



FLORIDA DEPARTMENT OF
EDUCATION
fldoe.org



2016

Repayment of Your Student Loan Debt

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Office of Student Financial Assistance



Agenda

- What are my rights and responsibilities?
- How do I choose a repayment plan?
- What are consequences of default?
- Where can I find help if I cannot pay?





What are my rights?

- Borrowers have the right to know the:
 - Amount borrowed
 - Interest rate
 - Date repayment begins
 - Servicer
 - Fees (if any) associated with loan





Know how much you owe

- National Student Loan Data System (NSLDS)
 - www.NSLDS.ed.gov
 - 1-800-4-FED-AID
- Use your FSA ID (username and password) to access this information





Types of Federal Student Loans

<p>Subsidized Direct Federal Stafford Loans</p>	<p>Loans based on financial need.</p>
<p>Unsubsidized Direct Federal Stafford Loans</p>	<p>Loans not based on financial need.</p>
<p>Federal PLUS Loans: Parent PLUS Grad PLUS</p>	<p>Loans borrowed by an undergraduate student's parents or by a graduate or professional degree-seeking student. In order to qualify, the borrower must not have adverse credit or must obtain a credit-worthy endorser.</p>
<p>Federal Consolidation Loans</p>	<p>Multiple student loans consolidated or merged into one new loan.</p>
<p>Federal Perkins Loans</p>	<p>Loans for which you make repayment to the school.</p>

Interest: Simple Daily Basis



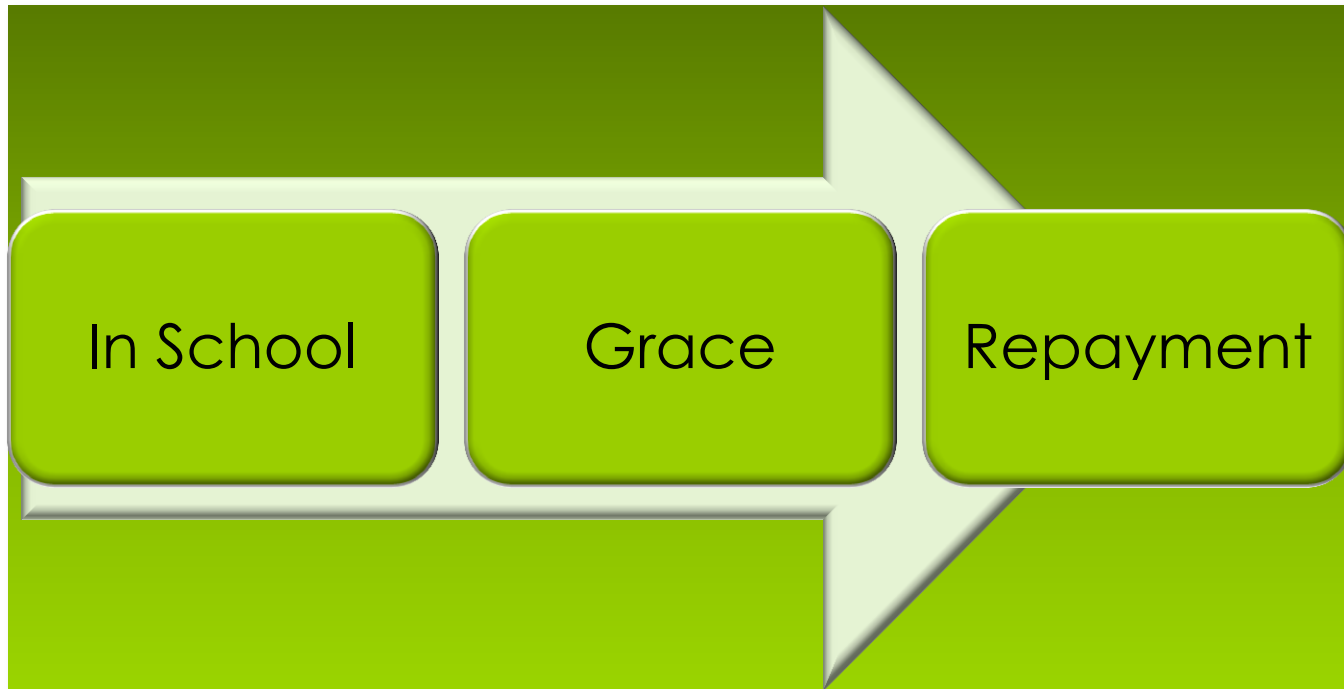
Example: a \$10,000 Direct Loan balance at 6.8% interest would be calculated for the month of July as:

$$\$10,000 \times (.068/365) \times 31 = \$57.75$$





Life cycle of a student loan





What are my responsibilities?

- Borrowers have the responsibility to:
 - Repay the amount borrowed plus interest
 - Update personal contact information when it changes
 - Seek help when unable to pay





Repayment

- Borrowers must repay EVEN IF you:
 - Are dissatisfied with school or services
 - Are not able to secure employment
 - Do not complete your program of study





Repayment Plan Choices

- Standard
- Graduated
- Extended
- Income-Based
 - (IBR, PAYE, REPAYE, ICR, ISR)





Standard

- Maximum repayment period of 10 years
- Minimum monthly payment is \$50 but may be higher depending on balance
- Fixed monthly payment



Graduated

- Maximum repayment period of 10 years
- Begins with lower payments that increase every two years
- More interest accrues over the life of the loan because principal decreases at a slower rate





Extended

- Must have balance of \$30,000 or more in federal student loans
- Payments can be fixed or graduated
- Maximum repayment term of 25 years
- Longer loan payment period means more interest accrues and principal decreases at a slower rate





Income-Based Repayment Plans (IBR, PAYE, REPAYE, ICR, ISR)

- Payments adjust annually based:
 - Income
 - Family Size
 - Poverty Guidelines
- Some qualify for forgiveness of remaining debt
- Must certify income annually





Income-Based (IBR)

- Payment will be lesser of:
 - 15% of discretionary income OR
 - 10-year Standard Plan amount
- Forgiveness of remaining debt after 25 years
- www.IBRinfo.org





Pay As You Earn (PAYE)

- Payment will be lesser of:
 - 10% of discretionary income OR
 - 10-year Standard Plan amount
- Remaining balance forgiven after 20 years and MAY be taxable





Revised Pay As You Earn (REPAYE)

- Payment can be **more** than 10-year Standard Plan amount
- Spouse's income/student loan debt considered whether taxes are filed jointly or separately
- Remaining balance forgiven after 20 or 25 years and **MAY** be taxable





Income-Contingent (ICR)

- Payment will be the lesser of:
 - 20% of discretionary income OR
 - 10-year Standard Plan multiplied by a % based on income
- Forgiveness of remaining debt after 25 years and *MAY* be taxable





Income Sensitive (ISR)

- Adjusted payment amount based on annual income
- Payments change as income changes
- For Federal Family Education Loans (FFEL) ONLY
- Payment period up to 10 years





**Sample Comparison: Single/Household size=1/AGI \$20,000
\$26,946 Total Student Loan Debt @ 3.9%**

Plan	Payment	Projected Loan Forgiveness
Standard (120 months = 10 yrs)	\$272/month \$32,585 total	\$0
Graduated (120 months = 10 yrs)	\$152to \$455/month \$33,979 total	\$0
Pay As You Earn** (240 months = 20 yrs)	\$18 to \$191/month \$21,572 total	\$26,389
Revised Pay As Your Earn** (300 months = 25 yrs)	\$18 to \$278/month \$36,048	\$11,352
Income Based Repayment** (299 months)	\$27 to \$272/month \$48,067 total	\$0
Income Contingent Repayment ** (251 months)	\$135 to \$184/month \$40,203	\$0



Staying on Track

- Use a Repayment Estimator to compare and select a plan that best fits your budget:
 - www.StudentAid.ed.gov
 - www.MappingYourFuture.org
 - www.FinAid.org
- Make monthly payments ON TIME
- Sign up for automatic withdrawal if option is offered





Delinquency

- If payment is made ONE day late, the borrower is considered delinquent
- Make sure payments arrive on or BEFORE the due date



Default

- If no payments are made for 270 days (or 9 months), borrowers are classified in “default status”
- There are many consequences to defaulting on a student loan





Consequences of Default

- Owe entire balance immediately
- Ineligible for interest rate reductions
- Ineligible for deferments/forbearances
- Ineligible for additional financial aid
- Lose positive rating on credit report



Consequences of Default

- Potentially assigned to a collection agency which will incur additional costs and fees
- State/federal income tax refunds may be withheld (offset)
- Part of wages may be withheld (garnished)
- Florida Lottery winnings may be withheld (offset)





Consequences of Default

- Potential denial of a professional license (medical, legal, etc.)
- Florida students:
 - Academic transcripts will be held as required by Florida Statute 1009.95





Where to find help

- Contact the servicer IMMEDIATELY if unable to make a scheduled payment
- Options include:
 - Repayment plan change
 - Deferment
 - Forbearance
 - Consolidation



Options Available

Deferment

- Special circumstances

Forbearance

- Determined by the lender

Consolidation

- Merging all loans into one new loan





Communicating with the Servicer

- Program servicer contact information into your cell phone for easy access
- Notify of any changes to address, employment, e-mail address, cell number
- Keep a folder of all loan records in a safe place
- Document each communication with servicer for reference



Resolving Disputes

- Self-Resolution Checklist
 - www.StudentAid.ed.gov
- Common Issues and How to Resolve
 - www.StudentAid.ed.gov/repay-loans/disputes
- Ombudsman Office
 - 1-877-557-2575
 - www.StudentAid.ed.gov/repay-loans/disputes/prepare





Cancellation of student loan debt

- Death
- Disability (total and permanent)
- School Closure
- Identity Theft
- False Loan Certification
- Failure of school to pay a refund if student withdraws
- Bankruptcy (in rare cases)

Saving Money

- Tax Deductions
 - American Opportunity Tax Credit
 - Lifetime Learning Credit
 - www.IRS.gov/publications/p970
- Loan Forgiveness Programs
 - www.StudentAid.ed.gov
 - www.FinAid.org





Mapping Your Future (MYF)

- MYF is a non-profit organization dedicated to combining person-to-person financial counseling with online resources to help students plan for the future
 - College preparation
 - School selection
 - Career exploration
 - Money management





Navigating Your Financial Future (NyFF)

- Financing higher education
- Managing day-to-day money
- Career planning
- School/Life management





Contact us

- E-mail: osfa@fldoe.org
- Telephone: 1-800-366-3475
- OSFA Outreach:
 - Representative Name
 - Representative Number
 - Representative E-mail