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# A guide to repaying your student loans

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September 13, 2019

# LISC

## Housekeeping

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- This webinar is being recorded
- Copy of the slide deck will be available on our FOC website (<http://www.FOC-Network.com/>)
- All lines have been muted to reduce background noise
- We will take questions at the end but please write your questions into the chat box throughout the webinar
- Send any unanswered questions to your local program officer

# Introductions

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## Casey Galindo

Market Relationship Manager

Education Financial Services

Wells Fargo & Company

Casey Galindo serves as market relationship manager for Wells Fargo's Education Financial Services and currently manages business relationships in central and south Texas and northern and central California. Before joining Wells Fargo in 2004, Casey began her career at St. Mary's University Office of Financial Assistance. In her role as senior assistant director, she was responsible for managing the state grant and student loan programs and advising prospective and current students and parents on how to pay for college. Casey holds a Bachelor of Business Administration in Accounting and a Master's in Business Administration from St. Mary's University in San Antonio, TX.



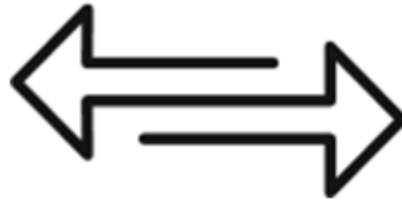
# Agenda

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- What to expect
- Repayment plans and options
- Student loan consolidation options
- Additional resources
- Questions

# What to expect

## What to expect



### Repayment begins when you:

- Graduate
- Leave school
- Drop below half-time enrollment

## Borrower Responsibilities



Repaying your student loan(s) as agreed



Repaying your loan even if a bill is not sent



Opening and reading mail and email related to your student loan(s)



Keeping your servicer or loan provider informed

# Repayment: When is my first payment due?

## Federal Direct and most private loans

- Six months after graduating
- Six months from dropping below the half-time enrollment
- Six months from leaving school

## Federal Perkins Loan

- Nine months after graduating
- Nine months from dropping below the half-time attendance mark
- Nine months from leaving school

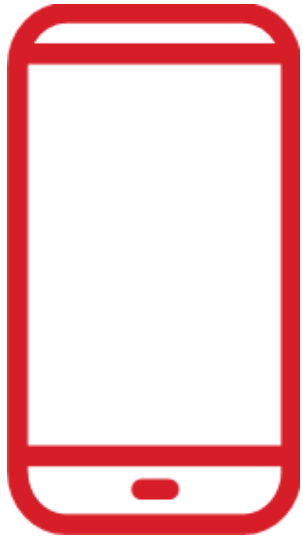
## Federal parent and graduate PLUS loans

- After loan is fully disbursed (parent PLUS loans)
- For graduate PLUS loan borrowers, repayment begins:
  - Six months after you graduate
  - Six months from dropping below half-time enrollment
  - Six months from leaving school



## Making your loan payments

Before your loan enters repayment you should be contacted by your lender or loan servicer.



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- **US Department of Education loan payments** are submitted to the loan servicer
  - **Perkins loan payments** are submitted to the school or the school's loan servicer
  - **Private student loan payments** are submitted to the bank or the lender's loan servicer

# Finding your loan servicer

*NSLDS.ed.gov*

## National Student Loan Data System



### What information is available?

- Loan servicer name and contact information
- Federal loans and grants
- Loan details
- Common financial aid questions and answers
- Glossary of terms

# Student loan postponement and repayment

## Student loan postponement options

Note: some loans require immediate repayment once the loan is taken out. Check with your loan provider on the repayment terms for your particular loan.

- **Grace period:** set period of time after you graduate, leave school, or drop below half-time enrollment before you must begin repaying your loan balance.
- **Deferment:** period in which a repayment of the principal and interest of your loan is temporarily postponed.
- **Forbearance:** period of time where you may be able to stop making payments or reduce your monthly payment for a limited time. Interest will continue to accrue on your loan.

# Repayment options vary by type of loan program



Direct subsidized and unsubsidized loans

Standard Repayment plan  
Graduated Repayment plan  
Extended Repayment plan

Income Based Repayment plans  
Income-Sensitive Repayment plan (FFELP loans)

Federal parent and graduate PLUS loans

Standard Repayment plan  
Graduated Repayment plan  
Extended Repayment plan

Income Based Repayment plans (loans made to students)  
Income-Sensitive Repayment plan (FFELP loans)

Private Student Loans

Contact your loan provider or servicer for information about repayment plan options

Federal Perkins Loan

Contact your loan provider or servicer for information about repayment plan options

# Federal student loan repayment options

- Keep in mind: If you do not select a repayment plan, your loan servicer may place you in a standard repayment plan.
- Remember: If your financial situation changes, you may be able to select a different repayment plan. Contact your loan servicer for more information.

## Standard Repayment Plan

- Fixed monthly payments over a 10 year
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Loans
- All PLUS loans
- All consolidation loans (Direct and FFEL)

## Graduated Repayment Plan

- Lower initial monthly payments, increasing overtime, up to 10 years
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Loans
- All PLUS loans
- All consolidation loans (Direct and FFEL)

## Extended Repayment Plan

- Generally lower monthly or graduated payment for up to 25 years
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Loans
- All PLUS loans
- All consolidation loans (Direct and FFEL)

# Federal student loan income-based options

## Income-Sensitive Repayment Plan

- Federal Family Education Loan program (FFEL)

## Income-Contingent Repayment Plan

- Direct Subsidized and Unsubsidized Loans
- Direct PLUS loans made to students
- Direct Consolidation Loans

## Income-Based Repayment Plan (IBR)

- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Loans
- All PLUS loans made to students
- Consolidation Loans (Direct and FFEL ) Do not include PLUS loans made to parents (Direct and FFEL )

## Pay As Your Earn Repayment Plan (PAYE)

- Direct Subsidized and Unsubsidized Loans
- Direct PLUS loans made to students
- Direct Consolidation Loans that do not include (Direct and FFEL ) PLUS loans made to parents

## Revised Pay As You Earn Repayment Plan (REPAYE)

- Direct Subsidized and Unsubsidized Loans
- Direct PLUS loans made to students
- Direct Consolidation Loans that do not include (Direct and FFEL ) PLUS loans made to parents

Income-Driven Repayment Plans

*If you are interested in Public Loan Forgiveness, contact your loan servicer*

# Private student loan repayment options and features



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- May range from 5 to 20 years depending on the lender and program of study
  - Usually 6 month grace period
  - Limited deferment
  - In-school repayment option
  - Certain loan types require immediate repayment
  - Some lenders offer a loan modification program



## Private student loan repayment options and features

- **Find your loan servicer using the National Student Loan Data System at [nslds.ed.gov](https://nslds.ed.gov).**

Here you'll find:

- Loan servicer name and contact information
- Your federal loans and grants
- Loan details
- Common financial aid questions and answers
- Glossary of terms

- **Stay in touch with your loan servicer or loan provider.**

- **For more information about federal loan repayment options:**

- Visit [studentaid.ed.gov](https://studentaid.ed.gov)
- Log into My Federal Student Aid



# Student loan refinancing and consolidation

## What to consider when refinancing/consolidating

- Why are you refinancing/consolidating your student loans?
- What types of loans may be refinanced/consolidated?
- When to consider refinancing/consolidating your loans?
- How does refinancing/consolidation change the terms of your loans?
- What is the interest rate on refinancing/consolidating loans?



There are **three** types of refinancing and consolidation programs for student loans.

# Student loan consolidation

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## Federal Direct Consolidation Loan

- Consolidation of federal student loans only
- Possibly reduces multiple payments down to one
- No application fee
- May lower your monthly payment
- May extend your payment period
- May lose borrower benefits associated with original loans



Visit [studentaid.ed.gov/sa/repay-loans/consolidation](https://studentaid.ed.gov/sa/repay-loans/consolidation)

## Student loan consolidation

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### Private student loan consolidation (federal and private only)

- Offered through private institutions, such as a bank
- Possibly refinance one or **consolidate federal and private student loans** from a variety of lenders into a single new loan
- May lower your monthly payment
- May extend your payment period – you may pay more in interest
- Consolidation/refinance loan features may vary by lender
- May lose borrower benefits associated with original loans

### Private student loan consolidation (private only)

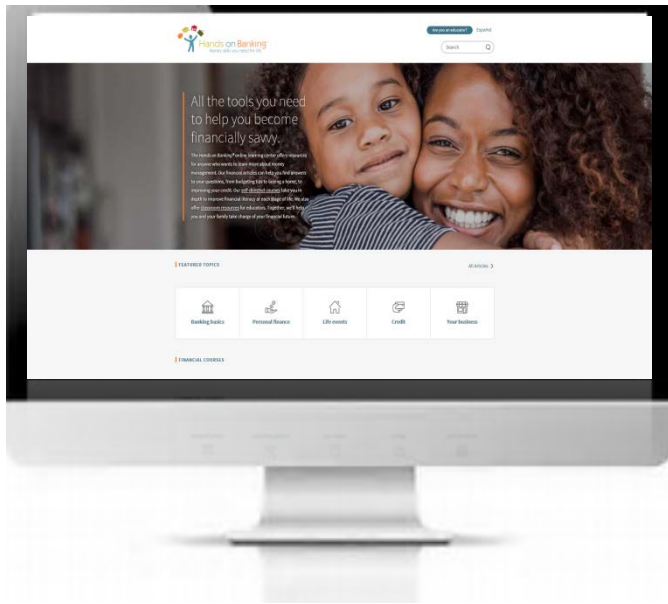
- Offered through private institutions, such as a bank
- Possibly refinance one or consolidate multiple **private student loans** from a variety of lenders into a single new loan
- May lower your monthly payment
- May extend your payment period – you may pay more in interest
- Consolidation/refinance loan features may vary by lender
- May lose borrower benefits associated with original loans

## Additional Resources

- Go College! Now is an innovative platform that helps first generation students and families gain access to resources that help them navigate through the college planning and funding process. Visit at [gocollegenow.org](http://gocollegenow.org) to watch the film, take the pledge, and find resources to help with college planning
- Visit the National Student Loan Data System (NSLDS) at [NSLDS.ed.gov](http://NSLDS.ed.gov) for a centralized, integrated view of Title IV loans and grants.
- Federal Student Aid, a part of the U.S. Department of Education, is the largest provider of student financial aid in the nation. Visit [studentaid.ed.gov](http://studentaid.ed.gov) for information about how to repay federal student loans including:
  - List of federal loan servicers
  - Federal Direct Consolidation Loan
  - Federal repayment plan options
  - Federal Deferment and Forbearance options
  - Forgiveness, Cancellation, and Discharge for federal loans
  - Understanding delinquency and default

## *Hands On Banking*

A comprehensive suite of financial education articles, courses and tools designed for self-paced or group learning



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- Available in **English and Spanish**
- **No commercial content**, no product ties
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- **Flexible Web-based and traditional instruction** delivery channels

<https://handsonbanking.org>

<https://elfuturoentusmanos.org>

## Student loans: where to find them and how to repay

This screenshot shows the 'Loans and debt' section of the Hands on Banking website. The page features a sidebar with a list of topics: 'Loans and debt', 'Cosigning a loan', 'Types of mortgages', 'Borrowing on your home equity', 'Potential warning signs', 'Student aid for graduate students', 'Loan comparison worksheet', 'Managing credit card finance charges', and 'Debt warning signs & tips'. The main content area is titled 'Pros and cons of loan consolidation' and includes an introductory paragraph: 'Since students must reapply for student loans when they graduate, consolidating loans can be cumbersome and time-consuming. Here's an introduction to loan consolidation, including potential benefits and drawbacks.'

This screenshot shows the 'Student loans' section of the Hands on Banking website. The page is titled 'Student loans' and includes a sub-header 'The money you'll need and where to find it'. The main content area is titled 'Learn more about student loans — how to apply, and how to repay.' and includes a paragraph: 'Federal Stafford Loans were offered through schools. Federal Stafford Loans were provided by non-profit student loan providers, or directly from the federal government, until September 30, 2017. Under federal law, schools can no longer offer these loans. If you are a parent to borrow up to the entire cost of their child's education, you may want to consider a private student loan.'

This screenshot shows the 'How to postpone student loan payments' section of the Hands on Banking website. The page is titled 'How to postpone student loan payments' and includes a sub-header 'Funding school'. The main content area is titled 'How to postpone student loan payments' and includes a paragraph: 'Student loans are legal obligations. The money you borrow must be repaid, with interest, just like car loans and mortgages. If you're having financial problems that make it difficult to repay your student loans, don't panic — but do contact your lender. They can explain your options to help you to avoid problems with both late payments and default.' Below this is a section titled 'A helpful first step: exit counseling' with a sub-header 'Exit counseling' and a paragraph: 'If you have Federal Stafford Loans, you need to complete exit counseling shortly before you graduate, withdraw, or drop below half-time status. Exit counseling is required for all borrowers of Federal Stafford Loans.'



## Upcoming Webinars

Register today ! [www.foc-network.org](http://www.foc-network.org)

# LLSC

**9/25** Student Loan  
Repayment Counseling

**10/9** Basics of the Credit  
Score

**10/24** How Lenders Make  
Decisions

**11/7** Financial Technology  
(FinTech)



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Thank you!

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