



DIRECT LOAN EXIT COUNSELING GUIDE

FOR BORROWERS OF DIRECT LOANS AND FEDERAL FAMILY EDUCATION PROGRAM LOANS

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Federal Student Aid, an office of the U.S. Department of Education, ensures that all eligible Americans benefit from federal financial assistance—grants, loans and work-study programs—for education beyond high school. By championing the promise of post secondary education, we uphold its value as a force for greater inclusion in American society and for the continued vitality of America as a nation.



Need More Information, or Have a Comment?

If you are a borrower with questions about the Direct Loan Program or your Direct Loans, you should contact your loan servicer, or the websites or the offices described in the content of this publication.

If you have general questions about the federal student aid programs, you may call the Federal Student Aid Information Center (FSAIC) at

1-800-4-FED-AID (1-800-433-3243),
TTY (for the hard of hearing) 1-800-730-8913,
Locations without access to 800 numbers 1-334-523-2691.

You can email FSAIC at studentaid@ed.gov.

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TABLE OF CONTENTS

Introduction	1
Terms Used in this Guide.....	1
<i>Chart: Loan Holders and Servicers for Direct Loans and FFEL Program Loans</i>	2
Welcome to Exit Counseling	4
The Federal Student Loan Programs Covered in this Guide	4
Types of Direct Loans and FFEL Program Loans.....	5
<i>Chart: Types of Federal Student Loans</i>	5
Time Limitation on Direct Subsidized Loans	6
Interest Rates in the Direct Loan Program	7
Repayment	8
<i>Chart: Repayment Plan Options for Direct Loans and FFEL Program Loans</i>	9
<i>Chart: Flexible Repayment Plan Options for Direct Loans</i>	11
<i>Chart: Estimated Monthly Payments for Direct Loans and FFEL Program Loans</i>	12
Repayment Incentives.....	14
Navigating Repayment	14
Your Repayment Obligation—Avoiding Delinquency and Default	15
Strategies for Avoiding Delinquency and Default	16
Loan Consolidation.....	19
Loan Forgiveness and Discharge	20
Resolving Student Loan Disputes	21
Financial Planning and Debt Management.....	22
Your Credit and Identity.....	23
Helpful Resources.....	24
Student Contact Information and Acknowledgment	25
Your Rights and Responsibilities as a Borrower	27



Important!

You never have to pay for help with your student loans.

Free assistance with managing your loans is provided by your federal loan servicer.

There is a growing number of so-called commercial student loan debt relief companies that claim to offer assistance in managing your federal student loans for a fee. Despite what these companies claim, there's nothing a student loan debt relief company can do for you that you can't do yourself for free with the assistance of your federal loan servicer.

If you ever need assistance, the Department of Education and our federal loan servicers will help you at no cost!

For more information on avoiding loan scams, go to <https://StudentAid.ed.gov/sa/repay-loans/avoiding-loan-scams>.

If you're having problems managing your student loans contact your federal loan servicer or the Federal Student Aid (FSA) Ombudsman Group.

INTRODUCTION

This guide provides an overview of information you will need to successfully repay the federal student loan(s) that you've received to help pay for your college costs under the William D. Ford Federal Direct Loan (Direct Loan) Program and the Federal Family Education Loan (FFEL) Program. For more detailed information about many of the topics covered in this guide, see your Master Promissory Note (MPN). If you have an FFEL Program loan, you can find a copy of your Borrower's Rights and Responsibilities on your loan servicer's website.

For Direct Loans, you can find this statement by going to

<https://StudentLoans.gov/myDirectLoan/>

logging in, scrolling down the page, and selecting either the PDF version of the Master Promissory Note (MPN) for Direct Subsidized and Unsubsidized Loans, or the PDF version of the Federal Direct PLUS Loan Master Promissory Note (MPN) for a graduate/professional student.

Exit counseling can be completed on paper or on the web. Please check with your school to see how (paper or web) it expects you to fulfill the exit counseling requirement.



Warning!

Your federal student loan immediately becomes due and payable if your eligibility for the loan was established by making a false statement.

TERMS USED IN THIS GUIDE

Note: Throughout this guide, the words "we," "us," and "our" refer to the U.S. Department of Education. You will also frequently encounter the words "loan holder," "loan servicer," and "Master Promissory Note." To assist you, we provide the definitions for those and other terms within this publication.

You can find an expanded glossary of terms at <https://StudentAid.ed.gov/sa/glossary>.

Acceleration—Demand for immediate repayment of your entire federal student loan. The entire unpaid amount of your federal student loan becomes due and payable if you

- ◆ receive loan money, but don't enroll at least half-time at the school that determined you were eligible to receive the federal student loan;
- ◆ use your loan money to pay for anything other than expenses related to your education at the school that determined you were eligible to receive the federal student loan;
- ◆ make a false statement that causes you to receive a federal loan that you're not eligible to receive; or
- ◆ default on your federal student loan.

Direct Loan Exit Counseling Guide

Aggregate Loan Limit—A limit on the total amount of FFEL or Direct Subsidized Loans and/or Unsubsidized Loans that you may borrow for undergraduate and graduate study. If the total amount you receive over the course of your education reaches the aggregate loan limit, you will not be eligible to receive additional loans. However, if you repay some of your loans to bring your outstanding loan debt below the aggregate loan limit, you could then borrow again, up to the amount of your remaining eligibility under the aggregate loan limit.

Annual Percentage Rate (APR)—The actual yearly cost of borrowing money reflected as a percentage rate.

Capitalized Interest (Capitalization)—Unpaid interest that has been added to the principal balance of a federal student loan. Future interest is charged on the increased principal balance, and this may increase the amount of your monthly payment and the total amount you repay over the life of the federal student loan.

Federal Student Loan—In this guide, loans made under the Direct Loan Program, Federal Perkins Loan Program, and the Federal Family Education Loan (FFEL) Program.

Grace Period—For certain types of federal student loans, a period of time (generally six months) after you graduate or drop below half-time enrollment during which you are not required to make payments. The repayment period for your loan begins after the end of the grace period.

Interest—The cost of borrowing money. Interest is calculated as a percentage of the outstanding (unpaid) principal balance.

Loan Discharge (Cancellation)—The elimination of a loan debt under certain limited circumstances.

Loan Forgiveness—The elimination of a loan debt under one or more of the various Direct Loan forgiveness programs.

Loan Holder—The U.S. Department of Education is your loan holder. Your loan servicer will be different than your loan holder (see below).

Loan Servicer—An entity that collects payments on a federal student loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a loan holder. A loan servicer performs all servicing tasks on behalf of the U.S. Department of Education. A current listing of federal loan servicers for federally held loans made through the Direct Loan Program can be found at <https://StudentAid.ed.gov/sa/repay-loans/understand/servicers>.

Loan Holders and Servicers for Direct Loans and FFEL Program Loans		
	Direct Loan Program	Federal Family Education Loan Program ^{1, 2}
Who is the loanholder?	The U.S. Department of Education	A bank, school, other organization, or the U.S. Department of Education
Who is the loan servicer?	An organization assigned by the U.S. Department of Education Many organizations that service Direct Loans also service FFEL Program loans.	An organization assigned by the loan holder Many organizations that service FFEL Program loans also service Direct Loans.

¹ It's important to note that, while loans made under the FFEL Program were in many cases made by banks, they are not "private" student loans. Loans that were made under the FFEL Program have the same protections and most of the repayment options as loans made under the Direct Loan Program.

² The authority to make new FFEL Program loans ended June 30, 2010.

Principal—The loan amount you borrow plus any capitalized interest

Promissory Note—A legally binding agreement that contains the terms and conditions of the loans made under the note. Most federal student loans are made under a Master Promissory Note (MPN).



Master Promissory Note (MPN)

An MPN is a binding legal document that you must sign before receiving your first Direct Loan. The same MPN can be used to make one or more loans for one or more academic years (up to 10 years). Therefore, if you leave school and return, you may be able to receive additional loans without signing a new MPN. An MPN lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower. It's important to read your MPN and keep it in a safe place because you'll need to refer to it later when you begin repaying your loan or at other times when you need information about provisions of the loan, such as deferment or forbearance.



Identifying Your Loan Servicer

You can identify the servicer for your Direct Loan(s) by going to the National Student Loan Data System (NSLDS) website at www.nslds.ed.gov/nslds_SA/, and logging in with your FSA ID. The site will open to your Financial Aid History Page. Select one of your loans to see the loan detail. In the section labeled "Make a Payment" you'll find the loan servicer for that specific loan.

WELCOME TO EXIT COUNSELING

Who should use this guide?

Student borrowers who are graduating, leaving school, or dropping below half-time enrollment are required to complete exit counseling.

Why?

Exit counseling is required by law. Exit counseling provides important information that you will need as you prepare to repay your federal student loan(s). During exit counseling, you will review the terms and conditions that apply to your federal student loans.

How do I fulfill the exit counseling requirement?

Check with your school to see how (paper or on the web) it expects you to fulfill the exit counseling requirement.

Information you should have on hand for exit counseling:

1. Outstanding balance(s) on your federal student loan(s):
This information can be found at
<https://nslds.ed.gov/npas/index.htm>.
2. Names, addresses, email addresses, and phone numbers for
 - your next of kin,
 - two references who live in the United States, and
 - your employer or future employer (if known).

THE FEDERAL STUDENT LOAN PROGRAMS COVERED IN THIS GUIDE

Direct and FFEL Loans—Loans made under the William D. Ford Federal Direct Loan (Direct Loan) Program and the Federal Family Education Loan Program (FFEL Program) generally have the same terms and conditions. Depending on which loan program(s) the school(s) you attended participated in, you may have received Direct Loans, FFEL Program loans, or both.

William D. Ford Federal Direct Loan (Direct Loan) Program—Through the Direct Loan Program, the U.S. Department of Education provides loans to eligible students at participating schools. Direct Loans include the following: Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, TEACH Grants converted to Direct Unsubsidized Loans, and Direct Consolidation Loans. You repay your Direct Loan to the U.S. Department of Education.

Federal Family Education Loan (FFEL) Program—Federal student loans borrowed through private lenders and guaranteed by the federal government. FFEL Loans include the following types of federal student loans: Subsidized and Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans. You repay your FFEL Loan to the lender, secondary market, guaranty agency, or the U.S. Department of Education. If your FFEL Loan was sold to the U.S. Department of Education, you repay your FFEL Loan to the U.S. Department of Education. Note: The FFEL Program ended on June 30, 2010, and no new loans have been made under the FFEL Program after that date.

It's important to note that, while loans made under the FFEL Program were in many cases made by banks, they are not private student loans. Loans that were made under the FFEL Program have the same protections and most of the repayment options as loans made under the Direct Loan Program.

TYPES OF DIRECT LOANS AND FFEL PROGRAM LOANS

You may have received more than one type of loan under the Direct Loan Program or FFEL Program. Each loan type has its own terms and conditions, such as interest rates. In addition, the names you may see on the documentation for your loans may differ slightly from the naming in the chart below. For example, subsidized and unsubsidized loans are frequently called “Subsidized Stafford Loans, and Unsubsidized Stafford Loans.”

Types of Federal Student Loans (Excluding Consolidation Loans)			
	Direct and FFEL Subsidized Loans	Direct and FFEL Unsubsidized Loans	Direct and FFEL PLUS Loans
Who may receive this loan?	Undergraduate students with financial need	All students	PLUS loans are federal loans that graduate or professional students and parents of dependent undergraduate students can use to help pay for college or career school. PLUS loans can help pay for education expenses not covered by other financial aid.
When does the government pay my interest?¹	While you are enrolled, and for six months after you graduate or drop below half-time enrollment Deferment periods During certain periods of repayment under the Income-Based Repayment, Pay As You Earn, and Revised Pay As You Earn plans	You pay all interest charged over the course of your loan term.	You pay all interest charged over the course of your loan term.
When must I begin making payments?	Six months after you graduate or drop below half-time enrollment	Six months after you graduate or drop below half-time enrollment	Most PLUS Loans require you to start making payments six months after you leave school or drop below half-time enrollment. Graduate and professional student borrowers with Direct and FFEL PLUS Loans that were first disbursed on or after July 1, 2008, receive an automatic deferment while in school and a six-month deferment after they graduate, leave school, or drop below half-time enrollment.

¹ If you are a first-time borrower on or after July 1, 2013, and you exceed the limits described in *Time Limitation on Direct Subsidized Loans*, on page 6 of this guide, you (instead of the government) may become responsible for paying the interest that accrues on your Direct Subsidized Loans during all periods.

TIME LIMITATION ON DIRECT SUBSIDIZED LOANS

If you receive your first federal student loan after June 30, 2013, there is a limit on the maximum period of time (measured in academic years) that you can receive Direct Subsidized Loans.

If you continue to be enrolled in an undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period and did not complete the program or do not enroll in a longer program, you will have to pay the interest (with certain exceptions) that accrues on your Direct Subsidized Loans during all periods. This is called losing interest subsidy.

In general, you may not receive Direct Subsidized Loans for more than 150% of the published length of your program. This is called your “maximum eligibility period.”

Remember

- ◆ Loss of eligibility for Direct Subsidized Loans due to the time limitation has no impact on your eligibility for Direct Unsubsidized Loans.
- ◆ The periods of time that count against your maximum eligibility period are periods of enrollment (also known as “loan periods”) for which you received Direct Subsidized Loans.
- ◆ If you enroll in a new program that is longer than your previous program, you may regain eligibility to receive Direct Subsidized Loans.

For more information go to:

<https://StudentLoans.gov/myDirectLoan/directSubsidizedLoanTimeLimitation.action#additional.loss.eligibility>

Effect of continued enrollment as an undergraduate after reaching the time limit

If you continue to be enrolled in an undergraduate program after you have received Direct Subsidized Loans for your maximum eligibility period, you become responsible (with certain exceptions) for paying the interest that is accruing on your Direct Subsidized Loans. Your responsibility for paying the interest that accrues on your Direct Subsidized Loans begins on the date of your enrollment that follows your exhausting the 150 percent limit.

If you received Direct Subsidized Loans for your maximum eligibility period for one program and then enroll in a longer program, you will not become responsible for interest that accrues on your Direct Subsidized Loans after you begin the longer program and before you reach your maximum eligibility period (i.e., 150 percent of the published length of the longer program).

INTEREST RATES IN THE DIRECT LOAN PROGRAM

The interest rates on Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans are fixed rates that are calculated each year in accordance with formulas specified in the laws and regulations that set the terms and conditions of Direct Loans.

When the rates are calculated, they apply to all loans for which the first disbursement is made during the period beginning on July 1 of one year and ending on June 30 of the following year. Each loan you receive over the course of your education may have a different fixed interest rate, depending on when the loan is first disbursed, the loan type, and whether you are an undergraduate student or a graduate or professional student.

Each type of loan has a maximum fixed interest rate (or cap). The maximum interest rates are

- ♦ 8.25% on Direct Subsidized Loans made to undergraduates¹ and Direct Unsubsidized Loans made to undergraduates;
- ♦ 9.50% on Direct Unsubsidized Loans made to graduate students; and
- ♦ 10.50% on Direct PLUS Loans made to graduate and professional students, and parents of dependent undergraduate students.

¹ Graduate and professional students are not eligible for Direct Subsidized Loans.



How interest accrues

Direct Loans are "simple daily interest" loans. This means that interest accrues daily. The amount of interest that accrues per day is calculated by dividing the interest rate on your loan (as a decimal) by the number of days in a year, and then multiplying that by the outstanding principal balance of the loan.

For example, on a \$10,000 Direct Unsubsidized Loan with a 6.8% interest rate, the amount of interest that accrues per day while the loan has an outstanding balance of \$10,000 is \$1.86, calculated as follows:

$$(0.068 / 365) \times \$10,000 = \$1.86$$

How You Can Find the Interest Rates on Your Loans

You can find the interest rates for your Direct Loans and FFEL Program loans by going to the National Student Loan Data System (NSLDS) website at <https://nslds.ed.gov/nps/index.htm>, and logging in with your FSA ID. The site will open to your Financial Aid History page and you will see a record of the loans you've received. By selecting one of the loans, you will be able to see the loan detail, including the interest rate for that loan.

REPAYMENT

What is repayment?

Repayment is the process of satisfying your obligation to pay back the money you borrowed to help you pay for your education.

For Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans as a graduate or professional student the repayment period begins when your grace period ends (see page 2). Direct PLUS Loans for parent borrowers enter repayment when they are fully disbursed (paid out), but parents may defer (postpone) making payments while their child is enrolled in school at least half-time and for an additional six months after your child graduates, leaves school or drops below half-time enrollment.

What determines the rules of my repayment?

You repay your loan according to a repayment plan that you choose through your federal loan servicer. The repayment plan you choose determines the amount you pay each month and the number of payments you must make.

When do I need to start making payments?

You are not required to make payments while you are enrolled at least half time at an eligible school or (for most loan types) during the first six months after you leave school or drop below half-time enrollment.

How long do I have to repay my loan?

The maximum time period over which you must repay your federal student loan is the repayment period. The repayment period can range from 10 years to 30 years, depending on your repayment plan and other factors. By keeping your repayment period as short as possible and by making your payments on time, you reduce the amount of interest you pay over the life of the loan.



Did you know?

Direct Subsidized Loans and Direct Unsubsidized Loans are eligible for a six-month grace period that generally begins on the day after you graduate, leave school, or drop below half-time enrollment.

Direct PLUS Loans qualify for a six-month post-enrollment deferment after you graduate, leave school, or drop below half-time enrollment. You're not required to make payments during the grace period or the six-month post-enrollment deferment period.

Repayment Plan Options for Direct Loans and FFEL Program Loans

Repayment Plans	Eligible Loans	Monthly Payment and Time Frame	Eligibility and other Information
Traditional Repayment Plans			
Standard Repayment Plan	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments are a fixed amount that ensures your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).	All borrowers are eligible for this plan. You'll usually pay less over time than under other plans. Standard Repayment Plan with a 10-year repayment period is not a good option for those seeking Public Service Loan Forgiveness (PSLF). Standard Repayment Plan for Consolidation Loans is not a qualifying repayment plan for PSLF.
Graduated Repayment Plan	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments are lower at first and then increase, usually every two years, and are for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans).	All borrowers are eligible for this plan. You'll pay more over time than under the 10-year Standard Repayment Plan. Generally not a qualifying repayment plan for PSLF.
Extended Repayment Plan	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans all Consolidation Loans (Direct or FFEL)	Payments may be fixed or graduated, and will ensure that your loans are paid off within 25 years.	You must have more than \$30,000 in outstanding Direct Loans. Your monthly payments will be lower than under the 10-year Standard Repayment Plan or the Graduated Repayment Plan. You'll pay more over time than under the 10-year Standard Repayment Plan. Not a qualifying repayment plan for PSLF.

What are my options if my federal student loan payments are high compared to my income?

Direct Loans

If your federal student loan payments are high compared to your income, you may want to repay your loans under an income-driven repayment plan (Direct Loan) or an income-sensitive plan (FFEL Program Loans).

Most Direct Loans are eligible for at least one income-driven repayment plan. If your income is low enough, your payment could be as low as \$0 per month.

The Direct Loan Program offers four income-driven repayment plans:

- ◆ Revised Pay As You Earn Repayment Plan (REPAYE Plan)
- ◆ Pay As You Earn Repayment Plan (PAYE Plan)
- ◆ Income-Based Repayment Plan (IBR Plan)
- ◆ Income-Contingent Repayment Plan (ICR Plan)

These plans are designed to make your student loan debt more manageable by reducing your monthly payment amount. If you'd like to repay your federal student loans under an income-driven plan, you need to fill out an application.

FFEL Program Loans

The Income-Sensitive Repayment Plan is available to low-income borrowers who have Federal Family Education Loan (FFEL) Program loans.

The following FFEL Program loans are eligible for the Income-Sensitive Repayment Plan:

- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans
- FFEL PLUS Loans
- FFEL Consolidation Loans

Under the Income-Sensitive Repayment Plan, your monthly payments increase or decrease based on your annual income and payments are made for a maximum period of 10 years.

If you have FFEL Program loans owned by the U.S. Department of Education, contact your loan servicer. If you have FFEL Program loans that are not owned by the U.S. Department of Education, contact your lender. If you are not sure who owns your loans, visit the National Student Loan Data System (NSLDS*) to find out.



Did you know?

You can make payments during your grace period to prevent interest from accruing and reduce the amount of interest that may be capitalized when you enter repayment. You can find out how much you can save by contacting your loan servicer.

If you took out a private student loan, you may have to begin making payments while you're still in school. Contact the holder of that private student loan immediately to arrange payment.



Remember!

Choose the repayment plan that's right for you. You can select and change your repayment plan at any time. Contact your loan servicer to find out what repayment plans are available to you.

If you do not select a repayment plan, your loan servicer will place you on the Standard Repayment Plan with fixed payments over a maximum of 10 years.

Flexible Repayment Plan Options for Direct Loans

Repayment Plans	Eligible Loans	Monthly Payment and Time Frame	Eligibility and Other Information
Income-Driven Repayment Plans			
Revised Pay/As You Earn Repayment Plan (REPAYE)	<p>Direct Subsidized and Unsubsidized Loans</p> <p>Direct PLUS loans made to students</p> <p>Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents</p>	<p>Your monthly payments will be 10 percent of discretionary income.</p> <p>Payments are recalculated each year and are based on your updated income and family size.</p> <p>If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions).</p> <p>Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years.</p>	<p>Any Direct Loan borrower with an eligible loan type may choose this plan.</p> <p>Your monthly payment can be more than the 10-year Standard Repayment Plan amount.</p> <p>You may have to pay income tax on any amount that is forgiven.</p> <p>A good option for those seeking Public Service Loan Forgiveness (PSLF).</p>
Pay/As You Earn Repayment Plan (PAYE)	<p>Direct Subsidized and Unsubsidized Loans</p> <p>Direct PLUS loans made to students</p> <p>Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents</p>	<p>Your maximum monthly payments will be 10 percent of your discretionary income.</p> <p>Payments are recalculated each year and are based on your updated income and family size.</p> <p>If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return.</p> <p>Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years.</p>	<p>You must be a new borrower on or after October 1, 2007, and must have received a disbursement of a Direct Loan on or after October 1, 2011.</p> <p>You must have a high debt relative to your income.</p> <p>Your monthly payment will never be more than the 10-year Standard Repayment Plan amount.</p> <p>You'll pay more over time than under the 10-year Standard Repayment Plan.</p> <p>You may have to pay income tax on any amount that is forgiven.</p> <p>A good option for those seeking Public Service Loan Forgiveness (PSLF).</p>
Income-Based Repayment Plan (IBR)	<p>Direct Subsidized and Unsubsidized Loans</p> <p>Subsidized and Unsubsidized Federal Stafford Loans</p> <p>All PLUS loans made to students</p> <p>Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents</p>	<p>Your monthly payments will be 10 or 15 percent of discretionary income.</p> <p>Payments are recalculated each year and are based on your updated income and family size.</p> <p>If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return.</p> <p>Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years.</p>	<p>You must have a high debt relative to your income.</p> <p>Your monthly payment will never be more than the 10-year Standard Repayment Plan amount.</p> <p>You'll pay more over time than under the 10-year Standard Repayment Plan.</p> <p>You may have to pay income tax on any amount that is forgiven.</p> <p>A good option for those seeking Public Service Loan Forgiveness (PSLF).</p>
Income-Contingent Repayment Plan (ICR)	<p>Direct Subsidized and Unsubsidized Loans</p> <p>Direct PLUS Loans made to students</p> <p>Direct Consolidation Loans</p>	<p>Your monthly payment will be the lesser of</p> <ul style="list-style-type: none"> • 20 percent of your discretionary income, or • the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. <p>Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans.</p> <p>If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse.</p> <p>Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years.</p>	<p>Any Direct Loan borrower with an eligible loan type may choose this plan.</p> <p>Your monthly payment can be more than the 10-year Standard Repayment Plan amount.</p> <p>You may have to pay income tax on any amount that is forgiven.</p> <p>A good option for those seeking Public Service Loan Forgiveness (PSLF).</p> <p>Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a Direct Consolidation Loan.</p>
Income-Sensitive Repayment Plan	<p>Subsidized and Unsubsidized Federal Stafford Loans</p> <p>FFEL PLUS Loans</p> <p>FFEL Consolidation Loans</p>	<p>Your monthly payment is based on your annual income.</p> <p>Up to 15 years</p>	<p>You'll pay more over time than under the 10-year Standard Repayment Plan.</p> <p>The formula for determining the monthly payment amount can vary from lender to lender.</p>

Estimated Monthly Payments for Direct Loans and FFEL Program Loans

Non-Consolidation Borrowers¹

Debt When Loan Enters Repayment	Standard		Extended Fixed		Extended Graduated		Graduated	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$58	\$6,904	N/A	N/A	N/A	N/A	\$40	\$7,275
10,000	115	13,809	N/A	N/A	N/A	N/A	79	14,550
25,000	288	34,524	N/A	N/A	N/A	N/A	198	36,375
50,000	575	69,048	347	104,109	284	112,678	396	72,749
100,000	1,151	138,096	694	208,217	568	225,344	792	145,498

Debt When Loan Enters Repayment	Income Contingent ² Income = \$25,000				Income-Based ² Income = \$25,000			
	Single		Married/HOH ³		Single		Married/HOH ³	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$37	\$8,347	\$36	\$11,088	N/A	N/A	\$39	\$8,005
10,000	75	16,699	71	22,158	110	13,672	39	16,061
25,000	186	41,748	178	55,440	110	45,014	39	60,754
50,000	372	83,322	356	110,880	110	90,028	39	121,508
100,000	744	166,644	712	221,760	110	180,056	39	243,016

Consolidation Borrowers⁴

Debt When Loan Enters Repayment	Standard		Extended Fixed		Extended Graduated		Graduated	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$61	\$7,359	N/A	N/A	N/A	N/A	\$38	\$7,978
10,000	121	14,611	N/A	N/A	N/A	N/A	76	15,956
25,000	303	36,525	N/A	N/A	N/A	N/A	190	39,891
50,000	606	73,050	394	118,264	344	126,834	344	126,834
100,000	1,212	146,100	788	236,528	688	253,668	688	286,305

Debt When Loan Enters Repayment	Income Contingent ² Income = \$25,000				Income-Based ² Income = \$25,000			
	Single		Married/HOH ³		Single		Married/HOH ³	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
\$5,000	\$40	\$9,414	\$38	\$12,294	N/A	N/A	\$39	\$7,818
10,000	80	18,828	77	24,587	110	17,638	39	22,414
25,000	201	47,069	189	61,588	110	59,451	39	52,725
50,000	402	94,138	378	123,176	110	118,902	39	105,450
100,000	804	188,276	756	246,352	110	237,804	39	210,900

¹ Payments were calculated using a fixed interest rate of 6.8% for Direct Subsidized and Unsubsidized Loans disbursed on or after July 1, 2006.

² Assumes a 5% annual income growth (Census Bureau).

³ HOH is Head of Household. Assumes a family size of two.

⁴ Payments are calculated using the maximum interest rate for consolidation loans, 8.25%.

Information contained on these pages reflects the most current data in the NSLDS database. The data contained on this site is for general information purposes and should not be used to determine eligibility.



Compare Repayment Plans Online

You can get estimates of your monthly payments for each repayment plan. Use your FSA ID to login to the Repayment Estimator at <https://StudentLoans.gov/>.

What if I want to pay off my loan early?

You may prepay all or part of your federal student loan(s) at any time without a penalty.

If you intend any additional funds you send your servicer to be used to pay down your principal, you must instruct your loan servicer of your intention or the servicer will apply the funds to future scheduled payments.

What happens if I return to school?

If you return to school on at least a half-time basis before the end of your six-month grace period, your loans will return to in-school status. You won't have to make payments until six months after you graduate, again leave school, or drop below half-time enrollment.

If you return to school on at least a half-time basis after your six-month grace period has ended, you'll qualify for an in-school deferment and won't have to make payments while you remain enrolled at least half-time. However, when you graduate, again leave school, or drop below half-time enrollment, your in-school deferment will end, and you'll be required to begin making payments right away.

What if I'm called to active duty military service?

Active duty military service for more than 30 days in a reserve component of the U.S. armed forces is not counted as part of your grace period. Specifically, active duty service, as well as the time necessary for you to reenroll in school after your active duty service ends, is excluded from your grace period. However, a period that is excluded from your grace period may not exceed three years.

If the call or order to active duty occurs while you are in school and requires you to drop below half-time enrollment, the start of your grace period will be delayed until after the end of the excluded period described above. If the call or order to active duty occurs during your grace period, you will receive a full six-month grace period at the end of the excluded period.

REPAYMENT INCENTIVES

Interest rate reduction for payments made with automatic withdrawal

The Automatic Debit payment option allows your loan servicer to automatically deduct your monthly payment from your checking or savings account. Under the automatic debit payment option, on your loans that are owned by the Department, you receive a 0.25% interest rate reduction during periods of repayment.



Did you know?

A lender in the FFEL Program may offer other incentives for making on-time payments or having payments automatically deducted from your savings or checking account.

Contact your loan servicer for more information.

NAVIGATING REPAYMENT

Where do I send my payments?

In the Direct Loan Program, each loan you obtain is assigned to a federal loan servicer, who handles payments and other administrative functions. The Department will make every effort to assign all your Direct Loans to a single servicer.

In the FFEL Program, you may send payments to and interact directly with your loan holder, or your loan holder may have assigned your federal student loan to a loan servicer.

In most cases, you will send your payment to your loan servicer. If you do not know who your loan servicer is, visit the National Student Loan Data System (NSLDS) at <https://nslds.ed.gov/>.

If you do not have a loan servicer, you will send your payments to your loan holder. Almost all loan servicers allow you to make your payment online.

When should I contact my loan servicer?

Contact your loan servicer if you

- ♦ fail to begin classes at the school that determined you were eligible to receive your loan,
- ♦ do not begin classes as at least a half-time student for the loan period certified by your school,
- ♦ drop below half-time enrollment during the semester or term,
- ♦ transfer schools,
- ♦ leave school,
- ♦ graduate,

- ◆ change your name, address, or phone number,
- ◆ need help making your monthly federal student loan payments,
- ◆ want to change or select a repayment plan, or
- ◆ are called to active duty with the U.S. armed forces for more than 30 days.

How do I change my repayment plan?

Contact your loan servicer to select or change your repayment plan. Your loan servicer can explain which repayment plans are available to you. However, if you do not select a repayment plan, your loan servicer will place you on the Standard Repayment Plan with fixed payments over a maximum of 10 years.

YOUR REPAYMENT OBLIGATION—AVOIDING DELINQUENCY AND DEFAULT

Repayment of your federal student loan is a serious financial obligation. When you make payments on time, you begin establishing a credit history that will affect your future eligibility to obtain loans for the purchase of a car or home. When you apply for a job, employers often use your credit history as a way to measure how you meet your responsibilities and your ability to establish and stick to a plan.

Falling behind on your federal student loan payments can have major consequences:

- ◆ Your federal student loan becomes delinquent the first day after you miss (fail to make) a payment that is due.
- ◆ If a federal student loan is delinquent for 270 days, it goes into default.

Loans on which payments are delinquent and loans that are in default are reported to national credit agencies.

Allowing your loan to become delinquent or to go into default can have negative consequences for many areas of your life.

What are the consequences for my federal student aid?

- ◆ You will lose your eligibility for loan deferments and forbearances, and your eligibility to choose from among the available repayment plans.
- ◆ You will not be eligible for additional federal student aid if you return to school.

What are the consequences for my career and future income?

- ◆ You may be required to immediately repay the entire unpaid amount of your loan. This process is known as acceleration.
- ◆ You may not be eligible for certain types of employment.
- ◆ Your loans may be turned over to a collection agency, and you will have to pay additional charges, late fees, and collection costs.
- ◆ You may have part of your income withheld by the federal government. This is known as wage garnishment.
- ◆ Your federal and state income tax refunds may be withheld and applied to your debt. This is known as a tax offset.



Important!

If your account remains delinquent, your loan servicer will send you warning notices reminding you of your repayment obligation. Contact your loan servicer if you think you will have trouble making your payments or won't be able to pay on time.

Allowing your federal student loans to go into default can increase the amount you will have to pay back because fees and penalties will be added to the balance due.

What are the consequences for my credit rating?

- ◆ Your credit score will be damaged.
- ◆ You may have difficulty qualifying for credit cards, car loans, or mortgages and will be charged much higher interest rates.
- ◆ You may have difficulty signing up for utilities, getting car or homeowner's insurance, or getting a cell phone plan.
- ◆ You may have difficulty getting approval to rent an apartment (credit checks may be required).



Alert

Although your credit history is not taken into account in determining your eligibility for direct subsidized loans and direct unsubsidized loans, your credit history will be affected if you do not repay your federal student loans under the repayment plan you agree to when you enter repayment.

STRATEGIES FOR AVOIDING DELINQUENCY AND DEFAULT

Finish your program and graduate

When you graduate, you are more likely to increase your employability, career options, and potential income. However, making smart choices about your occupation and career path can also ensure you have the resources to meet your federal student loan obligations.



Did you know?

It's important to graduate! According to U.S. Census Bureau Data, the average college graduate with a four-year degree earns almost \$1 million more over a lifetime than a high school graduate.

**Remember!**

You must make payments on your federal student loan even if you do not receive a bill or repayment notice. You are also responsible for staying in touch with your loan servicer.

Pay on time

It is very important that you make your federal student loan payments on time. Contact your loan servicer if you think you will have trouble making your payments or won't be able to pay on time.

Stay in touch with your loan servicer

Visiting your servicer's website using their online payment options and signing up for electronic correspondence can help ensure that you never miss a letter or bill. Open all your mail and read everything about your federal student loan(s). Contact your loan servicer before you miss a payment on your federal student loan(s). Your loan servicer can explain your repayment options so you can avoid missing a payment. If you are not sure of your loan servicer, for this and other information about your loans, please visit <https://nsls.ed.gov/npas/index.htm>.

Select a more appropriate repayment plan

One way to avoid default is to lower your monthly payments by changing to a different repayment plan. Some repayment plans have a monthly payment based on your income. You are never charged a fee to change repayment plans on your federal student loans.

If lowering your monthly payment is not an option or you are experiencing only a temporary problem repaying your loans, you may be able to temporarily postpone or lower your payments by applying for deferment or forbearance.

Deferment

If you are having temporary problems repaying your federal student loans, contact your loan servicer to see if you are eligible for deferment. A deferment allows you to temporarily stop making payments on your federal student loans. If you have Direct Subsidized Loans and have not exceeded 150 percent of the published length of your program, you are not charged interest on those loans during deferment. You are never charged a fee for applying for a deferment on your federal student loans.

Note: Interest will continue to be charged during deferment on your Direct Loans or FFEL Unsubsidized and PLUS Loans. If you do not pay this interest during the deferment, it will be capitalized at the end of the deferment.

You may qualify for a deferment if you are

- ♦ enrolled at least half time at an eligible postsecondary school;
- ♦ in a full-time course of study in a graduate fellowship program;
- ♦ in an approved full-time rehabilitation program for individuals with disabilities;
- ♦ unemployed or unable to find full-time employment (for a maximum of three years);
- ♦ experiencing an economic hardship (including Peace Corps service) as defined by federal regulations (for a maximum of three years);
- ♦ serving on active duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
- ♦ performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 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 you are called or ordered to active duty under certain circumstances: (1) while you are enrolled at least half time at an eligible school; (2) within six months of having been enrolled at least half time during the 13 months following the conclusion of your active duty service; or (3) until you return to enrolled student status on at least a half-time basis, whichever is earlier.

Forbearance

If you are having temporary problems repaying your federal student loans and are not eligible for a deferment, contact your loan servicer to see if you are eligible for forbearance. A forbearance is another method of temporarily postponing or reducing loan payments. You are never charged a fee for applying for a forbearance on your federal student loans.

You may be granted a forbearance if you meet one of the following requirements:

- ♦ You are unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.
- ♦ You are serving in a medical or dental internship or residency program and you meet specific requirements.
- ♦ The total amount you owe each month for the Direct Loans and FFEL Loans you received is 20 percent or more of your total monthly gross income (for a maximum of three years).
- ♦ You are serving in an approved AmeriCorps position.
- ♦ You are performing a teaching service that would qualify for loan forgiveness under the requirements of the Teacher Loan Forgiveness Program.
- ♦ You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense.
- ♦ You are called to active duty in the U.S. armed forces.

Note: Interest will continue to be charged during a forbearance on all types of loans. If you do not pay this interest, it will be capitalized at the end of the forbearance.



Did you know?

Periods of deferment and forbearance do not count toward the maximum length of time you have to repay your federal student loans, except for periods while on Economic Hardship Deferment, under the income-driven repayment plans.

For more information on deferment and forbearance, visit
<https://StudentAid.ed.gov/sa/repay-loans/deferment-forbearance>.

LOAN CONSOLIDATION

A Direct Consolidation Loan may help make payments more manageable by combining several federal student loans into one loan with one monthly payment. You need to apply for loan consolidation and choose a repayment plan. Depending on the amount of your federal student loans and the repayment plan you choose, you have between 10 and 30 years to repay your Direct Consolidation Loan. (Private education loans are not eligible for consolidation, but they may be taken into account when determining your maximum repayment period under certain repayment plans.)

The interest rate for Direct Consolidation Loans is fixed. The fixed rate is the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest 1/8 of 1 percent. There is no cap on the interest rate on a Direct Consolidation Loan that is made based on an application received on or after July 1, 2013. To learn more, visit <https://studentaid.ed.gov/sa/repay-loans/consolidation>.

How can consolidation help me manage my debt?

Loan consolidation can offer you benefits to help manage your education debt. Through consolidation, you can

- ◆ make lower monthly payments by increasing your repayment period, and
- ◆ make a single monthly loan payment on one bill to one lender.

As with other types of student loans, you may prepay a Direct Consolidation Loan without penalty and may change repayment plans if you find that your current plan no longer meets your needs.

Is there a downside to consolidation?

Although consolidation can help many students manage their monthly payments, there are some cases when a Direct Consolidation Loan may not be right for you:

- ◆ You may lose repayment incentives on loans made under the FFEL Program that you consolidate.
- ◆ Any outstanding interest on the loans you consolidate will be capitalized immediately upon consolidation.
- ◆ Because Direct Consolidation Loans can have a repayment period of up to 30 years, you may be increasing the total amount you have to pay in interest.
- ◆ If you're paying your current loans under an income-driven repayment plan, or if you've made qualifying payments toward Public Service Loan Forgiveness, consolidating your current loans will cause you to lose credit for any payments made toward income-driven repayment plan forgiveness or Public Service Loan Forgiveness.
- ◆ If you consolidate Perkins Loans, you lose eligibility for cancellation benefits that are available only for Perkins Loans, and you also lose eligibility for Perkins Loan interest subsidy benefits.

LOAN FORGIVENESS AND DISCHARGE

Under certain circumstances, you may have all or a portion of your federal student loans forgiven or discharged. Contact your loan servicer for details. If you are unsure of your loan servicer, please visit www.nslds.ed.gov/nslds_SA/ for information pertaining to your loans.

Loan forgiveness programs

Teacher Loan Forgiveness

You are eligible for Teacher Loan Forgiveness if you teach full time at certain elementary or secondary schools or educational service agencies that serve low-income students.

This program forgives up to \$5,000 (up to \$17,500 for highly-qualified teachers in certain subject areas) of your subsidized and unsubsidized loans (not PLUS Loans), provided you teach for five consecutive years as a highly-qualified teacher. For more information, visit <https://StudentAid.ed.gov/sa/repay-loans/forgiveness-cancellation/teacher>.

Public Service Loan Forgiveness (PSLF)

(Available to Direct Loan Borrowers Only)

PSLF forgives all of your remaining Direct Loan debt after you have made the 120 qualifying payments. To be eligible for PSLF, you must be

- ♦ making payments under a qualifying repayment plan; and
- ♦ working full-time at a qualifying public service organization while making 120 qualifying monthly payments.

For more information, visit <https://StudentAid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>.

Loan discharge

School-related discharge

Your loans may be discharged if

- ♦ your school closed before you could complete your program,
- ♦ your school falsely certified your loan eligibility,
- ♦ your school signed your name without your authorization,
- ♦ your school failed to refund all or a portion of your federal student loans to the loan servicer when it was required by law to do so, or
- ♦ your federal student loan was falsely certified as a result of identity theft.

Total and permanent disability discharge

If you become totally and permanently disabled as defined in federal regulations and meet certain other requirements, your loan may be discharged. For more information, please visit <https://StudentAid.ed.gov/sa/repay-loans/forgiveness-cancellation/disability-discharge>.

Death

If you die, or if you are a parent borrower of a PLUS Loan and the student for whom you obtained the loan dies, you may be eligible for a discharge.



Remember!

Federal loans are not generally included in debts eliminated under personal bankruptcy. Contact your loan servicer to discuss federal student loan repayment.

RESOLVING STUDENT LOAN DISPUTES

If you think there might be an issue with your federal student loan, first collect and review all of your loan paperwork, then identify and document what you think the problem is. Call your loan servicer to discuss the issue. A current listing of federal loan servicers can be found at StudentAid.gov/servicer. If you don't know your servicer, see *Identifying Your Loan Servicer* on page 3.

The Ombudsman

If you are unable to resolve the issue by working with your loan servicer, then, as a last resort, you may contact the Federal Student Aid (FSA) Ombudsman Group for assistance. The FSA Ombudsman Group works with federal student loan borrowers to resolve disputes or issues from an impartial, independent viewpoint. Contact information is below:

FSA Ombudsman Group
P.O. Box 1843
Monticello, KY 42633

Toll Free Phone: 1-877-557-2575

You can find additional information about the Federal Student Aid Ombudsman Group at <https://StudentAid.ed.gov/sa/repay-loans/disputes/prepare>.

If you would like additional information to guide you through the problem resolution process, you can visit the section <https://StudentAid.ed.gov/sa/repay-loans/disputes>.

FINANCIAL PLANNING AND DEBT MANAGEMENT

Every successful aspect of your life requires planning, whether it is planning a weekend or planning a year-long project. Personal financial planning might be the most important of all because it can help secure your future.

Budgeting

The first important step in planning your finances is to create a monthly budget that includes what you will earn, spend, and owe. Having a budget that you stick to will make you much more knowledgeable about your finances and about money in general.

Knowing exactly where your money is going every month can help you avoid falling further into debt and can help you see future financial issues before they arise. If you include the loan payments you will have to make under the various repayment options available to you, you can determine the repayment plans that offer payments you will be able to afford. Then you can choose the repayment plan that best helps you meet your goals (e.g., getting out of debt as quickly as possible).

Set short- and long-term goals:

- ♦ Pay off credit card debt.
- ♦ Buy a car without having to borrow.
- ♦ Pay off your student loans.

Save:

- ♦ Take advantage of any retirement savings plan offered by your employer, especially any matching plan. Increase automatic deposits when you get a raise.
- ♦ Start a private savings plan. As your budget becomes more familiar to you, you will be able to come up with new ways to squeeze savings out of your monthly income. Saving just \$10 per week at 3% interest adds up to \$6,000 in 10 years.
- ♦ Set up automatic deposits from your paycheck.

Create a monthly spending plan and spend wisely:

- ♦ Gather details on your income and expenses.
- ♦ Set monthly spending limits.
- ♦ Pay with money you have, and track whether you exceed your spending limits.
- ♦ Pay your credit card balance in full each month.
- ♦ Pay your bills on time.

Take advantage of education-related tax incentives:

- ♦ Stay up-to-date on federal tax deductions for education-related expenses and on interest you pay on your federal student loans.
- ♦ Learn about tax credits for education-related expenses while attending school.