

Repayment Checklist

Be an informed borrower by learning about your loans and what to do for a smooth repayment experience. As you work through this checklist, you'll find out how to make payments and figure out which repayment plan is best for you; and you'll know what to do if you're having trouble making payments or think you might be eligible for loan forgiveness. Remember: *You never have to pay for help with your student loans!*

Before You Graduate or Leave School

- Review your federal student loan history. Get your loan history by logging in to "My Federal Student Aid"—you'll need to create an FSA ID if you don't already have one. As you review your information, note the following:
 - The current loan balance and interest rate for each loan
 - The loan type (depending on when you went to school and what loan programs your school participated in, you may have loans from different federal student loan programs; the types of loans you received can affect what benefits are available to you)
 - The name of the loan servicer for each loan (a loan servicer is a company that handles the billing and other services on your loans; generally, you'll have one servicer for all your federal student loans, but there is a chance you could have more than one)
- Get to know your loan servicer. Your servicer helps you with your student loans—for FREE! It's important that you know who your loan servicer is and how to contact them because you will eventually be making your loan payments to your servicer. Take this opportunity to save your servicer's phone number in your phone.
- Create an online account on your servicer's website. You can find the most detailed and up-to-date information about your loans, make your payments, and manage your loans (for example, change repayment plans or apply for a deferment) on your loan servicer's website. When you create your account, be sure your contact information is correct.
- Complete mandatory exit counseling. All federal student loan borrowers must complete exit counseling. Exit counseling provides important information you need to help you prepare for repayment of your loans. Check with your school to find out how they want you to complete exit counseling. Schools have different requirements.

If you can afford it, make loan payments while you're in school, especially if your loans are accruing interest. Making payments early can reduce the interest you pay and the cost of your loan over time.

After You Graduate or Leave School

- Know when you have to start making payments. For most loans, you'll have six months—or nine months for Federal Perkins Loans—after you graduate, leave school, or drop below half-time enrollment before you must begin making your loan payments. Take this time to make a plan for repayment.

- Create a budget to determine how much you can realistically afford to pay monthly toward your student loans. Get help creating a budget at www.studentaid.gov.
- Consider loan consolidation. A Direct Consolidation Loan allows you to combine all of your federal student loans into one loan with one monthly payment. Loan consolidation can be helpful if you have multiple servicers, loans from the Federal Family Education Loan (FFEL) Program, or Federal Perkins Loans. Loan consolidation can increase your chances of qualifying for an affordable repayment plan and loan forgiveness options, but it may not be the best option for you.
- Set a goal for repayment. After you know how much you can afford to pay each month, set a goal for repaying your loans. To begin setting your goal, ask and answer this question: “Do I want to repay my loans quickly, or do I want to pay as little as possible per month?” You can’t choose both options. Any time you lower your payment, you’ll be in repayment for a longer time and you’ll pay more interest on your loans.

If your financial situation changes, you can change your repayment plan at any time. If you have questions about your loan repayment options or the process, contact your loan servicer.

- Select an affordable repayment plan. Now that you’ve set a goal for repayment, you can find a repayment plan that fits your goal using the Repayment Estimator at www.studentaid.gov.
- If you want to pay your loans off quickly and you can afford to do it, select the Standard Repayment Plan. Unless you consolidate, your loans will be paid off after 10 years of payments.
- If you want to have the lowest monthly payment or can’t afford to make payments under the Standard Repayment Plan, select an income-driven repayment plan. These plans
 - set your payment at a percentage of your income,
 - will usually have a lower monthly payment than other plans, and
 - can have payments as low as \$0 per month.
- With these plans, you’ll be in repayment for up to 20 or 25 years. If your loans are not repaid in full after 20 or 25 years, the remaining balance will be forgiven.

If you don’t select a specific repayment plan, your loan will be put on the Standard Repayment Plan. You can switch to a different plan at any time by contacting your loan servicer.

- Know whether you are eligible for loan forgiveness based on your employer or your job.
- Public Service Loan Forgiveness (PSLF) Program: You may qualify for this loan forgiveness program if you are employed by a government or a not-for-profit organization. You must make 120 qualifying payments under an income-driven plan to qualify.
- Teacher Loan Forgiveness Program: You may qualify for this program if you (a) teach full-time for five complete and consecutive academic years in certain elementary and secondary schools and educational service agencies that serve low-income families, and (b) meet other qualifications.

Teachers! You may qualify for both forgiveness programs (PSLF and TLF)—but not for the same time period.

When It's Time to Start Making Payments

- Make on-time payments to your loan servicer. Your loan servicer will provide you with a loan repayment schedule that tells you when your first payment is due, the number and frequency of payments, and the amount of each payment. Contact your loan servicer if you haven't received this information.
- Make repayment simple and save on interest—enroll in automatic debit. Once you enroll, your payments will be automatically taken from your bank account each month. This will help you to stay on track with your payments, and as an added bonus, you may get a 0.25% interest rate deduction if you have Direct Loans. Check your servicer's website for details.
- Know your options if you can't make your loan payment. If you don't pay the full amount due on time or if you start missing payments—even one—your loan will be considered delinquent, and late fees may be charged to you. If you can't make your payments, contact your loan servicer immediately for help. Your servicer can offer you temporary or long-term options, such as changing repayment plans, deferment, forbearance, or loan consolidation.
- Reduce your federal income taxes. You may be eligible to deduct a portion of the student loan interest you paid on your federal tax return. Student loan interest payments are reported both to the IRS and to you on IRS Form 1098-E, Student Loan Interest Statement. Check with the IRS or a tax advisor to see if you qualify for this deduction.

Source: www.studentaid.gov

Other resources:

www.studentloans.gov – Exit Counseling, loan servicer contact information, repayment calculator, forms for consolidation and income-driven repayment plans

www.nslds.ed.gov – Detailed financial aid history, including your loan disbursements

www.collegeincolorado.org and www.cicmoney101.org – tools and calculators including money management and spending guides, resources for saving and investing, guides to using and building credit, and more