peace Corps/AmeriCorps ● Doesn't affect credit ● No interest accrual for Subsidized Federal Loans 	<ul style="list-style-type: none"> ● Granted at servicer's discretion ● Illness or financial hardships ● Interest still accrues ● Doesn't affect credit ● Makes sure you receive a confirmation from your loan servicer

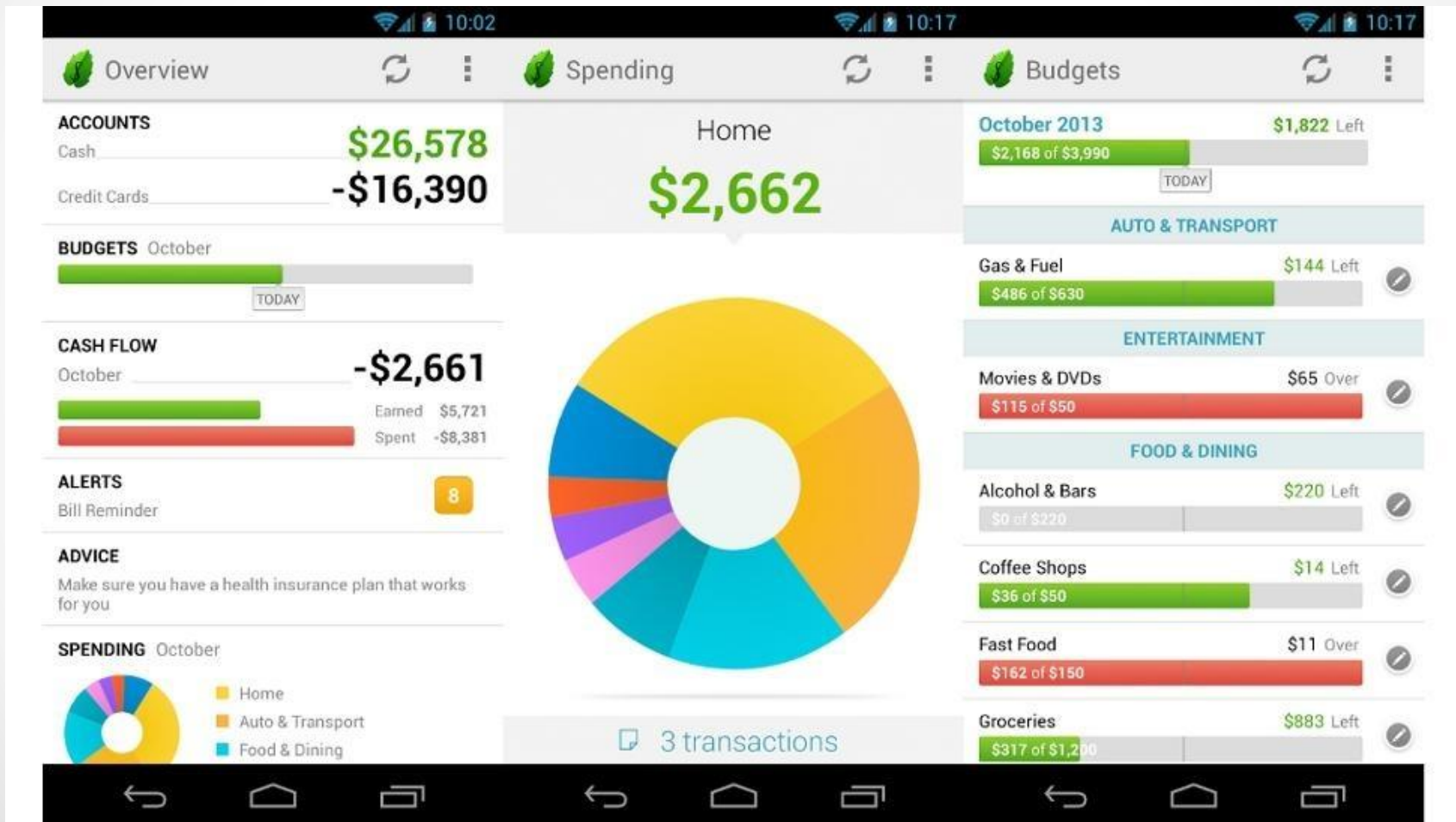
Capitalization

- Unpaid interest that has been added to the principal balance of a federal student loan.
- If you borrowed a \$2,000 Unsubsidized Loan at Fordham all 4 years as an Undergrad, you would have accrued about **\$325** that could be capitalized (not including the “pause”.)
- Interest is charged on the increased principal balance increasing the total amount you repay over the life of the federal student loan.
- Interest accrued is capitalized at repayment and at the end of a deferment/forbearance.

Budgeting

- Create your own unique monthly budget
- Know when all of your monthly payments are due
- Revise your budget over time
 - Some items you created may not be realistic
 - Your financial goals may change
- Use an App or [Google Sheet](#)
 - Mint is a great free budgeting app that helps you plan your expenses and even warns you if you are about to go over budget on a category.
 - Good Budget & PocketGuard are also great apps

Mint



Default

- If you are more than 60 days delinquent on payments you may be put into default
- The entire unpaid balance, including interest and collection fees will become due immediately.
- Requesting deferment or forbearance either online or with one phone call removes the risk of default if you fall behind on payments.

Consequences of Default

- Defaults are reported to national credit bureaus and remain in your file for seven years
- The federal government may collect the unpaid balance from federal and state income tax refunds and garnish your wages or state lottery winnings
- Federal education loans are usually exempt from bankruptcy
- You may be subject to legal action
- You become ineligible to receive additional federal or state financial aid

Points to Remember

- Stay in contact with your servicer. Do NOT avoid their calls. Just tell them you want a deferment/forbearance if you can't make your payment.
- Create a realistic monthly budget that includes all of your bill due dates and stick to it.
- You can change your repayment plan at any time and how ever many times you'd like.
- Log in to studentaid.gov to get personalized loan details and to find out who your servicer is.

Questions?

- Please complete an [online exit counseling session](#)
- You can reach our office and send any questions to financialaid@fordham.edu