

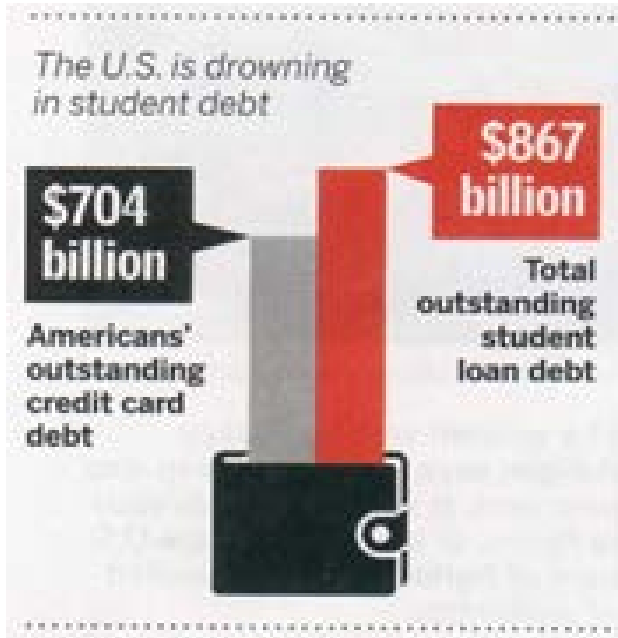
Understanding and Managing Student Debt

CU Debt Management



Facing the Numbers

However, college is still worth the investment and today we will talk about your options for managing your debt



Student Loans

- Stafford Loans
 - Subsidized Stafford Loans
 - Unsubsidized Stafford Loans
- Perkins Loans
- Parent PLUS Loans
- Graduate PLUS Loans
- Private Student Loans



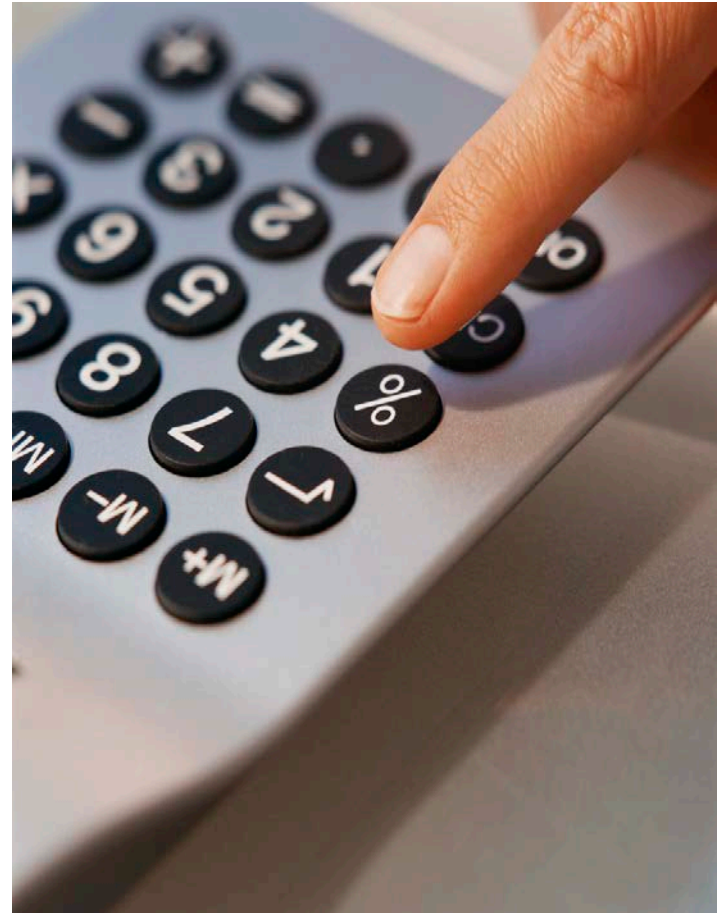
Tracking Your Loans

- www.nslds.gov – a database which stores information on federal grants and loans.
 - Amounts of federal loans
 - Status of loans
 - Loan servicer(s).
 - Access NSLDS using your Federal Student Aid PIN.



StudentLoans.gov Resources

- Fed Student Loan Counseling
- Repayment Calculator
- Income sensitive Repayment Plan Application
- Consolidation application



StudentLoans.gov



START HERE
GO FURTHER
FEDERAL STUDENT AID®

StudentLoans.gov

English | Español

My Account

Learn More

Tools and Resources

Managing Repayment

FAQs

Contact Us

Manage My Direct Loan

Sign In

Use your PIN to sign in
[Why am I signing in?](#)

- » **Complete Counseling**
(Entrance, Financial Awareness, and Exit)
- » **Sign Master Promissory Note**
- » **Complete PLUS Request Process**
- » **Endorse Direct PLUS Loan**
- » **IBR/Pay As You Earn/ICR Repayment Plan Request**

Visit the PIN site if you are a new user or have forgotten your PIN.



StudentLoans.gov

This site is your source for information from the U.S. Department of Education about how to manage your student loans.

Learn More

- » **Find Information about Student Aid Programs**
- » **Interest Rate for New Direct Subsidized Loans**
- » **Impact of Sequestration on Federal Student Aid Programs**
- » **Direct Loan Overview**
- » **What You Need**
- » **What To Expect**
- » **Glossary**

Tools and Resources

- » **Apply for PIN**
- » **FAFSA**
- » **Counseling Demo**
- » **Direct Loan Consolidation**
- » **My Financial Aid History**
- » **TEACH Grant**
 - » Initial and Subsequent Counseling
 - » Agreement To Serve (ATS)
 - » Exit Counseling

Managing Repayment

- » **Repaying Your Loans**
- » **Repayment Plans & Calculators**
- » **Trouble Making Payments?**
- » **Loan Discharge**
- » **Public Service Loan Forgiveness**
- » **Teacher Loan Forgiveness**
- » **Loan Servicers**

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WhiteHouse.gov | USA.gov | ED.gov



University of Colorado
Boulder

Repayment Estimator

Loan Information



Your Loan Balance **\$ 14,338**

Interest Rate **5 %**

[More Information](#)

View your loan information or add loans:

Your Loan(s)

Is your tax filing status either married filing jointly or **head of household** ?

No

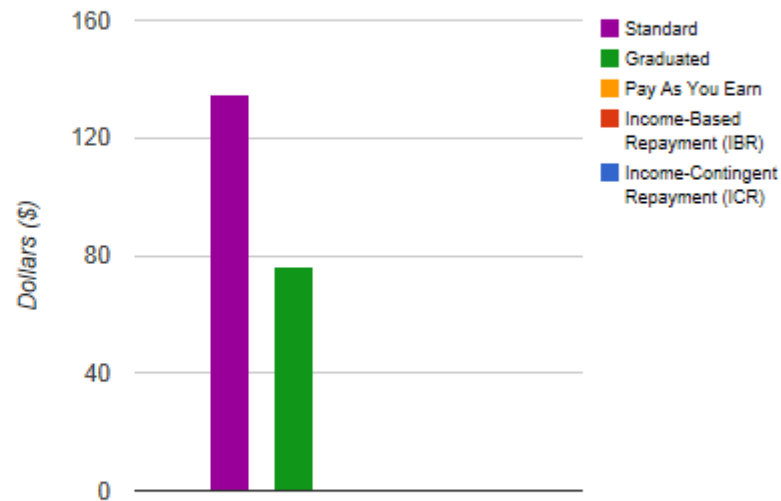
Yes

Adjusted Gross Income (taxable)

Family Size

State of Residence

Initial Monthly Payment



Initial Monthly Payment | Final Monthly Payment |
Total Interest Paid | Total Amount Paid



Repayment Plans

- Know that you have options
- Change repayment plans
- Be on a shorter repayment schedule
- Find yourself in a bind? Talk to your servicer about your options



Standard Repayment Plan

- Fixed Payments
- Made for a period of 10 years
- Potentially up to 30 years for consolidation
- Automatically defaulted into this plan
- Saves you the most money over time



Graduated and Extended Repayment Plans

	Graduated	Extended Fixed	Extended Graduated
Repayment Period	10 Years	25 years	25 years
Payment Type	Payments start low, then increase every 2 years	Fixed Payments	Payments start low, then increase every 2 years
Conditions and Payment Guidelines	<p>Payments must be at least equal to monthly interest due.</p> <p>No single payment will be more than 3 times greater than any other payment.</p>	<p>More than \$30,000 in Direct Loans and/or more than \$30,000 in FFEL Loans.</p> <p>New borrower as of Oct. 7, 1998.</p> <p>Payments of \$50 or more.</p>	<p>More than \$30,000 in Direct Loans and/or more than \$30,000 in FFEL Loans.</p> <p>New borrower as of Oct. 7, 1998.</p> <p>Payments must be at least equal to monthly interest due</p> <p>No single payment will be more than 3 times greater than any other payment.</p>



Pay as you Earn Repayment Plan

- Usually has the lowest monthly payment amount
- No loans prior to Oct 1, 2007 and must have received a disbursement of a Direct Loan on or after Oct 1, 2011
- Partial financial hardship
- **10** percent of your discretionary income
- 20 years forgiveness



Income Based Repayment

- Designed to reduce monthly payments to assist with making your student loan manageable
- Must have partial financial hardship
- Monthly based payments based on income and family size
- Made over a payment of 25 years
- **15** percent of your discretionary income



Income Contingent Repayment

- Designed to reduce monthly payments to assist with making your student loan manageable
- Must have partial financial hardship
- Monthly based payments based on income and family size
- Made over a payment of 25 years
- **20** percent of your discretionary income



Examples of Income-Driven Repayment Plans

Loan Balance: 30k; AGI: 30k; Unmarried Family of 1

	Standard	ICR	IBR	Pay As You Earn
Monthly Payment (Min.)	\$345.24	\$232.60	\$160.00	\$106.00
Monthly Payment (Max.)	N/A	\$302.45	N/A	N/A
Term (# of Months)	120	181	300	240
Total Interest	\$11,429	\$19,327	\$47,869	\$25,530
Total Paid	\$41,429	\$30,000	\$47,869	\$25,530
Amount Forgiven	N/A	\$19,327	\$30,000	\$30,000

Loan Balance: 60k; AGI: 60k; Married Family of 3

	Standard	ICR	IBR	Pay As You Earn
Monthly Payment (Min.)	\$690.48	\$610.65	\$384.00	\$256.00
Monthly Payment (Max.)	N/A	\$753.27	N/A	N/A
Term (# of Months)	120	127	300	240
Total Interest	\$22,858	\$25,391	\$80,755	\$61,410
Total Paid	\$82,858	\$85,391	\$155,144	\$61,410
Amount Forgiven	N/A	N/A	\$25,611	\$60,000

Loan Balance: 100k; AGI: 90k; Unmarried Family of 1

	Standard	ICR	IBR	Pay As You Earn
Monthly Payment (Min.)	\$1,151.00	\$1,228.77	\$910.00	\$606.00
Monthly Payment (Max.)	N/A	\$1,417.05	N/A	N/A
Term (# of Months)	120	102	173	240
Total Interest	\$38,096	\$32,728	\$57,028	\$125,340
Total Paid	\$138,096	\$132,728	\$157,028	\$145,530
Amount Forgiven	N/A	N/A	N/A	\$79,810

Loan Balance: 250k; AGI: 90k; Married Family of 3

	Standard	ICR	IBR	Pay As You Earn
Monthly Payment (Min.)	\$2,877.00	\$1,174.50	\$759.00	\$506.00
Monthly Payment (Max.)	N/A	\$3,535.27	N/A	N/A
Term (# of Months)	120	256	300	240
Total Interest	\$95,241	\$283,096	\$227,644	\$121,410
Total Paid	\$345,241	\$541,056	\$227,644	\$121,410
Amount Forgiven	N/A	N/A	\$250,000	\$250,000

Consolidation

Advantages:

- One lender and one monthly payment
- Possibly a reduced payment
- Increased length of repayment
- Still change repayment plans
- Prepay loans
- Still have the same repayment plan options

Disadvantages:

- Average interest rate
- Lose grace period
- You may lose repayment incentives
- You will lose cancellation and interest subsidy benefits on any Federal Perkins Loans
- Any outstanding interest on the loans you consolidate will be capitalized when you consolidate.
- More interest as you may have 30 year repayment schedule
- Borrower benefit programs may vary among different lenders



Public Service Loan Forgiveness

Borrowers may qualify for forgiveness of the remaining balance of their Direct Loans after they have made 120 qualifying payments on those loans while employed full time by certain public service employers



Public Service Loan Forgiveness

- Direct loans only not FFEL
- You can consolidate however only payments you made on the new Direct Consolidation Loan will count
- IBR, PAYE and ICR are qualifying repayment options
- Complete, with your employer's certification, the Employment Certification form or annually or whenever you change jobs



Did you know?

- You can save .25% interest on your federal loans if you sign up for automated payments
- You can deduct up to \$2500 of your paid interest from your taxes
- There is no prepayment penalty

SCENARIO #1* > Standard Repayment Plan: *YOU OWE \$50. YOU PAY \$200.*



If you stipulate that the extra money will not go toward future installments



to current payment applied to principal

If there are still fees/interest left after the \$50, this will not be the case.



How Your \$200 Payment Gets Applied:

Next Payment Due:



If you *don't* stipulate that the extra money will not go toward future installments



to current payment to next month's payment to 3rd month's payment to 4th month's payment



Did you know?

The power of additional payments on a typical loan



Estimated savings are based on a 10 year loan of \$15,000 at a 6.8% interest rate with no capitalized interest, and with extra payments being made from the start of repayment until the loan is fully paid off.



Prioritizing

- Know what you owe and make a plan!
- Prioritize debts – Some debts work for you and some work against you
 - Consumer debt vs. low interest rate mortgage
 - Know your interest rates
- Set specific financial goals
 - Pay off student loans in 5 years by making an extra \$50 payment



Budgeting

- Framework for spending and expenses
- Use a method that works for you
 - Excel spreadsheet
 - www.mint.com
- Identify ways to cut expenses or increase income
- Visit <http://www.consumer.ftc.gov/> for help



**Do your
habits
support your
goals?**



Obtaining Your Credit Report

You can receive a free credit report each year from each of the three bureaus or order reports from

www.annualcreditreport.com

Equifax

www.equifax.com

Experian

www.experian.com

Trans Union

www.tuc.com



FICO also has a free estimator that is accurate within 40 points:
www.whatsmyscore.org/estimator



Strategies to Save Money

We know you have heard these tips before, but have you applied them?

Housing

- Set your thermostat lower
- Go Green (turn lights off, shorter showers)

Entertainment

- Eat out less
- Look for free CU activities

Transportation

- Cut parking permits
- Utilize public transportation
- Keep tires inflated

Food

- Shop around
- Buy in bulk
- Buy generic
- Stick to a list
- Avoid the vending machine

Miscellaneous

- Shop around for insurance
- Ask for credit card interest rate reduction



ANY
QUESTIONS
?



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