

Federal Student Loan Repayment Plan Tip Sheet

- ▶ Check the National Student Loan Data System (NSLDS) for your total federal debt history.

<http://www.nsls.ed.gov>

This central database lists each of your federal loans, the holder/servicer, amount, interest rate and current loan status.

- ▶ Determine loans in grace and those immediately in repayment. Process deferments as needed.

Immediate repayment is required for: undergraduate loans for which grace was used, prior consolidation loan, Graduate PLUS loans.

- ▶ Determine the value of your lender's incentives, if still applicable & available.

If you consolidate your loans, you will lose any repayment incentives offered by your lender. To determine if it is beneficial to consolidate or not, confirm if your lender intends to honor any repayment incentives that may have been offered at the time you selected your lender. If so, estimate the value to you if you will qualify for them. Be clear on what might cause you to lose eligibility for the benefits, such as a late payment.

- ▶ Use different online calculators to estimate the total cost of various repayment strategies for your total loan debt.

<http://studentaid.ed.gov/PORTALSWebApp/students/english/OtherFormsOfRepay.jsp>

<http://www2.ed.gov/offices/OSFAP/DirectLoan/calc.html>

<http://www.finaid.org/calculators/> (under "Loans")

<http://www.salliemae.com/apps/SMCalcs/RCW/content/index.aspx>

- Consolidation vs separate monthly payments
- Multiple servicers vs one
- Total costs (including interest) under different payment plans

Consider:

- Prepayment at any time without penalty.
- Total loan cost/interest paid under Income Based Repayment (IBR) plan vs payment under Standard plan (if affordable)
- Potential tax liability for loan forgiveness under IBR or for 1040 married filing separately for IBR.

- ▶ Pay unsubsidized interest before capitalization during grace, if possible.

At capitalization the unpaid interest becomes principal, increasing the total debt. Contact your lender/servicer to determine how much interest is owed. Find out when the capitalization will be done and what the procedure is to pay the interest beforehand.

Note: This also applies to periods of deferment and forbearance.

- ▶ Process deferment forms, if needed, and the consolidation application, if selected, in a timely manner. Deferment forms are available from your loan holder/servicer.

<http://www.loanconsolidation.ed.gov>

- Deferment - plan 30 days to process (Submit form ASAP so loan status doesn't become delinquent.)
- Consolidation - plan 60 days to process (Start appl. at month 5 of grace; private loans are ineligible.)

- ▶ Investigate forgiveness programs and the federal repayment program, if applicable.

<http://www.finaid.org/loans/forgiveness.phtml>

<http://www.finaid.org/loans/publicservice.phtml>

<http://www.opm.gov/oca/pay/studentloan/>

- ▶ Take advantage of your education tax benefits.

<http://www.finaid.org/otheraid/tax.phtml>

- ▶ Review these sites for general information: <http://studentaid.ed.gov>

<http://www.finaid.org>

<http://www.direct.ed.gov/>