

# Loan Repayment & Loan Forgiveness

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# Agenda

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What are we going to talk about?

- ❖ Exit Counseling
- ❖ How Much Do You Owe?
- ❖ Loan Repayment Plans
- ❖ Loan Forgiveness Options

# Repayment: What to Expect

Repay Your Loans by FederalStudentAid

0:04 / 2:21

Repayment: What to Expect

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<https://studentaid.ed.gov/sa/repay-loans>

# Exit Loan Counseling

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- ❖ Required within 30 days of graduation
- ❖ Includes the following sections:
  - ❖ Rights and responsibilities as a student loan borrower
  - ❖ Repaying your loan
  - ❖ What to do if you have trouble making payments
  - ❖ Loan discharge and forgiveness
  - ❖ Additional resources
- ❖ Complete online at [www.studentloans.gov](http://www.studentloans.gov).
- ❖ If you borrowed a Perkins Loan, you will have to complete separate exit counseling through ECSI

# Do You Know How Much You Owe?

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- ❖ Log into the National Student Loan Data System to find out!
- ❖ Step 1: Go to [www.nslds.ed.gov](http://www.nslds.ed.gov)
- ❖ Step 2: Click 'Financial Aid Review'
- ❖ Step 3: Look for your total borrowing (with interest) and your loan servicer contact information
- ❖ Step 4: Create an account with your servicer online

# Do You Know How Much You Owe?

## Loans

Please click on number in first column to see details

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
<a href="#">1</a>	DIRECT CONSOLIDATED UNSUBSIDIZED	\$19,203	12/15/2011	\$19,067	\$0	\$19,067	\$1,988
<a href="#">2</a>	DIRECT CONSOLIDATED SUBSIDIZED	\$21,993	12/15/2011	\$21,881	\$0	\$21,839	\$840
<a href="#">3</a>	FEDERAL PERKINS	\$500	01/05/2011	\$500	\$0	\$0	\$0
<a href="#">4</a>	DIRECT STAFFORD SUBSIDIZED	\$3,000	08/21/2010	\$3,000	\$0	\$0	\$0
<a href="#">5</a>	DIRECT STAFFORD SUBSIDIZED	\$1,977	05/28/2010	\$1,977	\$0	\$0	\$0
<a href="#">6</a>	STAFFORD UNSUBSIDIZED	\$2,077	01/29/2010	\$2,077	\$0	\$0	\$0
<a href="#">7</a>	STAFFORD UNSUBSIDIZED	\$1,300	08/24/2009	\$1,300	\$0	\$0	\$0
<a href="#">8</a>	FEDERAL PERKINS	\$800	08/21/2009	\$800	\$0	\$0	\$0
<a href="#">9</a>	STAFFORD UNSUBSIDIZED	\$1,623	07/02/2009	\$1,623	\$0	\$0	\$0
<a href="#">10</a>	STAFFORD SUBSIDIZED	\$5,500	07/02/2009	\$5,500	\$0	\$0	\$0
<a href="#">11</a>	STAFFORD UNSUBSIDIZED	\$2,000	07/02/2009	\$2,000	\$0	\$0	\$0
<a href="#">12</a>	STAFFORD UNSUBSIDIZED	\$1,163	01/26/2009	\$1,163	\$0	\$0	\$0
<b>Total All Loans</b>						<b>\$41,733</b>	<b>\$2,832</b>



Click on the blue box to find your loan servicer information

# Do You Have Private Loans?

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- ❖ Communicate with your lender
- ❖ Create an account on their website if you haven't already
- ❖ Be sure to update your contact information
- ❖ Make sure you know when your payments will start, as it may be sooner than your federal loans

# Grace Period

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- ⊠ Allows students a period of time after finishing school before beginning repayment
  - ⊠ Allows students to move, find a job, etc
- ⊠ Students only receive one grace period per loan
- ⊠ 6 months after you graduate for Federal Direct Loans (subsidized/unsubsidized)
- ⊠ 9 months after you graduate for Federal Perkins Loans





# Loan Repayment Options

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- ⊠ There are many repayment plan options to choose from:
  - ⊠ Standard
  - ⊠ Graduated
  - ⊠ Extended
  - ⊠ Income-Based Repayment (IBR)
  - ⊠ Pay As You Earn

# Standard Repayment Plan

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- ❖ If you do not choose a repayment plan during exit loan counseling, you will be put into the standard repayment plan
- ❖ Payments are a fixed amount of at least \$50/month
- ❖ You have 10 years to pay off your loan

# Graduated Repayment Plan

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- ❖ Payments are lower at first and then increase, usually every two years
- ❖ This plan assumes you will earn more income every couple of years
- ❖ You have 10 years to pay off your loans
- ❖ You will pay more for your loan over time than under the Standard Repayment Plan

# Extended Repayment Plan

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- ❖ If you borrowed more than \$30,000 in Direct Loans, you could be eligible for this plan
- ❖ Payments may be fixed or graduated
- ❖ You will have up to 25 years to pay off your loan
- ❖ You will pay more for your loan over time than under the Standard Repayment Plan, but your monthly payments will be lower

# Income-Based Repayment Plan

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- ❖ You must have a partial financial hardship to qualify
- ❖ Your monthly payment will be based on your income & has to be renewed each year
- ❖ You'll pay more for your loan over time than you would under the Standard Repayment Plan, but your monthly payments will be lower
- ❖ If your loan isn't repaid after making 25 years of on-time payments, any outstanding balance is forgiven
  - ❖ You may have to pay income tax on this forgiven amount






# Pay As You Earn Repayment Plan

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- ❖ You must have a partial financial hardship to qualify
- ❖ You must be a new borrower as of 10/1/07 & received a loan disbursement after 10/1/11
- ❖ Your monthly payment will be based on your income & has to be renewed each year
- ❖ You'll pay more for your loan over time than you would under the Standard Repayment Plan, but your monthly payments will be lower
- ❖ If your loan isn't repaid after making 20 years of on-time payments, any outstanding balance is forgiven
  - ❖ You may have to pay income tax on this forgiven amount

# Which Repayment Plan is Best?

- ❖ The answer will depend on your total amount borrowed, your income and your repayment goals
- ❖ Use a student loan repayment calculator, such as the one on [www.studentloans.gov](http://www.studentloans.gov)
  - ❖ If you log in, you will get a personalized loan repayment chart based on your total borrowing

Repayment Plan		Repayment Period	Monthly Payment Initial to Final Amounts			Projected Loan Forgiveness ⓘ	Total Interest Paid ⓘ	Total Amount Paid	
Standard ⓘ		120 months	\$272	to	\$272		\$0	\$5,638	\$32,585
Graduated ⓘ		120 months	\$152	to	\$455		\$0	\$7,032	\$33,979
Income-Based Repayment (IBR) ⓘ		-	-		-	-	-	-	-
IBR for New Borrowers ⓘ		139 months	\$186	to	\$272		\$0	\$7,057	\$34,003
Pay As You Earn ⓘ		139 months	\$186	to	\$272		\$0	\$7,057	\$34,003
Income-Contingent Repayment (ICR) ⓘ		159 months	\$202	to	\$235		\$0	\$7,837	\$34,784

# What If I Can't Afford My Loans?

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- ❖ Contact your loan servicer immediately
- ❖ Explore different repayment options
  - ❖ You can update your repayment plan at any time
- ❖ Consider deferment or forbearance
  - ❖ Deferment: Period during which repayment of principal & interest of your loan is temporarily delayed
  - ❖ Forbearance: If you don't qualify for deferment, you may qualify for forbearance. You may be able to stop making payments or reduce your payment for up to 12 months
- ❖ Simply not making payments is BAD choice!



# What Happens If I Don't Make Payments?

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- ❖ Your loans will be put in defaulted status if you don't make payments for 270 days
- ❖ What happens next?
  - ❖ The entire unpaid balance of your loan and any interest is immediately due and payable
  - ❖ Your tax refund and wages may be garnished
  - ❖ You become ineligible for federal financial aid
  - ❖ It will take years to reestablish your credit & recover from default

# Loan Forgiveness

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- ❖ There are different types of loan forgiveness available
  - ❖ Public Service Loan Forgiveness
  - ❖ Teacher Loan Forgiveness
  - ❖ Perkins Loan Cancellation & Discharge
- ❖ If you think you may qualify, contact your loan servicer for more information
- ❖ An overview of loan forgiveness is provided at [studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation](https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation)

# Public Service Loan Forgiveness

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- ❖ A federally founded program that encourages people to work full-time in public service jobs
- ❖ Qualifications:
  - ❖ Public Service Job
  - ❖ Full-time employment
  - ❖ Qualifying loans (Direct Loans only)
  - ❖ Qualifying repayment plan (IBR, PAYE, Standard)
  - ❖ On-time monthly payments made after 10/1/07
- ❖ After 120 monthly payments, the remaining loan balance will be forgiven and is tax exempt!
- ❖ Find out more at [www.myfedloan.org](http://www.myfedloan.org)

# Public Service Loan Forgiveness

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- ❖ Examples of PSLF qualifying jobs:
  - ❖ Emergency management
  - ❖ Military service
  - ❖ Public safety or law enforcement services
  - ❖ Public health services
  - ❖ Public education or public library services
  - ❖ School library and other school-based services
  - ❖ Public interest law services
  - ❖ Early childhood education
  - ❖ AmeriCorps or Peace Corps
  - ❖ And many, many more!

# Public Service Loan Forgiveness

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- ❖ Here's an example of a student who plans to use Public Service Loan Forgiveness
  - ❖ Summer is a city employee. She is single with no dependents. She earns \$25,000 per year and she borrowed \$31,000 in federal loans. After 10 years of working in the public sector, she applies for PSLF.

# Public Service Loan Forgiveness

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- ❖ If Summer choose the Pay As You Earn Repayment Plan, she would have over \$40,000 of principal and interest forgiven after 10 years of payments!
- ❖ Why shouldn't you use the standard repayment plan if you plan to use PSLF?
  - ❖ A standard repayment plan means your loan is paid in full after 10 years. If it is paid in full, there is nothing to forgive
- ❖ To apply for PSLF, turn in the employer certification form each year (available on [www.myfedloan.org](http://www.myfedloan.org)), make sure you're on an income-driven repayment plan and apply for forgiveness after 120 payments

# Public Service Loan Forgiveness

	Standard	Pay As You Earn
First Monthly Payment	\$356.75	\$68.71
Maximum Monthly Payment	\$356.75	\$114.34
Total Interest Paid	\$11,809.83	\$10,807.54
Total Principal Paid	\$31,000.00	\$0
Total Amount Paid	\$42,809.83	\$10,807.54
<b>Total Loan Forgiveness</b>	<b>\$0</b>	<b>\$41,272.46</b>

Assumes increase in AGI of 4% annually and poverty change rate of 3%

# Teacher Loan Forgiveness

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- ❖ Intended to encourage individuals to enter and continue in the teaching profession
- ❖ In order to qualify for Teacher Loan Forgiveness, you must:
  - ❖ Teach full-time in a low-income elementary or secondary school or educational service agency
    - ❖ The school must qualify for Title I funds, more than 30% of enrollment is made up of children who qualify for services provided under Title I and is listed in the annual directory of designated low-income schools
  - ❖ Teach for 5 complete & consecutive years
    - ❖ Doesn't include any years spent teaching to receive AmeriCorps benefits
- ❖ Visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov) for more information



# Teacher Loan Forgiveness

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- ④ You may receive up to \$5,000 in forgiveness if you were a highly qualified full-time elementary or secondary school teacher
- ④ You may receive up to \$17,500 in forgiveness, if you are a highly qualified full-time math or science teacher in a secondary school or a highly qualified special education teacher
- ④ What does highly qualified mean?
  - ④ Obtained full state certification or passed state teaching licensing exam
  - ④ Hold a teaching license in that state and have not had certification or licensure requirements waived on an emergency, temporary or provisional basis
  - ④ Hold a Bachelor's Degree
  - ④ Demonstrated subject knowledge by passing a rigorous state test
- ④ To apply, complete the Teacher Loan Forgiveness Application after the 5 year teaching period

# Perkins Loan Cancellation

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- ⊠ You may qualify for cancellation of up to 100% of your Perkins Loan if you served full-time in a public or non-profit elementary or secondary school system as a:
  - ⊠ Teacher in a school servicing students from low-income families; or
  - ⊠ Special education teacher (includes teachers of infants, toddlers, children or youth with disabilities); or
  - ⊠ Teacher in the fields of math, science, foreign languages, bilingual education or any other field determined by a state education agency to have a shortage of qualified teachers in the state

# Perkins Loan Cancellation

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- ❖ You may qualify for deferment on Perkins Loan payments while you're performing teaching service that qualifies for cancellation.
  - ❖ Contact UO's Perkins Loan Office for details
- ❖ Cancellation is provided in the following increments:
  - ❖ 15% cancelled per year for 1<sup>st</sup> and 2<sup>nd</sup> years of service
  - ❖ 20% cancelled for 3<sup>rd</sup> and 4<sup>th</sup> years
  - ❖ 30% cancelled for the 5<sup>th</sup> year
  - ❖ Each amount cancelled per year includes the interest that accrued during that year
- ❖ To apply for forgiveness, request the appropriate forms from UO's Perkins Loan Office

# Perkins Loan Office

## Contact Information

- ❖ Office is located on the 1st floor of Oregon Hall
- ❖ Phone: (541) 346-3171
- ❖ Email: [uoloans@uoregon.edu](mailto:uoloans@uoregon.edu)
- ❖ Lobby and Phone hours:
  - ❖ Monday & Tuesday 8am-5pm
  - ❖ Wednesday 8:30am-5pm
  - ❖ Thursday & Friday 8am-5pm

# Financial Aid Office

## Contact Information

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- ❖ Office is located on the 2<sup>nd</sup> floor of Oregon Hall
- ❖ Phone: (541) 346-3221
- ❖ Email: [financialaid@uoregon.edu](mailto:financialaid@uoregon.edu)
- ❖ Lobby hours:
  - ❖ Monday & Tuesday 8am-5pm
  - ❖ Wednesday 9am-5pm
  - ❖ Thursday & Friday 8am-5pm
- ❖ Drop-in counselor hours (no appointments):
  - ❖ Monday-Friday 9am-4pm
- ❖ Phone hours
  - ❖ Monday-Friday 8am-5pm

# Questions?

