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STUDENT LOAN REPAYMENT STRATEGIES FOR GRADUATE STUDENTS

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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.

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Key Tips for Managing Your Student Loans

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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**

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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?

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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 is 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**

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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

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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

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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.

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Relative Costs of a Student Loan

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**

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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%

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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)**

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Loan Interest Rates

Loan type	Undergraduates	Graduate Students
Subsidized Stafford Loans		
2013-14	3.86%	N/A
2012-13	3.40%	N/A
2011-12	3.40%	6.80%
2010-11	4.50%	6.80%
2009-10	5.60%	6.80%
2008-09	6.00%	6.80%
2007-08 and 2006-07	6.80%	6.80%
Unsubsidized Stafford Loans*	Pre AY 13-14: 6.8% AY 13-14 3.86%	Pre AY 13-14: 6.8% AY 13-14 5.41%
Graduate PLUS Loans*	---	Pre AY 13-14: 7.9% AY 13-14 6.41%
Consolidation Loan	Fixed rate based on weighted-average interest rate of underlying loans rounded up to nearest one-eighth of a percent (capped at 8.25%)	
Perkins Loans and Loan for Disadvantaged Students (LDS)	5% Fixed	
School - Certified Private Loans, Institutional Loans	Many lenders offer both variable and fixed rate options. Interest rates range from 2.25% – 12.99%.	

*Rates in effect for loans issued on or after July 1, 2006.

Stafford loans disbursed from 7/1/1998 to 6/30/2006 carry variable rates, which are adjusted annually, each July 1. The variable rate for these Stafford loans during the 2013-14 academic year is 1.75% for loans in an in-school, grace or deferment period, 2.35% for loans in repayment or forbearance.

These rates apply to both undergraduate and graduate students.

Note: Rate for Grad PLUS loans issued under the Federal Family Education Loan Program is 8.50%

Source: http://studentaid.ed.gov/types/loans/interest-rates#what-are-the-interest

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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

Treatment of Interest During Forbearance Status	Principal at Repayment	Cap. Int. During Forbearance	Principal at end of Forbearance	Payment Amount	Total Amount Repaid	Total Interest Cost
Int. is paid as it accrues	$5,000	$0	$5,000	$57.54	$7,244.88	$2,244.88
Int. is capitalized at end of status	$5,000	$340	$5,340	$61.45	$7,374.55	$2,374.55
Int. is capitalized quarterly and at end of status	$5,000	$349	$5,349	$61.55	$7,386.64	$2,386.64

Tip: Students should consider asking family to help with interest

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Interest Capitalization and Its Impact

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- 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

Treatment of Interest During Forbearance Status	Principal at Repayment	Cap. Int. During Forbearance	Principal at end of Forbearance	Payment Amount	Total Amount Repaid	Total Interest Cost
Int. is paid as it accrues	$25,000	$0	$25,000	$302.00	$46,279.59	$21,279.59
Int. is capitalized at end of status	$33,065	$2,612	$35,667	$430.97	$51,716.98	$26,716.98
Int. is capitalized quarterly and at end of status	$33,065	$2,691	$35,755	$431.92	$51,830.66	$26,830.66

Tip: Students should consider asking family to help with interest

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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 $50,000 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

Treatment of Interest During Forbearance Status	Principal at Repayment	Cap. Int. During Forbearance	Principal at end of Forbearance	Payment Amount	Total Amount Repaid	Total Interest Cost
Int. is paid as it accrues	$50,000	$0	$50,000	$604.00	$92,559.04	$42,559.04
Int. is capitalized at end of status	$66,129	$5,224	$71,353	$861.95	$103,433.57	$53,433.57
Int. is capitalized quarterly and at end of status	$66,129	$5,381	$71,510	$863.84	$103,661.13	$53,661.13

Tip: Students should consider asking family to help with interest

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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

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Understanding Loan Repayment

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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**

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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 6-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 6-month grace period on subsidized Stafford loans made from July 1, 2012 through June 30, 2014.

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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

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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!***

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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.

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Delinquency & Default (Federal/Private Loans)

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

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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

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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

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Federal Loan Repayment Comparison – Grad 2 Year

Repayment Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	$928.98	$928.98	$30,096.00	10
Graduated	$448.84	$1,094.15	$34,428.20	10
Extended	$555.53	$555.53	$85,276.80	25
Income Based	$284.56	$928.98	$56,111.91	15
Income Sensitive	$448.84	$928.98	$35,482.10	11
Pay as You Earn	$189.71	$928.98	$59,256.79	15.8
Consolidation	$518.68	$518.68	$105,341.00	30

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.

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Federal Loan Repayment Comparison

Repayment Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	$1,995.63	$1,995.63	$63,973.00	10
Graduated	$955.28	$2,352.06	$73,221.90	10
Extended	$1,188.49	$1,188.49	$181,043.50	25
Income Based	$284.56	$1,995.63	$130,824.78	16.2
Income Sensitive	$955.28	$1,995.63	$75,436.40	11
Pay as You Earn	$189.71	$1,995.63	$134,306.25	16.6
Consolidation	$1,156.98	$1,156.98	$232,510.09	30

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.

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Federal Loan Repayment Plans (Continued)

- **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

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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

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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

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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**

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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!

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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.

Federal Student Aid

Public Service Loan Forgiveness Program

Dear Federal Student Loan Borrower:

Thank you for your interest in the Direct Loan Public Service Loan Forgiveness (PSLF) Program. The PSLF Program was established by Congress with the passage of the College Cost Reduction and Access Act of 2007, and was created to encourage individuals to enter lower-paying but vitally important public sector jobs such as military service, law enforcement, public education, and public health professions. The PSLF Program allows eligible borrowers to qualify for forgiveness of the remaining balance of their William D. Ford Federal Direct Loan (Direct Loan) Program loans after they have served full time at a public service organization for at least 10 years, while making 120 qualifying payments.

This letter provides important information about the PSLF Program, including information on how to determine if your employment and loan payment history meet the program's loan forgiveness requirements. To better assist you, the U.S. Department of Education (ED) is providing a series of materials, including an employment certification form that allows you to track periods of eligible employment and eligible loan payments. In addition, these materials will allow you to find out if your job and loan payments will qualify for loan forgiveness in the future. If you are eligible, these materials will assist you in determining how many payments you have left to make to qualify for loan forgiveness.

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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

OMB No. 1845-0110
Form Approved
Exp. Date 11/30/2014

Employment Certification for Public Service Loan Forgiveness (PSLF)
William D. Ford Federal Direct Loan Program
WARNING: Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying documents is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

INSTRUCTIONS FOR COMPLETING AND SUBMITTING THIS EMPLOYMENT CERTIFICATION
Read the accompanying instructions for completing this Employment Certification for Public Service Loan Forgiveness. Type or print using blue or black ink. You must sign and date this form in Section 2 and an authorized official from the public service organization which employs/employed you must completely fill out, sign, and date Section 3. If any information is crossed out or altered in Sections 1 or 2, you must initial beside the change; any changes in Section 3 must be initialed by your employer.

SECTION 1: BORROWER IDENTIFICATION
Please enter or correct the following information. ☐ Check this box if any of your information has changed.
1a. SSN ___ - __ - ____ 1b. Date of Birth (MM-DD-YYYY) __ - __ - ____
2a. Name Last First MI 2b. Former Name (if applicable) Last First MI
3. Permanent Address Street Address City State Zip
Mailing Address (if different) Street Address City State Zip
4. Area Code/Telephone – Home ( ) Area Code/Telephone – Other ( )
5. E-mail (optional)

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

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IBR Eligibility Example

Balance at start of repayment*	$150,000
Total standard payments for IBR-eligible loans	$1,726
12 months' worth of payments	$20,714
AGI	$47,000
State of Residence	New York
Household size	1
2014 Poverty Income Guideline	$11,670
150% of Poverty Income Guideline	$17,505
15% Discretionary Income [0.15 * ($47,000 - $17,505)]	$4,424
Is borrower experiencing partial financial hardship? Does a year's worth of payments exceed 15% discretionary income?	Yes
Initial Monthly Payment Under IBR	$369

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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

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Healthy Credit Awareness Tips

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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!

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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** **$ ______________**

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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

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Credit Card Monthly Payments

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?**

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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**

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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:

	Full Deduction	Partial Deduction	No Deduction
Single	Modified Adjusted Gross Income Is </= $60,000	$60,001 to $74,999	$75,000 or more
Married Filing jointly	Modified Adjusted Gross Income is </= $125,000	$125,001 to $154,999	$155,000 or more

Source - http://www.irs.gov/pub/irs-pdf/p970.pdf

45 NOTE: For information about your specific tax situation and any tax advice, please contact a tax professional

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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
800-848-0979 - www.dl.ed.gov

GREAT LAKES
800-236-4300 - www.mygreatlakes.org

fedloan SERVICING
800-699-2908 - www.myfedloan.org

nelnet EDUCATION PLANNING & FINANCING
888-486-4722 - www.nelnet.com

SallieMae DEPARTMENT OF EDUCATION LOAN SERVICES
800-722-1300 - www.salliemae.com/edservicing

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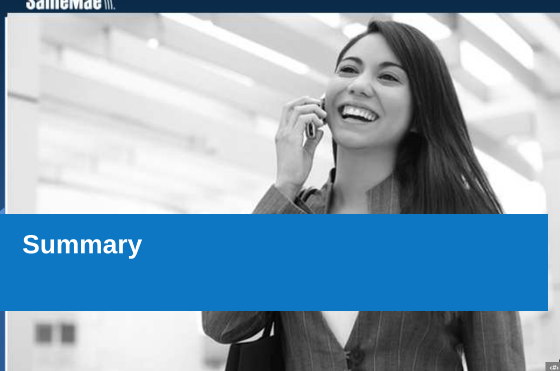

Summary

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Key Tips for Managing Student Loans

- **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**

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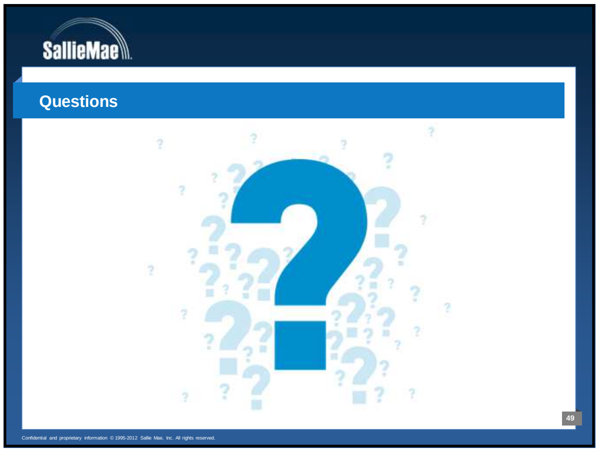
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Questions
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