

# Loan Repayment Planning Worksheet

Date:

Think of your federal student loans as your “**EDUCATION MORTGAGE.**”

- It is the financing you’ve borrowed to make this important investment in yourself.
- The good news is that this “**mortgage**” is flexible and should not prevent you from being able to obtain a conventional mortgage to buy a home if you are **STRATEGIC** about planning for repayment of this unique form of debt.

## Federal Student Loans (Direct/FFEL) are a very flexible form of credit.

- You should never have to miss a payment or default on FFEL/Direct Loan(s).
  - **Payment relief options** exist (including postponing repayment temporarily using a *deferment* or *forbearance*, or reducing your monthly payment) that provide financial “**safety nets**” if you are experiencing financial hardship.
  - *Simply contact your loan servicer **BEFORE** you miss the scheduled payment and explain why you need help.*
- Payments can be less than **15%** of your household’s monthly Adjusted Gross Income (AGI) if you choose the repayment plan that would give you the lowest possible monthly payment. *Payments could be less than **10%** of your household’s monthly AGI if you are a “new borrower” and, therefore, eligible for the “Pay As You Earn” (PAYE) or new “10% IBR” repayment plans.*
  - **Flexible** payment options are available for FFEL/Direct student loans including **income-driven repayment plans**:
    - Pay As You Earn (PAYE)
    - Income-Based Repayment (IBR) – *both the new 10% option and the original 15% option*
    - Income-Contingent Repayment (ICR)]
  - These income-driven plans base your monthly loan payment on a percentage of your household’s adjusted gross income (AGI), NOT the amount of your student loan debt. No other form of credit offers this flexibility.
  - As such, these income-driven options can limit the possible monthly debt-to-income ratio impacts that could reduce your ability to borrow money for other purposes such as buying a home.
- Federal student loan debt could be gone within 25 years or less even if it is not fully repaid.
  - Portion of debt could be forgiven if not fully repaid if using an income-driven repayment plan.
  - Portion of qualifying debt could be forgiven in 10 years if working in a qualifying public service position.
- There are **NO penalties for prepayments** on federal student loans.
  - You have the right to make payments before they are required or to pay extra amounts without any penalty if your goal is to reduce the total interest paid and/or to get the debt paid off more quickly.

**Remember, no other form of credit offers this much flexibility or financial safety during repayment.**

- **Consider how you can LEVERAGE the flexibility and financial “safety nets” built into your federal student loans in order to successfully repay your educational debt without sacrificing your career aspirations or postponing the achievement of your other financial goals.**
- Note that it may not be in your best interest financially to pay off your federal student loans as fast as possible if you have “better” alternative uses for your extra funds from an “**OPPORTUNITY COST**” perspective. Saving and/or investing those “extra funds” for the future could be a better use of that money due to the unique nature of federal student loans (FFEL/Direct).
- So be strategic! Think about your **FINANCIAL GOALS** and estimate your monthly **BUDGET** so that you can determine how much you can afford to pay on your loans each month. Then use the following four steps to help develop your loan repayment plan.
- **SAVE TIME AND MONEY** – Sign up for “**Auto-Pay**” – The U.S. Department of Education currently offers to reduce the interest rate by **0.25%** on Direct Loans and any other federal student loans it owns if you sign up with your loan servicer to have your monthly loan payments on these loans automatically deducted from a checking or savings account.

*Note that all information provided here is advisory and subject to change in federal law/federal regulation.*

## STEP 1. Review your loan history

You should know the following information about each student loan you have borrowed:

- Type of student loan
- Interest rate
- Amount owed (*principal loan balance + accrued interest*)
  - *Note that interest is accruing as “SIMPLE” interest until loan enters/re-enters repayment--it is not compounding, i.e., interest is not accruing on the accrued interest, while in school. Accrued interest capitalizes (i.e., is added to principal loan balance) when loan enters/re-enters repayment.*
- Loan servicer and how to contact them
- Date loan will enter or re-enter repayment and current status of the loan
- Available repayment options (if any) and how much you would have to pay each month under each available plan

You can obtain this information about your **FEDERAL** student loans from the **National Student Loan Data System** at: [NSLDS.ed.gov](https://nslds.ed.gov).  
Check your credit report at: [Annual Credit Report.com](https://annualcreditreport.com) for information about any **PRIVATE** student loans you may have borrowed.

## STEP 2: Determine when repayment begins

(More information is available at: [StudentAid.gov](http://StudentAid.gov) and at [StudentLoans.gov](http://StudentLoans.gov).)

Expected graduation/separation date: \_\_\_\_\_

LOAN TYPE	START OF REPAYMENT	COMMENTS
<b>Direct Student/Stafford</b> (Subsidized and Unsubsidized)		<ul style="list-style-type: none"> <li><b>AUTOMATIC 6-MONTH GRACE PERIOD</b> before loan repayment begins.</li> </ul>
<b>Grad PLUS Loans</b> (1 <sup>st</sup> disbursed on/after 7/1/2008)		<ul style="list-style-type: none"> <li><b>NO GRACE PERIOD.</b> <ul style="list-style-type: none"> <li>Loan enters repayment when it is fully disbursed.</li> <li>It is in an <b>automatic "in-school deferment"</b> while you are in school.</li> <li>Loan becomes eligible for an <b>automatic "6-month post-enrollment DEFERMENT"</b> once you are no longer enrolled at least half time to align repayment of the loan with that of the Direct/Stafford Loans you borrowed during the same period of enrollment.</li> <li>Servicers currently are allowed to apply this post-enrollment deferment automatically (without a request from you).</li> <li>You may want to contact your loan servicer just prior to graduation to verify that you will receive this deferment automatically.</li> <li>Interest continues to accrue on your Grad PLUS Loans as "simple" interest until the end of this deferment and then is capitalized (added to the principal loan balance).</li> </ul> </li> </ul>
<b>Perkins</b>		<ul style="list-style-type: none"> <li><b>AUTOMATIC 9-MONTH GRACE PERIOD</b> before loan repayment begins. <ul style="list-style-type: none"> <li>Also has 6-month post-deferment grace period (contact servicer for details).</li> </ul> </li> </ul>
<b>HPSL/LDS/NSL/PCL</b>		<ul style="list-style-type: none"> <li><b>AUTOMATIC GRACE PERIOD OF _____ months.</b></li> </ul>
<b>Consolidation</b>		<ul style="list-style-type: none"> <li><b>NO GRACE PERIOD.</b> <ul style="list-style-type: none"> <li>Loan enters repayment as soon as it is fully disbursed. It is in an automatic in-school deferment while you are in school. Repayment resumes on the loan when you graduate and in-school deferment ends. <b>See below for payment relief options.</b></li> </ul> </li> </ul>
<b>Other federal</b>		
<b>Institutional</b>		
<b>Private</b>		

### What if you cannot afford to make your minimum monthly loan payment?

- You should not have to miss a monthly payment on your federal student loans. Payment relief options likely are available if you cannot afford to pay what is due.
- You must TAKE ACTION immediately**—contact your loan servicer before you miss the payment and explain why you cannot afford to make that payment. This will allow them to evaluate what option will best provide the needed payment relief.
- If you follow all required steps in obtaining payment relief it should not negatively impact your credit history nor should it prevent you from getting payment relief at some future point in time, if needed.
- Contact your loan servicer(s) for more information.

### PAYMENT RELIEF OPTIONS

Allows you to:	<p><b>Temporarily postpone repayment or reduce the amount you are required to pay each month once your loan is in repayment, if eligible.</b></p> <ul style="list-style-type: none"> <li><b>DEFERMENT</b> temporarily postpones monthly payments, if eligible. Six deferment options currently are available to borrowers as of 7/1/2003. Subsidized loans typically are subsidized during periods of deferment.</li> <li><b>FORBEARANCE</b> is an option when experiencing <i>financial hardship</i> if you don't qualify for a deferment. Payments are postponed or reduced. No interest subsidy.</li> <li><b>Choose or switch to a different repayment plan</b>—For example INCOME-BASED REPAYMENT (IBR) or PAY AS YOU EARN (PAYE) may provide the payment relief you need without using deferment or forbearance if your household adjusted gross income (AGI) is low. You may receive some interest subsidy on subsidized Stafford Loans if the amount of your required monthly IBR or PAYE payment does not cover all the interest accruing on your subsidized Stafford Loans during the first 3 consecutive years you are in repayment.</li> </ul>
To apply:	<p><b>Contact the loan servicer BEFORE you miss a payment and explain WHY you need payment relief to determine what option best meets your needs.</b></p> <ul style="list-style-type: none"> <li>Complete required application materials.</li> <li>Continue making required monthly loan payments until notified otherwise by loan servicer.</li> </ul>
When to apply:	<b>As soon as you realize you need payment relief (and before you miss a scheduled payment).</b>

### ACTION PLAN:

## STEP 3: Estimate monthly payments and select your repayment plan

(More information is available at: [StudentLoans.gov](http://StudentLoans.gov).)

- Estimate your monthly payments on your federal student loans using the “**Repayment Estimator**” at: [StudentLoans.gov](http://StudentLoans.gov).
- Your loan servicer(s) will contact you approximately 30 days before your loan(s) are scheduled to enter/re-enter repayment with information about the repayment options. You then must inform them of the plan you want to use. If you do not do so, they must automatically put your loans on the “**Standard**” **10-year (fixed) Repayment Plan**.
- You have the right to change from one plan to another at least every 12 months, if needed, by contacting your loan servicer(s).
- You also have the right to make prepayments without penalty. Contact your loan servicer(s) for more information.

Following chart describes the current repayment plans available for repaying **Federal Direct/Stafford Student Loans, Federal Grad PLUS Loans and Federal Consolidation Loans**. More details also are available from your loan servicer(s).

REPAYMENT PLANS <i>Stafford/Direct Student, Grad Plus and Consolidation Loans</i>		MAXIMUM PAYMENT PERIOD	PLAN DESCRIPTION
Based on DEBT	<b>Standard</b> <i>(fixed payments)</i> <i>PSLF eligible</i>	120 months (10 years)	<ul style="list-style-type: none"> <li>• Fixed payments based on amortizing total debt over 120 months.</li> <li>• Servicer must put loans on this plan if you do not choose a different repayment option.</li> <li>• Results in the highest initial monthly payment of all available plans but also has the lowest total amount of interest paid.</li> </ul>
	<b>Graduated</b> <i>(graduated payments)</i>	120 months (10 years)	<ul style="list-style-type: none"> <li>• Payments are adjusted incrementally over time based on amortizing debt over 120 months.</li> <li>• Payments start out low, but ultimately are higher than under the Standard Plan.</li> </ul>
	<b>Extended – Fixed</b> <i>(fixed payments)</i>	300 months (25 years)	<ul style="list-style-type: none"> <li>• Fixed payments based on amortizing total debt over 300 months.</li> <li>• Payments tend to be about 30% less than under the Standard 10-year repayment plan.</li> </ul>
	<b>Extended – Graduated</b> <i>(graduated payments)</i>	300 months (25 years)	<ul style="list-style-type: none"> <li>• Payments are adjusted incrementally over time based on amortizing debt over 300 months.</li> <li>• Initial payments equal interest-only amount, but end up higher than Extended Fixed Plan.</li> </ul>
Based on INCOME	<b>Pay As You Earn (PAYE)<sup>1</sup></b> <i>(And new “10% IBR” plan for new borrowers as of 7/1/14)</i> <i>(Direct Loans only)</i> <i>PSLF eligible</i>	240 months* (20 years) <i>*Debt remaining after 20 years is cancelled (amount cancelled is taxable)</i>	<ul style="list-style-type: none"> <li>• <b>You must be a “New Borrower” as of October 1, 2007 and have had a disbursement of a Federal Direct Loan on or after October 1, 2011 to be eligible for PAYE (must be “new borrower” as of 7/1/2014 for new “10% IBR” plan).</b></li> <li>• Payments based on <b>10%</b> of your household’s annual “Discretionary Income” as defined by the U.S. Department of Education.</li> <li>• Adjusted annually based on the following four (4) factors:                             <ul style="list-style-type: none"> <li>○ Household AGI (<i>includes spouse’s income only if you file a joint federal tax return</i>)</li> <li>○ Household size</li> <li>○ Federal poverty guideline established annually by the U.S. Department of Health and Human Services (HHS)</li> <li>○ State of residence</li> </ul> </li> <li>• Must have a “<b>Partial Financial Hardship</b>” (PFH) to initially enter PAYE or 10% IBR plan.</li> <li>• PAYE and 10% IBR plans can only be used to repay Federal DIRECT Loans. They cannot be used to repay FFELP, Perkins, HPSL, LDS or NSL student loans (but these loans can be consolidated in the Direct Consolidation Program to make debt eligible if you otherwise meet the “new borrower” requirements of the associated plan).</li> </ul>
	<b>Income Based (IBR)<sup>1</sup></b> <i>PSLF eligible</i>	300 months* (25 years) <i>*Debt remaining after 25 years is cancelled (amount cancelled is taxable)</i>	<ul style="list-style-type: none"> <li>• Payments based on <b>15%</b> of your household’s annual “Discretionary Income” as defined by the U.S. Department of Education.</li> <li>• Adjusted annually based on the same four (4) factors used in PAYE and 10% IBR plans.</li> <li>• Must have a “<b>Partial Financial Hardship</b>” (PFH) to initially enter this plan (same as above).</li> <li>• No “new borrower” eligibility requirements.</li> </ul>
	<b>Income Contingent (ICR)<sup>1</sup></b> <i>(Direct Loans only)</i> <i>PSLF eligible</i>	300 months* (25 years) <i>*Debt remaining after 25 years is cancelled (amount cancelled is taxable)</i>	<ul style="list-style-type: none"> <li>• Payments typically are equal to no more than <b>20%</b> of your household’s annual “Discretionary Income” as defined by the U.S. Department of Education.</li> <li>• Adjusted annually based on the factors similar to those used for PAYE and IBR.</li> <li>• You do NOT need to have a “Partial Financial Hardship” (PFH) to enter the plan.</li> <li>• No “new borrower” eligibility requirements.</li> </ul>

<sup>1</sup> To apply for PAYE, IBR or ICR, you must complete the “**Income-Driven Repayment Plan Request**” at [StudentLoans.gov](http://StudentLoans.gov) no more than 30 days prior to when the loan(s) enter or re-enter repayment if you want to use one of these income-driven repayment plans to repay your eligible federal student loans. You also must reapply for the income-driven plan you are using every 12 months.

REPAYMENT PLAN <i>Perkins, HPSL, LDS, NSL, PCL</i>	MAXIMUM PAYMENT PERIOD	PLAN DESCRIPTION
Standard <i>(fixed payments)</i>	120 months (10 years)	<ul style="list-style-type: none"> <li>• Fixed payments are equal to the greater of:                             <ul style="list-style-type: none"> <li>○ amortizing the total loan amount owed over 120 months, or</li> <li>○ minimum monthly payment requirement for that program.</li> </ul> </li> <li>• Estimated payment(s) =</li> </ul>

### ACTION PLAN:

## STEP 4: Evaluate if you need to consolidate any of your federal loans

(More information is available at: [StudentLoans.gov](http://StudentLoans.gov).)

- Consolidation is the **REFINANCING** of one or more existing federal student loans (not the “COMBINING” of loans).
- You are borrowing a new education loan—a **Federal Direct Consolidation Loan**—to pay off one or more of your existing federal student loans when you consolidate federal loans.
- All federal student loans except the Primary Care Loan (PCL) are eligible to be refinanced through the Federal Direct Consolidation Program. *Private loans currently cannot be consolidated in this program.*
- **Consolidation, however, does not get you a better interest rate or lower the cost of the debt.**
  - Interest rate is fixed
    - Equals weighted average of interest rates of loans being consolidated **then rounded up to nearest 1/8<sup>th</sup> percent.**
    - The rounding up of the weighted average calculation will increase the interest expense on the debt by a small amount; you also may end up paying more total interest over the life of repayment if you take longer to repay the loans you consolidate.
  - Apply for a Federal Direct Consolidation Loan online at: [StudentLoans.gov](http://StudentLoans.gov)
    - Loans being consolidated must be in grace, repayment, deferment or forbearance.
    - You must include at least one Federal Family Education Loan (FFEL) or Federal Direct Loan in the consolidation. As such, if you are consolidating Perkins/HPLS/LDS/NSL loan(s) you must include at least one FFEL or Direct loan in the consolidation.
    - You will be asked to select the company you want to use to service your new Federal Direct Consolidation Loan (options are FedLoan Servicing, Great Lakes, Navient or Nelnet) when completing the application—*suggest you use the same servicer that is currently servicing your existing Federal Direct Loans.*
    - The loan servicer you choose will process your consolidation application.
    - Processing of your application could take up to 60 days.
    - You can opt to delay funding of your new consolidation loan until near the end of any remaining grace period.
    - You can borrow multiple consolidation loans, but must apply for them one at a time and can only have one application in process at a time.
    - You can add eligible federal loans to an existing Federal Direct Consolidation Loan during the first 180 days after the consolidation loan has been funded; *contact the servicer of your Consolidation Loan for more information.*
  - Consolidation loans enter repayment as soon as they are funded; they do NOT have a grace period.
  - Repayment options are the same as for Direct Student (Stafford) and Grad PLUS Loans.

### CONSOLIDATION – Refinancing option for eligible federal student loans

Allows you to:	<ul style="list-style-type: none"> <li>A. Refinance multiple eligible federal student loans into a new, single federal student loan with a single lender and single servicer for increased convenience during repayment.</li> <li>B. Refinance non-Direct [e.g., FFEL/Perkins loan(s)] in the Federal Direct Loan Program so that the debt can qualify for PAYE/10% IBR as well as the Public Service Loan Forgiveness (PSLF) program.</li> <li>C. Refinance Stafford loan(s) borrowed prior to July 1, 2006 that have a VARIABLE interest rate into a FIXED-rate Federal Direct Consolidation Loan.</li> <li>D. Obtain a longer repayment period than would otherwise exist based on your total student loan debt if you need to reduce the monthly payment and no other repayment options work for you (including the Extended Repayment Plan).</li> <li>E. Release an endorser from an existing Grad PLUS Loan by refinancing that loan with a Federal Direct Consolidation Loan (approval of a Consolidation Loan is not subject to the adverse credit criteria of the Grad PLUS Loan).</li> <li>F. Refinance Federal Direct Loans borrowed before 10/1/2007 so that the debt is now part of a Federal Direct Consolidation Loan that was disbursed after PSLF became available on 10/1/2007.</li> <li>G. Refinance Perkins Loans so that you can take advantage of the 0.25% interest rate reduction that currently is offered to borrowers who repay their Direct Loans using the AUTO-PAY feature.</li> </ul>
To apply:	<ul style="list-style-type: none"> <li>• <b>Go to:</b> <a href="http://StudentLoans.gov">StudentLoans.gov</a></li> </ul>
When to consolidate:	<ul style="list-style-type: none"> <li>• <b>When loan(s) are in grace, repayment, deferment or forbearance.</b></li> </ul>

### ACTION PLAN:

# Interest Rate Chart—Federal Student Loans

(More information is available at: [StudentAid.gov](http://StudentAid.gov) and at [StudentLoans.gov](http://StudentLoans.gov).)

LOAN TYPE	UNDERGRAD/GRAD-PROF	DATE OF 1 <sup>ST</sup> DISBURSEMENT	INTEREST RATE
Subsidized/Unsubsidized Direct/FFEL (Stafford) Loans	Undergrad/Grad-Prof	July 1, 1998-June 30, 2006	VARIABLE RATE (Effective 7/1/2014 thru 6/30/2015) 1.73% (in-school, grace, deferment) 2.33% (in repayment, forbearance)
Subsidized Direct/FFEL (Stafford) Loans	Undergrad	July 1, 2006 – June 30, 2008	6.8% (fixed)
		July 1, 2008 – June 30, 2009	6.0% (fixed)
		July 1, 2009 – June 30, 2010	5.6% (fixed)
		July 1, 2010 – June 30, 2011	4.5% (fixed)
		July 1, 2011 – June 30, 2013	3.4% (fixed)
Unsubsidized Direct/FFEL (Stafford) Loans	Undergrad	July 1, 2006 - June 30, 2013	6.8% (fixed)
<b>Subsidized and Unsubsidized Direct (Stafford) Loans</b>	<b>Undergrad</b>	July 1, 2013 – June 30, 2014	3.86% (fixed)
		<b>July 1, 2014 – June 30, 2015</b>	<b>4.66% (fixed)</b>
Subsidized Direct/FFEL (Stafford) Loans	Grad-Prof	July 1, 2006 – June 30, 2012	6.8% (fixed)
<b>Unsubsidized Direct/FFEL (Stafford) Loans</b>	<b>Grad-Prof</b>	July 1, 2006 - June 30, 2013	6.8% (fixed)
		July 1, 2013 – June 30, 2014	5.41% (fixed)
		<b>July 1, 2014 – June 30, 2015</b>	<b>6.21% (fixed)</b>
FFEL Grad PLUS Loans	Grad-Prof	July 1, 2006 – June 30, 2010	8.5% (fixed)
<b>Direct Grad PLUS Loans</b>	<b>Grad-Prof</b>	July 1, 2006-June 30, 2013	7.9% (fixed)
		July 1, 2013-June 30, 2014	6.41% (fixed)
		<b>July 1, 2014-June 30, 2015</b>	<b>7.21% (fixed)</b>
Direct/FFEL Consolidation Loans	ALL	ALL	FIXED RATE <i>Weighted average of interest rates of loans being consolidated rounded up to nearest 1/8<sup>th</sup> percent.</i>
Perkins Loans <i>(subsidized)</i>	ALL	ALL	5.0% (fixed)
HPSL, LDS, NSL, PCL <i>(subsidized)</i>	ALL	ALL	5.0% (fixed)
Other			

### Useful online resources provided by the U.S. Department of Education:

<a href="http://StudentAid.gov">StudentAid.gov</a>	<ul style="list-style-type: none"> <li>Information about federal student aid programs offered by U.S. Department of Education</li> </ul>
<a href="http://StudentLoans.gov">StudentLoans.gov</a>	<ul style="list-style-type: none"> <li>Repayment Estimator</li> <li>Federal Direct Consolidation Loan application</li> <li>IBR/Pay As You Earn (PAYE)/ICR repayment plan application</li> </ul>
<a href="http://NSLDS.ed.gov">NSLDS.ed.gov</a>	<ul style="list-style-type: none"> <li>Listing of all U.S. Department of Education federal student loans borrowed to date</li> <li>Information about current loans including:                             <ul style="list-style-type: none"> <li>Amount owed (principal + accrued interest)</li> <li>Interest rate</li> <li>Date loan enters or entered repayment, and current loan status</li> <li>Loan servicer (including website address and toll-free phone number)</li> </ul> </li> </ul>
<a href="http://PIN.ed.gov">PIN.ed.gov</a>	<ul style="list-style-type: none"> <li>Allows you to:                             <ul style="list-style-type: none"> <li>Request duplicate Federal Student Aid (FSA) PIN</li> <li>Re-establish FSA PIN</li> <li>Change FSA PIN</li> </ul> </li> </ul>
<a href="http://StudentAid.ed.gov/publicservice">StudentAid.ed.gov/publicservice</a>	<ul style="list-style-type: none"> <li>Information about “Public Service Loan Forgiveness” (PSLF) program</li> <li>“Employment Certification for Public Service Loan Forgiveness” form</li> <li>Frequently Asked Questions (FAQs) about PSLF</li> </ul>

