The information contained in this presentation is not comprehensive, is subject to constant change, and therefore should serve only as general, background information for further investigation and study related to the subject matter and the specific factual circumstances being considered or evaluated. Nothing in this presentation constitutes or is designed to constitute legal advice.

Key Tips for Managing Your Student Loans
Important Things to Know

- Know your loan portfolio – loan types and relative cost
- Know your deferment and forbearance options
- Know the decision points and keep a spreadsheet
- Know the cost before choosing a repayment plan
- Know your available resources
- Stay abreast of changes that might impact your loans

Know Your Loan Portfolio

- Know what types of loans you have
  - Perkins Loans
  - Federal Stafford Loans
    - Direct Loans
    - FFELP Loans
  - Private/Alternative Loans

- Identify your servicers
  - Who do I pay?

Who do I Pay? Identify Your Servicers

- Federal and/or private loans may not all be with one servicer
- Buying and Selling of Students Loans:
  - Original lender may have sold a student’s loan
  - This means a student has a new loan “holder” and/or “servicer”
    For example, a FFELP loan may have been sold to the Department of Education (ED) who now holds the loan and is having it serviced by one of its federal loan servicers such as:
    - Direct Loan Servicing Center (ACS)
    - Great Lakes
    - Nelnet
    - FedLoan Servicing (PHEAA)
    - Sallie Mae (soon to be called Navient)
  - Borrowers must be notified if the service provider of loan changes
  - The terms of a federal loan, as specified in the promissory note, will not change if sold or transferred to another servicer
Finding Your Federal Student Loans

National Student Loan Data System
www.nslds.ed.gov

Provides data on federal student loans; any Stafford, Grad PLUS, Consolidation or Perkins Loans should be listed in this central database.

Subsidized vs. Unsubsidized Loans

Subsidized Loans:
- Have no interest cost while student is in school, in grace (if applicable), or in a period of authorized deferment.
- EXAMPLES:
  - Subsidized Stafford Loans
  - Perkins Loans
  - Consolidation Loans- portion of underlying eligible subsidized loans
  - Loans for Disadvantaged Students (LDS)
  - Some institutional loans (see promissory note or aid office)

Unsubsidized Loans:
- Borrower is responsible for interest that accrues from the time of disbursement.
- EXAMPLES:
  - Unsubsidized Stafford Loans
  - Graduate PLUS Loans
  - Consolidation Loans- portion of underlying eligible unsubsidized loans
  - Private Loans

Note: Subsidized Stafford Loans will no longer be available for graduate students beginning July 1, 2012. See slide 12 for more information.

AY 2012/2013 Federal Loan Changes

- Effective July 1, 2012, the following changes took effect:
  - Graduate students no longer have access to Federal Direct Subsidized Stafford Loans
  - All Federal Direct Stafford Loans are now unsubsidized meaning that you will be responsible for the interest that accrues during the in-school, grace, and deferment periods.
  - Graduate students are responsible for the full origination fee on all Direct Grad PLUS loans.
  - Prior to July 1, 2012, Grad PLUS borrowers had access to a 1.5% fee rebate.
Relative Costs of a Student Loan

- **Interest Rate**
  - What the lender charges for the use of money

- **Capitalization**
  - The addition of unpaid accrued interest to the principal balance of a loan

- **Borrower Benefits/Repayment Incentives**
  - Interest rate reductions
  - Credits to loan balance
  - Some benefits and repayment incentives impose eligibility requirements such as signing up for automatic debt or making a certain number of on-time payments

**AY 2013-14 Federal Loan Changes**

- Effective March 1, 2013 the following changes went into effect:
  - As a result of the sequestration, the origination fees on the Stafford Loans have increased to 1.072% and the origination fees on PLUS loans increased to 4.288%.

- Effective July 1, 2013, the President signed a bill to modify federal loan interest rates
  - Rates are based on the 10-year Treasury Note plus a margin
  - AY 13/14 Graduate Stafford (unsubsidized): 5.41% CAP = 9.25%
  - AY 13/14 Parent and Graduate PLUS: 6.41% CAP = 10.50%
AY 2013-14 Federal Loan Changes

- Effective July 1, 2013, the President signed a bill to modify federal loan interest rates
  - Rates are based on the 10-year Treasury Note plus a margin
  - AY 13/14 Graduate Stafford (unsubsidized): 5.41% (1.051% fee) CAP = 9.25% (Fee increased to 1.072% for loans disbursing for first time on or after December 1, 2013 due to sequestration)
  - AY 13/14 Graduate PLUS: 6.41% (4.204% fee) CAP = 10.50% (Fee increased to 4.288% for loans disbursing for first time on or after December 1, 2013 due to sequestration)

Loan Interest Rates

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Undergraduates</th>
<th>Graduate Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stafford loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013-14</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2012-13</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2011-12</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2010-11</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2009-10</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2008-09</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>2007-08 and 2006-07</td>
<td>3.86%</td>
<td>N/A</td>
</tr>
<tr>
<td>Unsubsidized Stafford Loans*</td>
<td>Pre AY 13-14: 6.8%</td>
<td>AY 13-14: 5.41%</td>
</tr>
<tr>
<td></td>
<td>AY 13-14: 5.41%</td>
<td>AY 13-14: 5.41%</td>
</tr>
<tr>
<td>Graduate PLUS Loans*</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td></td>
<td>Pre AY 13-14: 7.9%</td>
<td>AY 13-14: 6.41%</td>
</tr>
<tr>
<td>Consolidation Loan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parent Loans and Loan for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undisadvantaged Students (LDs)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Interest Capitalization and Its Impact

- Interest on most loans accrues from the date funds are disbursed until the loan is paid in full
- Capitalization is the addition of unpaid accrued interest to the principal balance of a loan. The less frequent the better.
- Capitalization may occur more frequently for certain loans during forbearance

The chart provides estimates, for a $5,000 Stafford loan with a 6.8% interest rate, of the monthly payments due at the end of a 12 month forbearance for a 10 year term

<table>
<thead>
<tr>
<th>Month</th>
<th>Principal Balance</th>
<th>Interest Due</th>
<th>Total Amount Due</th>
<th>Total Interest Cost</th>
<th>Total Amount Paid</th>
<th>Total Amount Owed</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>$5,000</td>
<td>$340</td>
<td>$3,340</td>
<td>$3,340</td>
<td>$2,240</td>
<td>$5,000</td>
</tr>
<tr>
<td>12</td>
<td>$5,000</td>
<td>$340</td>
<td>$3,340</td>
<td>$3,340</td>
<td>$2,240</td>
<td>$5,000</td>
</tr>
</tbody>
</table>
Interest Capitalization and Its Impact

- Interest on most loans accrues from the date funds are disbursed until the loan is paid in full.
- Capitalization is the addition of unpaid accrued interest to the principal balance of a loan. The less frequent the better.
- Capitalization may occur more frequently for certain loans during forbearance.

The chart provides estimates, for $25,000 in Grad PLUS loans from a 4 year program with a 7.9% interest rate, of the monthly payments due at the end of a 12 month forbearance.

<table>
<thead>
<tr>
<th>Treatment of Interest during Forbearance</th>
<th>Principal at Repayment</th>
<th>Cap. Int. During</th>
<th>Payment</th>
<th>Total Amount Repaid</th>
<th>Total Interest Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Int. is paid as it accrues</td>
<td>$25,000</td>
<td>0</td>
<td>$15,008</td>
<td>$20,032</td>
<td>$65,279.95</td>
</tr>
<tr>
<td>Int. is capitalized at end of status</td>
<td>$35,967</td>
<td>$10,967</td>
<td>$13,117</td>
<td>$31,714.86</td>
<td>$86,748.86</td>
</tr>
<tr>
<td>Int. is capitalized quarterly and at end of status</td>
<td>$35,967</td>
<td>$10,967</td>
<td>$13,117</td>
<td>$31,714.86</td>
<td>$86,748.86</td>
</tr>
</tbody>
</table>

Tip: Students should consider asking family to help with interest.

---

Interest Capitalization and Its Impact

<table>
<thead>
<tr>
<th>Treatment of Interest during Forbearance</th>
<th>Principal at Repayment</th>
<th>Cap. Int. During</th>
<th>Payment</th>
<th>Total Amount Repaid</th>
<th>Total Interest Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Int. is paid as it accrues</td>
<td>$50,000</td>
<td>0</td>
<td>$25,030</td>
<td>$30,060</td>
<td>$92,559.04</td>
</tr>
<tr>
<td>Int. is capitalized at end of status</td>
<td>$68,129</td>
<td>$3,129</td>
<td>$30,607</td>
<td>$92,756.95</td>
<td>$103,433.57</td>
</tr>
<tr>
<td>Int. is capitalized quarterly and at end of status</td>
<td>$68,129</td>
<td>$3,129</td>
<td>$30,607</td>
<td>$92,756.95</td>
<td>$103,433.57</td>
</tr>
</tbody>
</table>

Tip: Students should consider asking family to help with interest.

---

Borrower Benefits/Repayment Incentives

- Money-saving borrower benefits and repayment incentives were typically offered to borrowers by lenders in recent years.
- They took the form of interest rate reductions, credits to loan balance and/or cash rebates and imposed eligibility rules such as making a specific number of on-time payments.

Borrowers should make sure to:

- Find out if any of their loans are eligible for borrower benefits or repayment incentives by contacting loan service provider or consulting lender's web site.
- Research the terms to know and understand the eligibility rules.

---
Understanding Loan Repayment

Ways to Delay Repayment

► If loans have a grace period, borrowers may not be asked to start making payments until the grace period is over

- Stafford, Federal Perkins and some private loans offer grace periods
- Federal Consolidation Loans and Grad PLUS loans do not have grace periods

- Grad PLUS loans issued on or after July 1, 2008, include a six-month post-school deferment that essentially aligns with the Stafford grace period

- Forbearance can also be used to temporarily postpone payment if necessary for Consolidation loans and older Grad PLUS loans

- Borrower can postpone repayment on federal loans via a deferment or forbearance

- Borrower has to meet the qualifying conditions for a deferment or a forbearance

Understanding Grace Periods

Grace Period: for applicable loans, the period of time after a borrower graduates, leaves school or drops to less than half-time enrollment

- Payments may not be required during this period
- No application required
- Loan specific, varies according to loan – once used completely, it’s gone
  - Stafford loans have a six-month grace period*
  - Perkins loans have nine-month grace
  - Perkins loans can also have a six-month grace after deferment
  - Private and Institutional loans: check your promissory note
- Unsubsidized federal loans continue to accrue interest during the grace period
- Taking advantage of a grace period does not adversely impact credit

*The Consolidated Appropriations Act (Public Law 112-74) eliminated the interest subsidy during the six-month grace period on subsidized Stafford loans made after July 1, 2012 through June 30, 2014.
Understanding Federal Loan Deferments

**Deferment:** period when a borrower who meets certain criteria may postpone loan payments

- Application may be required depending on deferment type.
- Recertification for subsequent deferment periods may also be required.
- Stafford deferments are "borrower" specific, meaning eligibility is attached to the borrower and there is a max deferment time allotted for certain deferments.
- The government pays interest on a borrower's behalf for subsidized loans during authorized deferment periods.
  - Unsubsidized loans continue to accrue interest for which the borrower is responsible. Unless the interest is paid by the borrower, it may be capitalized (added to your principal balance) at the end of the deferment period. To keep your total loan cost lower, you may want to consider paying all or some of the interest that accrues during this time.

Common Types of Deferments:
- In-School
- Economic Hardship
- Unemployment
- Military

Understanding Federal Loan Forbearances

**Voluntary Forbearance:** allows a borrower who cannot make scheduled payments to temporarily delay or reduce the payments.

- Interest continues to accrue on subsidized and unsubsidized loans during a forbearance period.
- Interest that accrues during the forbearance remains the borrower’s responsibility.
- Unpaid interest may be capitalized as often as quarterly and at the end of the forbearance depending on the loan type and when the loan was disbursed. Additionally, there is a max forbearance time allotted.
- Capitalization of interest increases the amount to pay back, and will result in a higher payment amount after the forbearance. To keep your total loan cost lower, you may want to consider paying all or some of the interest that accrues during this time.

Tips:
- Be careful, the use of forbearance adds expense!
- Forbearances can be a great tool to help you stay out of delinquency and default!

Voluntary Forbearance:
- Allows a borrower who cannot make scheduled payments to temporarily delay or reduce the payments.

Tips:
- Be careful, the use of forbearance adds expense!
- Forbearances can be a great tool to help you stay out of delinquency and default!

Paying Loans Off Early

- Borrowers can always prepay federal and most private student loans without penalty.
- Be aware of the relative cost and make payments towards unsubsidized loans that have the highest rates and/or most frequent capitalization. This should save more money over time.
- Unless otherwise noted in the loan agreement, loan payments typically are applied first toward late fees, then interest, and finally principal.
DELINQUENCY & DEFAULTS ON STUDENT LOANS CAN ADVERSELY IMPACT YOUR CREDIT HISTORY

- Delinquency
  - Failure to make payment(s) when due
  - Reported to credit bureaus; affects borrowers history

- Default
  - Collection agencies may take over adding to cost
  - Lender can take legal action
  - School can withhold records
  - Federal defaults could result in wage garnishment & withholding of federal loan tax refunds
  - Student loans are rarely discharged in bankruptcy

Federal Loan Repayment Plans

- Standard Repayment
  - Level monthly payments that cover accruing interest and a portion of principal over a 10-year period
  - Higher monthly payments
  - Lowest overall cost

- Graduated Repayment
  - Payments start low, increase over time
  - Interest only payments followed by standard principal & interest
  - Finish in 10 years
  - Higher overall cost – but provides lower initial payment amounts

Federal Loan Repayment Plans (Continued)

- Income Sensitive Repayment (Non-direct Federal Loans)
  - Payments are based on percentage of your monthly income
  - Payments must be sufficient to cover accruing interest
  - Finish in 10 years (may be extended to 15 years)

- Extended Repayment
  - Available to borrowers who have accumulated more than $30K in Direct or FFELP Federal Stafford, PLUS & Consolidation loans first disbursed on or after October 7, 1998
  - Direct and FFELP Federal Loans are accumulated separately in determining eligibility
  - Repayment can be extended up to 25 years
  - Permits you to manage monthly cash flow needs, but will increase your cost
### Federal Loan Repayment Comparison – Grad 2 Year

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Initial Monthly Payment</th>
<th>Long-term Monthly Payment</th>
<th>Total Interest Paid</th>
<th>Years in Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$928.98</td>
<td>$928.98</td>
<td>$30,096.00</td>
<td>10</td>
</tr>
<tr>
<td>Graduated</td>
<td>$448.84</td>
<td>$1,094.15</td>
<td>$34,438.20</td>
<td>10</td>
</tr>
<tr>
<td>Extended</td>
<td>$555.53</td>
<td>$555.53</td>
<td>$85,276.80</td>
<td>25</td>
</tr>
<tr>
<td>Income Based</td>
<td>$284.56</td>
<td>$284.56</td>
<td>$35,482.10</td>
<td>11</td>
</tr>
<tr>
<td>Pay as You Earn</td>
<td>$189.71</td>
<td>$928.98</td>
<td>$56,111.91</td>
<td>15</td>
</tr>
<tr>
<td>Consolidation</td>
<td>$518.68</td>
<td>$518.68</td>
<td>$105,341.00</td>
<td>30</td>
</tr>
</tbody>
</table>

Assumes $41,000 in graduate Stafford Loans ($17,000 subsidized and $24,000 unsubsidized) and $34,000 in Grad PLUS over a 2 year period. Interest rates were based on statutory limits for each academic year.

### Federal Loan Repayment Comparison

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Initial Monthly Payment</th>
<th>Long-term Monthly Payment</th>
<th>Total Interest Paid</th>
<th>Years in Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$1,995.63</td>
<td>$1,995.63</td>
<td>$63,973.00</td>
<td>10</td>
</tr>
<tr>
<td>Graduated</td>
<td>$955.28</td>
<td>$2,352.06</td>
<td>$75,311.91</td>
<td>10</td>
</tr>
<tr>
<td>Extended</td>
<td>$1,108.49</td>
<td>$1,108.49</td>
<td>$101,043.00</td>
<td>25</td>
</tr>
<tr>
<td>Income Based</td>
<td>$284.56</td>
<td>$1,095.63</td>
<td>$130,624.76</td>
<td>16.2</td>
</tr>
<tr>
<td>Income Sensitive</td>
<td>$555.28</td>
<td>$1,095.63</td>
<td>$175,416.48</td>
<td>11</td>
</tr>
<tr>
<td>Pay as You Earn</td>
<td>$189.71</td>
<td>$1,095.63</td>
<td>$134,106.25</td>
<td>16.6</td>
</tr>
<tr>
<td>Consolidation</td>
<td>$1,156.98</td>
<td>$1,156.98</td>
<td>$232,510.09</td>
<td>30</td>
</tr>
</tbody>
</table>

Assumes $162,000 in graduate Stafford Loans ($34,000 subsidized and $128,000 unsubsidized) over a 4 year period. Interest rates were based on statutory limits for each academic year.

### Income-Contingent Repayment (Direct Loans Only)
- Payment is based on income
- Negative amortization is allowed
- Up to 25 years to repay
- Balance remaining after 25 years’ worth of payments can be forgiven

### Income-Based Repayment
- Available to federal loan borrowers experiencing financial hardship
- Borrower qualifies if annual monthly student loan payments exceed 15% of “discretionary income”
- If eligible for IBR, borrower’s monthly payment will be determined by a formula that takes into account household size and adjusted gross income. Increases in income will impact the required monthly payment amount
- Unpaid balance may be forgiven after 25 years of scheduled monthly payments
Pay As You Earn (Direct Loans Only) - NEW

- Announced by ED December 21, 2012
- Available to new Direct loan borrowers (except Parent PLUS) experiencing financial hardship
  - No loan balance as of October 1, 2007, and
  - Received a Direct loan on or after October 1, 2011
- Borrower qualifies if annual monthly student loan payments exceed 10% of "discretionary income"
- Similar to IBR, borrower’s monthly payment will be determined by a formula that takes into account family size and adjusted gross income. Increases in income will impact the required monthly payment amount
- Unpaid balance may be forgiven after 20 years of qualifying repayment

Federal Loan Repayment Plans (Continued)

- Loan Consolidation
  - Provides the ability for borrowers to consolidate all of their federal loans into one new loan
  - FFEL and Direct Stafford Loans, Perkins Loans and PLUS Loans may be consolidated
  - Interest Rate: weighted average of the interest rates on the loans being consolidated rounded to the nearest higher one-eighth of one percent
  - Multiple repayment options: Standard, Graduated, Extended, Income Contingent, Income Based
  - Benefits:
    - Possible Longer repayment period
    - Potential Lower monthly payment
    - Single Servicer

New Consolidation Process – January 2014

- A consolidation applicant will use the new Direct Consolidation Loan application process on the StudentLoans.gov Web site if the applicant
  - Has no defaulted federal education loans;
  - Has one or more defaulted federal education loans, none of which are assigned to the Department; or
  - Needs to take action on an application the applicant submitted via StudentLoans.gov on or after January 2, 2014.
- The StudentLoans.gov Web site is available at www.studentloans.gov
Federal Loan Forgiveness Program for Public Service Employees

- Eligibility limited to Federal Direct Student Loans (FDLP), Stafford, PLUS and Consolidation
  - Commercial Stafford, Grad PLUS and Consolidation loans are not eligible in their current forms.
- FFELP Borrowers may consolidate in the FDLP program on or after July 1, 2008.
- Additionally, borrowers must have:
  - Made 120 on-time monthly payments beginning after October 1, 2007 during eligible public service employment.
  - Payments must be made under one of the payment plans: Standard, Income Based, Income Contingent, or Pay as You Earn.
  - Worked full time in eligible public service employment for ten years after October 1, 2007.
  - Must be employed in an eligible public service job at time remaining loan balance is forgiven.

Other loan forgiveness programs may also be available – do your research!

Public Service Loan Forgiveness Program

- A new “Dear Borrower” letter was released earlier this year and provides important information about the Program, including how to determine if your employment and loan payment history meet the Program’s loan forgiveness requirements.

Public Service Loan Forgiveness Program

Dear [Name of Borrower],

We are writing to update you on the new Public Service Loan Forgiveness Program (PSLF) and to provide you with important information that will help you determine if you are eligible to participate in the program. The PSLF program was established to assist public service workers by forgiving up to $60,000 in student loan debt for those who make 120 qualifying payments while working in an eligible public service job.

To be eligible for the PSLF program, you must:

1. Be employed in an eligible public service job for ten years or more.
2. Make 120 qualifying payments under one of the following repayment plans:
   - Standard
   - Income-Based
   - Income-Contingent
   - Pay-As-You-Earn
3. Meet the definition of full-time employment.

Please visit the following website for more information:
http://studentaid.ed.gov/publicservice

Learn More: http://studentaid.ed.gov/publicservice

PSLF Employment Certification Form

- It will take you at least 10 years to make the 120 qualifying payments necessary to receive PSLF.
- During this time you’ll want to track your periods of qualifying employment.
- The Employment Certification Form will allow you to get your employer’s certification of employment while you are still employed.

Learn More: http://studentaid.ed.gov/publicservice
**IBR Eligibility Example**

<table>
<thead>
<tr>
<th>Balance at start of repayment</th>
<th>$150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total standard payments for IBR-eligible loan</td>
<td>$1,726</td>
</tr>
<tr>
<td>12 months' worth of payments</td>
<td>$20,714</td>
</tr>
<tr>
<td>AGI</td>
<td>$47,000</td>
</tr>
<tr>
<td>State of Residence</td>
<td>New York</td>
</tr>
<tr>
<td>Household size</td>
<td>1</td>
</tr>
<tr>
<td>2014 Poverty Income Guideline</td>
<td>$11,470</td>
</tr>
<tr>
<td>150% of Poverty Income Guideline</td>
<td>$17,505</td>
</tr>
<tr>
<td>15% Discretionary Income</td>
<td>$17,505 - $11,470 = $6,035</td>
</tr>
<tr>
<td>Is borrower experiencing partial financial hardship?  Does a year's worth of payments exceed 15% discretionary income?</td>
<td>Yes</td>
</tr>
<tr>
<td>Initial Monthly Payment Under IBR</td>
<td>$369</td>
</tr>
</tbody>
</table>

**Private Loan Repayment**

- Private loans are almost always unsubsidized for the life of the loan
- Repayment terms vary
- Choice of repayment plans may be available
- Forbearances may be available – consult loan servicer

**Tips:**

Refer to your promissory note and/or your servicer to determine your available options.

**Healthy Credit Awareness Tips**

...
Student Loan Debt Can Accumulate Quickly

KNOW HOW MUCH YOU OWE?

- Calculating a debt-to-income ratio:
  
  Minimum debt payments (including mortgage or rent) / Monthly gross income

Example: You earn $5,000 each month in gross income, and a yearly bonus nets you $500 a month. Your total monthly income is $5,500. You pay $200 a month in student loans, $500 in rent, $150 on a car payment, and $150 on your credit cards and other expenses. Your total monthly debt payments are $1,000.

$1,000 (debt) divided by $5,500 (income) = a ratio of 18.2%.

- A general guideline for debt-to-income ratios
  - 36% or less - Excellent
  - 37% to 42% - Acceptable
  - 43% to 49% - Overextended
  - 50% or higher - Danger!

Know What You Owe

PUT TOGETHER A SNAPSHOT OF WHAT YOU OWE

- Student loans + $_________
- Other loans + $_________
  - Credit card balance(s) + $_________
  - Automobile loan + $_________
  - Mortgage loan + $_________
- Other Money Owed + $_________
- TOTAL + $_________

Be Careful with Credit Cards

- Watch the interest rate
- Get the “full scoop” on special introductory rates
- Stay out of the “penalty” box
- Pay the minimum, pay the price
- Research any credit card fees you may be charged
Avoid Making Just Minimum Monthly Payments

Example: If borrower has $2,000 financed at 19.8% and only makes the minimum monthly payment of $35; what happens?

► Borrower will take more than 17 years to pay off that $2,000
► Borrower will pay more than $5,100 total (approx. $3,100 in interest)
► What could possibly be worth paying more than twice the amount originally financed?

Credit Card Monthly Payments

Keep Good Records

► Get all loan documents together: keep them on file!
  - Promissory notes
  - Disclosure statements
  - Award Letters
  - Exit interview information
► Open and READ student loan mail
► Bookmark loan servicer’s websites
► Notify loan servicer(s) of name & address changes
► Document calls to servicer: date/time of call & person who handled the call
► Keep important numbers available

Student Loan Interest Deduction

Borrowers may be eligible to deduct student loan interest
Deduction may not exceed $2,500 per year
Voluntary payments of interest during school, deferment or forbearance may be eligible for deduction
Interest paid on consolidation loans may be deducted
There are eligibility rules, including income limits

The limits for Federal Tax Year 2013 are shown in the table below:

<table>
<thead>
<tr>
<th>Single</th>
<th>Full Deduction</th>
<th>Partial Deduction</th>
<th>No Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Modified Adjusted Gross Income is $0 to $35,000</td>
<td>$60,001 to $74,999</td>
<td>$75,000 or more</td>
<td></td>
</tr>
<tr>
<td>Maried Filing jointly</td>
<td>$125,000 to $154,999</td>
<td>$155,000 or more</td>
<td></td>
</tr>
</tbody>
</table>


NOTE: For information about your specific tax situation and any tax advice, please consult a tax professional.
Resources

- School financial aid office
- Lender/servicer
- Federal Student Aid Ombudsman
  - U.S. Department of Education – FSA Ombudsman
    - http://www.ombudsman.ed.gov or 1-877-557-2575
- Federal Loan Servicers:
  - Direct Loans
    - 800-999-9970
    - 800-236-4300
    - 800-699-2908
  - Great Lakes
    - 800-722-1300
    - 800-236-4300
    - 888-486-4722
  - Nelnet
    - 800-999-9700
    - 800-722-1300
    - 800-699-2908
  - Sallie Mae
    - 800-722-1300
    - 800-236-4300
    - 888-486-4722
  - Federal Loan Servicers:
    - Resources
      - 800-848-0979 - www.dl.ed.gov
      - 800-688-7968 - www.fedloan.ed.gov
      - 800-688-7968 - www.mysalliemae.com
      - 800-688-7968 - www.greatlakes.org
      - 800-688-7968 - www.myfedloan.org

Summary

- Understand your student loan portfolio
  - Know what types of loans you have
  - Know your lenders and servicers
  - Know how much you owe
  - Know what your interest rate is
  - Know what your total monthly payments will be
  - Know what borrower benefits are available to you
- Understand loan capitalization and its impact
- Know your grace, deferment and forbearance options
- Know your Federal and private Loan Repayment Plan options
- Avoid delinquency & default
- Keep good records
- Know your resources