Agenda

• Types of Financial Aid

• Repayment of Student Loans

• Questions
Types of Financial Aid

• Stafford Loan
  – -$8500 subsidized (government pays interest during enrollment)
  – -$12K unsubsidized (interest accrues life of loan)
  – - 6.8% interest rate (fixed)
  – - repayment begins 6 month after you graduate or leave school

• Graduate PLUS Loan
  – - credit based federal student loan program (8.5% fixed rate)
  – - interest accrues through out life of loan
  – - must complete FAFSA and have accepted full Stafford Loan
  – - can borrow up to the COA minus other aid awarded
  – - repayment begins 6 month after you graduate or leave school
Types of Financial Aid

• Alternative Student Loans
  – also known as private student loan
  – credit based (non federal loans)
  – can borrow up to the COA minus other aid awarded
  – rate can be PRIME or LIBOR, plus a margin depending on credit history
  – repayment between 6-9 months after graduation depending on loan program
Student Loan Repayment

- What types of loans have you borrowed
- How much have you borrowed
- National Student Loan Data System (www.nslds.ed.gov)
Student Loan Repayment

Average Debt = $32,860

(includes Subsidized, Unsubsidized & Grad PLUS)
Hurricane Assistance

NSLDS STUDENT ACCESS
National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education’s (ED’s) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

FINANCIAL AID REVIEW
Student Loan Repayment

(Relative Cost of Repayment)

- **Interest Rate**—what the lender charges you to use their money

- **Capitalization**—the addition of accrued and unpaid interest to the principal balance of your loan

- **Borrower Benefits**—money saving benefits or repayment incentives which include an on-time payment requirement to obtain the benefit and/or retain it after qualifying, such as loan credits or interest rate reductions
Student Loan Repayment

(Grace Period)

• Period of time after you graduate (or drop below half-time) during which you are not required to make payments

• Grace period is automatic for most loan programs**

• Grace periods are loan specific and varies according to loan type; once you use it completely – it’s gone

  – Stafford Loan = 6 month grace period
  – PLUS (Grad) = 6 month forbearance period**
  – Alt loan = 0 – 9 months grace period depending on program
Student Loan Repayment
(Federal Repayment Plans)

• **Standard**
  – Level monthly payments over a 10 year period
  – Higher monthly payment
  – **Lower overall costs**

• **Graduated**
  – Payments start low, increase over time
  – Lower payments only up to 4 years, followed by standard payments for the remaining repayment term
  – 10 year repayment period
  – **Higher overall costs** – good for early cash flow, but remember cost!
Student Loan Repayment

(Federal Repayment Plans)

• **Income Sensitive**
  – Payments are based on a percentage of your monthly income
  – 10-15 year repayment term
  – Good for early cash flow, but remember cost!

• **Extended**
  – Repayment can be extended up to 25 years
  – Must have borrowed minimum of $30K in federal loans
  – ***Most Costly****
# Student Loan Repayment

*(plan comparison)*

<table>
<thead>
<tr>
<th>Payment Plan</th>
<th>Loan Term</th>
<th>Payment Amount</th>
<th>Total Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>10 yrs</td>
<td>$378</td>
<td>$12,518</td>
</tr>
<tr>
<td>Extended</td>
<td>25 yrs</td>
<td>$228</td>
<td>$35,562</td>
</tr>
</tbody>
</table>
Student Loan Repayment

(should you have trouble repaying…….)

• Request a Deferment
  – Period when a borrower who meets certain criteria may suspend loan payments
  – Must apply annually for a deferment with your loan lender
  – Common Types of Deferment
    • In School
    • Economic Hardship
    • Unemployment
    • Military
Student Loan Repayment

(should you have trouble repaying…….)

• **Request a Forbearance**
  - Temporary adjustment (no payments, lower payments) to repayment schedule in cases of financial hardship

• •In general, apply after grace if deferment eligibilities are exhausted

• •Interest **accrues** and **capitalizes** on **all** loans, subsidized and unsubsidized

• Application required at least annually
Student Loan Repayment
(should you have trouble repaying……DON’T DEFAULT!)

• **DELINQUENCY**
  
  • Failure to make payment(s) when due
  • Reported to credit bureaus, affects your credit history

• **DEFAULT**
  
  • After 270 days late, lender assumes you will not pay
  • Wages & Tax Returns can be garnished
  • Lender can sue, and you are responsible for costs
  • Collection agencies take over –adds to your cost
  • Licenses are pulled in a growing number of states
  • Student loans rarely discharged in bankruptcy
Source: www.myfico.com

- Payment history: 35%
- Amounts owed: 30%
- Types of Credit Used: 10%
- New Credit: 10%
- Length of Credit History: 15%
Student Loan Repayment

(should you have trouble repaying......DON’T DEFAULT!)

• **Consequences**

• Your federal student loans are only canceled if you die or become totally and permanently disabled. They are generally not dischargeable in bankruptcy.

• **Remember: No one wants you to default!**

• If you are experiencing any difficulties in repayment, contact your lender immediately to make appropriate arrangements and avoid the consequences of default!
Student Loan Repayment

(HELPFUL HINTS)

• Get all your loan papers together: keep them on file!
  – promissory notes
  – disclosure statements
  – award letters
  – exit interview information

• Open and READ your student loan mail

• Bookmark your loan servicers’ websites

• Notify your loan servicer of name & address changes

• Document calls to lender: date/time of call, get the name of the person you are calling

• Keep important numbers available
Public Service Loan Forgiveness
http://www.finaid.org/loans/publicservice.phtml

✓ Eligibility for Federal Direct Student Loan Program (FDLP)
  • Stafford Loan, PLUS Loan & Consolidation Loan

✓ Eligible payment plans
  • Standard
  • Income–Based Repayment
  • Income Contingent Repayment

✓ Borrower’s MUST Have
  • Made 120 ON-TIME monthly payments during public service employment
  • Work full time for 10 years in public service employment
  • Must be employed at an eligible public service job at the time remaining loan balance is forgiven
Consolidation
http://www.finaid.org/loans/publicservice.phtml

- Combines several student loans into one single loan with one lender

- Interest rate is averaged and rounded up to nearest 1/8 percent.

  EXAMPLE

  \[
  \frac{\$5,000 \times 5.0\% + \$10,000 \times 6.8\%}{\$5,000 + \$10,000} = 6.25 \% \text{ RATE}
  \]

- Direct Loan Consolidation (FDLP) at www.dl.ed.gov
UNC Exit Loan Counseling Requirement

www.mappingyourfuture.org
- click on “student loan counseling”
- then “Stafford/Grad PLUS Combined”
resources for this presentation

- www.finaid.org
- studentaid.ed.gov
- www.nslds.ed.gov
- Sallie Mae Student Loan Corporation
- College Foundation of North Carolina
QUESTIONS
OFFICE OF SCHOLARSHIPS AND STUDENT AID

Mailing Address:
P.O. Box 1080
Chapel Hill, NC 27514

Campus Address:
111 Pettigrew Hall

E-mail address:
aidinfo@unc.edu

Web site:
studentaid.unc.edu

Phone: 919-962-8396
Fax: 919-962-2716