

Think of your federal student loans as your “**EDUCATION MORTGAGE.**”

- It is the financing you have needed to make this important investment in yourself and in your future.
- The good news is that with this “**mortgage**” your monthly payments do NOT have to be based on how much you owe. Federal student loans are the most flexible and least risky form of credit you likely will ever borrow. Repayment is more flexible (and potentially more affordable) because your monthly payments can be based on your household’s income rather than on the amount you owe. As such, repaying this mortgage need not put you financially at risk nor prevent you from making other financial decisions/choices such as investing for retirement or saving to buy a new home given your income provided you make **SMART, STRATEGIC** and **WELL-INFORMED** decisions when planning for and managing repayment of this unique form of debt.
- This “Loan Repayment Planning” worksheet is designed to help you make well-informed decisions when trying to answer the following four questions as you plan for and manage repayment of your federal student loans:
 - Should you refinance your existing federal student loans with a private loan to get a lower interest rate on the debt?
 - If no, should you consolidate/refinance any of your existing federal student loans with the Federal Direct Consolidation Loan?
 - What payment plan should you choose to repay your federal student loans initially (assuming you don’t refinance the loans with a private loan)?
 - Should you pay off your federal student loans as fast as possible?

Federal Student Loans (Direct/FFELP) are a very flexible and low risk form of credit.

- You should never have to miss a payment or default on Federal Direct/FFELP student loan(s).
 - **Payment relief options** exist (including postponing repayment temporarily using a *deferral* or *forbearance* or reducing your monthly payment) that provide financial “**safety nets**” if you are experiencing financial hardship.
 - *Simply contact your loan servicer BEFORE you miss the scheduled payment and explain why you need help.*
- Payments can be less than **10%** of your household’s monthly **Adjusted Gross Income (AGI)** if you choose the payment plan that would give you the lowest possible monthly payment.
 - **Flexible** payment plans are available for Direct/FFELP student loans including **income-driven repayment (IDR) plans**:
 - **Revised Pay As You Earn (REPAYE)** – *the newest 10% IDR plan*
 - **Pay As You Earn (PAYE)**
 - **Income-Based Repayment (IBR)** – *both the new 10% option and the original 15% option*
 - **Income-Contingent Repayment (ICR)** – *the “original” IDR plan*
 - These income-driven repayment (IDR) plans provide an affordable monthly payment based on a percentage of your household’s adjusted gross income (AGI), NOT the amount of your student loan debt. No other form of consumer credit currently offers this flexibility or affordability.
 - As such, these income-driven repayment (IDR) plans minimize the risk of having to miss a payment if you had a loss of income. They also minimize the potential negative impact to your monthly cash flow that could limit your options financially such as your ability to change jobs/take time off or borrow money for other purposes, e.g., buying a home.
- Federal student loan debt could be gone within 25 years or less even if it is not fully repaid (*forgiven amount may be taxable*).
 - Portion of debt could be forgiven if not fully repaid if using an income-driven repayment plan.
 - Portion of qualifying debt could be forgiven in 10 years if working in a qualifying public service position (PSLF).
- **NO prepayment penalties** exist on federal student loans, *but there is a “cost”/tradeoff in doing so—the “opportunity cost.”*
 - You have the right to prepay on the debt (make payments before required/pay an extra amount) without penalty if your goal is to reduce the total interest paid and/or to get the debt paid off more quickly. *But always evaluate the cost in doing so—what are you giving up financially? The extra money you pay toward your loans could be invested and earning compounding interest.*

Remember, no other form of credit offers this much choice, flexibility or financial safety during repayment.

- Consider how you can **LEVERAGE** (balance) the flexibility and “**safety nets**” built into federal student loan repayment so that you successfully repay your “**educational mortgage**” without having to sacrifice your career aspirations or delay the achievement of your other goals because you chose to put the rest of our financial life on hold. *Don’t ignore your other financial planning needs as you plan for and manage repayment of your federal student loans.*
- Note that it may not be in your best interest financially to pay off your federal student loans as fast as possible if you have “better” alternative uses for your extra funds from an “**OPPORTUNITY COST**” perspective. Saving and/or investing those “extra funds” for the future could be a better use of that money due to the unique nature of federal student loans (Direct/FFELP).
- So be strategic! Think about your **FINANCIAL GOALS** and estimate your monthly **BUDGET** so that you can determine how much you can afford to pay on your loans each month. Then use the following four steps to help develop your loan repayment plan.
- **SAVE TIME AND MONEY** – Sign up for “**Auto-Pay**” – The U.S. Department of Education currently offers to reduce the interest rate by **0.25%** on Direct Loans and any other federal student loans it owns if you **sign up with your loan servicer** to have your scheduled monthly loan payments on these loans automatically deducted from a checking or savings account using the “auto-pay” option.

STEP 1. Review your loan history (View loan summary/details at StudentAid.gov)

You should know the following information about each student loan you have borrowed as you plan for repayment:

- Type of student loan
- Interest rate
- Amount owed (principal loan balance + accrued interest)
 - Interest on your student loans generally accrues as “SIMPLE” interest during the in-school period and during repayment—it is not compounding. In other words, interest is not accruing on the accrued interest while in school. It will capitalize (be added to the principal balance) once when your loans enter/re-enter repayment and may capitalize again under certain conditions—but it does capitalize at regular timed intervals—not “compounding.”
- Loan servicer and how to contact them
- Date loan will enter or re-enter repayment and current status of the loan
- Available repayment options (if any) and how much you would have to pay each month under each available plan—**be strategic when picking your plan; choose the payment plan that offers the LOWEST required payment given the amount of your debt and your household’s income—this will maximize your ability to control how you spend your money each month—you can always pay extra towards your loans if you want to do so.**

*NOTE: You typically expect to earn **COMPOUNDING** interest that increases exponentially over time on investments.*

You can obtain this information about your **FEDERAL** student loans by logging into your Federal Student Aid (FSA) dashboard at: [StudentAid.gov](https://studentaid.gov). Check your credit report at: [Annual Credit Report.com](https://annualcreditreport.com) for information about any **PRIVATE** student loans you may have borrowed.

STEP 2: Determine when repayment begins

(More information is available at: [StudentAid.gov](https://studentaid.gov).)

Expected graduation/separation date: _____

LOAN TYPE	DEGREE PROGRAM	START OF REPAYMENT	COMMENTS
Subsidized/Unsubsidized (Direct/FFELP Stafford)			<ul style="list-style-type: none"> • AUTOMATIC 6-MONTH GRACE PERIOD before loan repayment begins.
Grad PLUS Loans (Direct/FFELP)			<ul style="list-style-type: none"> • NO GRACE PERIOD. <ul style="list-style-type: none"> ○ Loan enters repayment when it is fully disbursed. ○ It is in an automatic “in-school deferment” while you are in school. ○ Loan will be placed in an automatic “6-month post-enrollment DEFERMENT” once you are no longer enrolled at least half time to align active repayment of the loan with that of the Subsidized/Unsubsidized (Direct/FFELP Stafford) Loans you borrowed during the same period of enrollment.
Perkins			<ul style="list-style-type: none"> • AUTOMATIC 9-MONTH GRACE PERIOD before loan repayment begins. <ul style="list-style-type: none"> ○ Also has 6-month post-deferment grace period (contact servicer for details).
HPSL/LDS/NSL/PCL			<ul style="list-style-type: none"> • AUTOMATIC GRACE PERIOD OF _____ months.
Consolidation			<ul style="list-style-type: none"> • NO GRACE PERIOD. <ul style="list-style-type: none"> ○ Loan enters repayment as soon as it is fully disbursed. It is in an automatic in-school deferment while you are in school. Repayment resumes on the loan when you graduate and in-school deferment ends. See below for payment relief options.
Other federal			
Institutional/Private			

What if you cannot afford to make your minimum monthly loan payment?

- You should not have to miss a payment on your federal student loans due to a loss/lack of income or an unexpected expense. Payment relief likely is available if you cannot afford to pay the minimum amount owed by the due date (*at least on a temporary basis*).
- **You must TAKE ACTION immediately**—contact your loan servicer before you miss the payment and explain why you cannot afford to make that payment. This will allow them to evaluate what option will best provide the payment relief/help you need.
- Obtaining payment relief should not negatively impact your credit nor prevent you from getting payment relief at some future point in time, if needed.
- **Contact your loan servicer(s) for more information or to get the help you need.**

PAYMENT RELIEF OPTIONS — Help is available if you cannot afford an upcoming payment; but you have to ask for the help!

Allows you to:	Temporarily postpone repayment or reduce amount you must pay each month once your loan is in repayment, if eligible. <ul style="list-style-type: none"> • DEFERMENT temporarily postpones monthly payments, if eligible. <i>Interest may be subsidized during deferment on subsidized loans.</i> • FORBEARANCE temporarily postpones or reduces payments when experiencing financial hardship if you don't qualify for a deferment—includes “Medical/Dental Residency Forbearance.” <i>No interest subsidy during forbearance.</i> • CHANGE/ADJUST PAYMENT PLAN—For example, an income-driven repayment plan (IDR) such as REPAYE may provide the help you need without having to postpone repayment using deferment/forbearance if income is low/has decreased.
To apply:	Contact loan servicer BEFORE you miss a payment and explain WHY you need help to determine what option is best for you. <ul style="list-style-type: none"> • Complete required application materials. • Continue making required monthly loan payments until notified otherwise by loan servicer.
When to apply:	As soon as you realize you need help (and before you miss a scheduled payment).

ACTION PLAN:

STEP 3: Estimate monthly payments and select your payment plan

(More information is available at: StudentAid.gov.)

Estimate monthly payments on your federal student loans using the “**Loan Simulator**” that is available on your dashboard at: StudentAid.gov.

DENTAL/MEDICAL STUDENT BORROWERS: Also consider using the “**Medloans Organizer and Calculator**” available from the AAMC at: aamc.org.

- Loan servicer(s) should contact you at least 45-60 days before your loan(s) are scheduled to enter/re-enter repayment with information about the payment plans. You then must advise them what the plan you want to use (even if you selected a plan as part of your online Exit Counseling). If you do not do so, loans initially will be put on the “**Standard**” payment plan.
- You have the right to change from one plan to another at least once every 12 months, if needed, by contacting your loan servicer(s).
- You have the right to make prepayments without penalty. Contact your loan servicer(s) for more information.

Following charts describe the current payment plans available for repaying **Direct/FFELP (Stafford) Subsidized, Unsubsidized, Grad Plus, and Consolidation Loans**. Monthly payments on **Perkins, HPSL, LDS and NSL** loans are fixed and are equal to the greater of: (1) amortizing the total loan amount owed over 120 months, or (2) minimum monthly payment requirement for that program. Contact the servicer of your loans(s) for more details about payment plans/options.

INSTALLMENT Payment Plans <small>Payments based on DEBT/INTEREST RATE</small>	Payment Structure	Maximum Term	Plan Description
Standard	Fixed	120 months* (10 years) <i>*Up to 30 years for Consolidation Loans</i>	<ul style="list-style-type: none"> • Default plan – plan that will be assigned until you opt into a different plan. • Payments are fixed (do not change) based on debt amortized over 120 months. • Negative amortization is not permitted (i.e., payments cannot be less than accrued interest). • Payments qualify for “Public Service Loan Forgiveness (PSLF).”
Graduated	Graduated	120 months* (10 years) <i>*Up to 30 years for Consolidation Loans</i>	<ul style="list-style-type: none"> • Payments increase every two years based on debt amortized over 120 months. • Negative amortization is not permitted (i.e., payments cannot be less than accrued interest). • Payments start out low, but ultimately are higher than under the “Standard Plan.”
Extended – Fixed	Fixed	300 months (25 years)	<ul style="list-style-type: none"> • Payments are fixed (do not change) based on debt amortized over 300 months. • Negative amortization is not permitted (i.e., payments cannot be less than accrued interest). • Payments tend to be about 35-40% less than Standard 10-year payment plan.
Extended – Graduated	Graduated	300 months (25 years)	<ul style="list-style-type: none"> • Payments increase every two years based on debt amortized over 300 months. • Negative amortization is not permitted (i.e., payments cannot be less than accrued interest). • Interest only payments initially but become higher than “Extended Fixed Plan.”

INCOME-DRIVEN REPAYMENT (IDR) Plans <small>Payments based on INCOME</small>	Eligible Loans	% of Discretionary Income	New Borrower Requirement	PFH Requirement	Forgiveness <small>(taxable benefit)</small>	Subsidy <small>(during periods of “negative amortization”)</small>
REPAYE <small>(Revised Pay As You Earn)</small>	DIRECT only	10%	NO	NO	20/25 years <small>(UG only/UG&Grad)</small>	All loans <small>(No time limit)</small>
PAYE <small>(Pay As You Earn)</small>	DIRECT only	10%	YES <small>(as of 10/1/2007)</small>	YES <small>(payments capped)</small>	20 years	Sub loans only <small>(up to 3 yrs)</small>
IBR for New Borrowers	DIRECT and FFELP	10%	YES <small>(as of 7/1/2014)</small>	YES <small>(payments capped)</small>	20 years	Sub loans only <small>(up to 3 yrs)</small>
IBR <small>(Income-Based Repayment)</small>	DIRECT and FFELP	15%	NO	YES <small>(payments capped)</small>	25 years	Sub loans only <small>(up to 3 yrs)</small>
ICR <small>(Income Contingent Repayment)</small>	DIRECT only	20%*	NO	NO	25 years	NONE

- You must apply for an IDR plan using the “**Apply/Recertify/Change Income-Driven Repayment Plan**” option available online from the “In Repayment” checklist on your dashboard at StudentAid.gov approximately **60 days** prior to the loan(s) entering/re-entering repayment. *Current rules require that you reapply/re-certify for the IDR plan you are using every 12 months if you want to remain on that plan for the next 12 months (servicer should request you do so 90 days before the end of current repayment cycle).*
- IDR payments are set for 12 months. *They are adjusted (up/down) on the anniversary date of starting the IDR plan based on how your household’s income/family size has changed.*
- “**Negative amortization**” is permitted -- monthly IDR payments can be equal to less than the amount of interest that accrues that month.
- IDR payments qualify as eligible payments for “**Public Service Loan Forgiveness**” (PSLF) even if the required monthly IDR payment is calculated to be \$0.
- Non-DIRECT federal loans (i.e., FFELP, Perkins, HPSL, LDS, NSL) must be consolidated (refinanced) into a Federal Direct Consolidation Loan to make those loans eligible for possible repayment using the DIRECT-only IDR plans (i.e., REPAYE, PAYE, ICR).
- Definitions:
 - **IDR** (“Income-Driven Repayment”) = Payments are based on percentage of household’s discretionary income rather than on amount of debt owed.
 - **Discretionary Income** = That portion of your household’s **Adjusted Gross Income (AGI)** that exceeds **150% of the federal poverty guideline** for your **family size and state of residence** – *household AGI includes spouse’s income in all IDR plans if married and file joint tax return; excludes spouse’s income from household AGI in PAYE and IBR (but not in REPAYE) plans if married, but file taxes separately. (*Payment calculation slightly different for ICR.)*
 - **New Borrower** = You can’t have an outstanding balance on a DIRECT/FFELP loan when first new DIRECT/FFELP loan is borrowed on/after designated date.
 - **PFH** (“Partial Financial Hardship”) = You must be experiencing “partial financial hardship” to enter this plan. PFH exists when payment based on income is less than the “Standard” 10-year fixed payment amount. *Payments are capped at “Standard” 10-year fixed amount whenever PFH no longer exists under that IDR plan.*
 - **Forgiveness** = Remaining balance (*principal and accrued interest*) is forgiven/cancelled automatically after you have made qualifying IDR monthly payments for the specified number of months (*earned months are not lost if you switch to a different IDR plan*). *Amount forgiven/cancelled is taxable under current IRS code.*
 - **Subsidy** = Portion of negative amortization amount is subsidized/waived. *Negative amortization occurs whenever the scheduled monthly loan payment is less than the amount of interest that accrued that month on that loan.*

ACTION PLAN: BE STRATEGIC -- choose the plan that provides the **LOWEST** required monthly payment based on amount of your debt/household income.

Consider changing plans if: (1) marital/tax filing status changes; (2) payment plans change; (3) you’ve been on an IDR plan for 19 years, (4) AGI > \$

NOTE: When applying/recertifying to use an IDR plan, you can answer **NO** to the “**IRS Income Confirmation**” question that is part of the IDR application (i.e., “Has your income **significantly decreased** since you filed your most recent federal income tax return? For example, have you lost your job or had a loss of income?”) if your **CURRENT** income is equal to or greater than your prior year’s Adjusted Gross Income (AGI) from that federal income tax return.

Interest Subsidy in IDR Plans

Subsidy of interest during “negative amortization”

(“NEGATIVE AMORTIZATION” occurs whenever the amount of your scheduled monthly loan payment is less than the amount of interest that accrued that month on that loan.)

Plans	Subsidized Loans <i>Direct Subsidized Loan</i>	Unsubsidized Loans <i>Direct Unsubsidized Loan Direct Grad PLUS Loan</i>
Revised Pay As You Earn (REPAYE)	100% of negative amortization during first 3 years in plan; 50% thereafter	50% of negative amortization during all years in plan
Pay As You Earn (PAYE)	100% of negative amortization during first 3 years in plan; none thereafter	NONE
IBR for New Borrowers	100% of negative amortization during first 3 years in plan; none thereafter	NONE
Income Based Repayment (IBR)	100% of negative amortization during first 3 years in plan; none thereafter	NONE
Income Contingent Repayment (ICR)	NONE	NONE

REPAYE vs. PAYE

What plan should you consider choosing?

REPAYE

- Negative amortization exists (*payment < accrued interest*)
 - Will receive more interest subsidy

PAYE

- Negative amortization does **NOT** exist (*payment ≥ accrued interest*)

Consider changing from **REPAYE** to **PAYE** once:

- Negative amortization no longer exists (*payment ≥ accrued interest*)
- You get married AND you file separate federal tax returns
PAYE payments would be based solely on your AGI—both incomes would be used in REPAYE
- You have earned at least 19 years of payments that would qualify for forgiveness of the debt
Forgiveness could occur after 20 years of income-driven payments rather than 25 years
- You are reaching the income level where a “Partial Financial Hardship” would no longer exist (*payment based on 10% of AGI equals or exceeds 10-year “Standard” amount*)
Switching to PAYE before you reach that income level would allow your PAYE payments to max out at 10-year amount once a PFH no longer exists—REPAYE payments would keep increasing as income increases (no payment cap in REPAYE)

Changing plans causes outstanding accrued interest to be capitalized (*added to principal balance*).

REPAYE vs. IBR (15%)

What plan should you consider choosing?

REPAYE

- Single (*or married filing jointly*) **and negative amortization exists** (*payment < accrued interest*)
 - Payments will be based on 10% of household’s AGI rather than 15%
 - Will receive more interest subsidy

IBR

- You’re married **and** file federal tax returns separately **and negative amortization does not exist** (*payment ≥ accrued interest*)
 - 15% of your AGI alone (used in IBR) may equal less than 10% of your combined AGI (used in REPAYE)

Consider changing from **REPAYE** to **IBR** once:

- You get married AND you file separate federal tax returns
15% of your AGI alone (used in IBR) may equal less than 10% of your combined AGI (used in REPAYE)
- You are reaching the income level where a “Partial Financial Hardship” would no longer exist (*payment based on 15% of AGI equals or exceeds 10-year “Standard” amount*)
Switching to IBR before you reach that income level would allow your IBR payments to max out at 10-year amount once a PFH no longer exists—REPAYE payments would keep increasing as income increases (no payment cap in REPAYE)

Changing plans causes outstanding accrued interest to be capitalized (*added to principal balance*).

STEP 4: Evaluate if you need to consolidate any of your federal loans

(More information about federal student loan consolidation is available on dashboard at: [StudentAid.gov](https://studentaid.gov).)

- Consolidation is the **REFINANCING** of one or more existing federal student loans (*not the “COMBINING” of loans*).
- You can consolidate (refinance) any or all of your existing federal loans with a different federal loan—the **FEDERAL DIRECT CONSOLIDATION LOAN**. In doing so you are borrowing a new federal loan to pay off one or more of your existing federal student loans to gain some benefit(s).
Consolidating/Refinancing Existing Federal Loans with a Private Loan: You could consolidate/refinance your existing federal student loans with a private loan in order to lower the interest rate on the debt (assuming you qualify for a lower interest rate based on your credit score and income). Doing so, however, would cause you to lose the choice, flexibility and safety inherent in the repayment structure of federal student loans. You would now have a new, FIXED monthly payment that likely would be significantly higher than the FLEXIBLE monthly payment options that would be available to you with the existing federal student loan payment plans [Income-Driven Repayment (IDR) plans, 25-year Extended Fixed plan, 25-year Extended Graduated plan]. As such, you would be REQUIRED to pay more toward repayment of the debt each month despite the reduction in interest rate/accrual of interest. This would increase the “opportunity cost” of the debt. You now would be required to allocate more of your income to the debt each month than would have been required under the federal loan repayment plans. Less of your income now would be available for other uses including: (1) investing for retirement (where you could be earning compounding interest that is growing exponentially over time), (2) saving for the down payment toward the purchase of a new home, (3) saving for emergencies, etc. Although you would have lowered the “direct cost” of the debt by lowering the interest rate, the net effect likely would be negative because you increased the “opportunity cost” of the debt since you now had reduced your ability to invest/save money each month. In other words, you likely would be worse off from a “net-cost” perspective. You also would be exposed to greater financial risk since you now had a FIXED monthly payment that would could not be adjusted if you experienced a loss of income, loss of employment or change in employment where less income would be expected, increased/unexpected expenses, etc. Therefore, be very careful before you decide to refinance your federal loans with a private loan. Make an INFORMED decision—compare all the differences between the loans; don’t focus only on differences in interest rates.
- All federal student loans except the Primary Care Loan (PCL) are eligible to be refinanced through the Federal Direct Consolidation Program. *Private loans currently cannot be consolidated in this program.*
- **Does not lower cost of debt or offer a better interest rate; it actually increases the cost of the debt by a small amount.**
 - **Interest rate on the new loan is fixed – it equals the weighted average of the interest rates of the loans being consolidated then that weighted average is rounded up to the nearest 1/8th percent**
 - The “rounding up of the weighted average” calculation will increase the interest expense on the debt by a small amount; you also may end up paying more total interest over the life of repayment if you take longer to repay the loan(s) you consolidate/refinance.
- Apply for a Federal Direct Consolidation Loan online from the “In Repayment” checklist on your dashboard at [StudentAid.gov](https://studentaid.gov) to complete consolidation application.
 - Loans being consolidated must be in grace, repayment, deferment or forbearance.
 - You will be asked to select the company you want to use to service your new Federal Direct Consolidation Loan when completing the application—*suggest you use the same servicer that is currently servicing your existing Federal Direct Loans.*
 - The loan servicer you choose will process your Federal Direct Consolidation Loan application.
 - Processing of your application could take up to 60 days—you may need to continue making payments on the loan(s) you are consolidating if the loan(s) are in repayment; contact your loan servicer for more information.
 - You can opt to delay funding of your new consolidation loan until near the end of any remaining grace period.
 - You can borrow multiple consolidation loans, but you must apply for them one at a time and can only have one application in process at a time. **Once all loans have been consolidated into a single loan, no further consolidation is permitted.**
 - You can add eligible federal loans to an existing Federal Direct Consolidation Loan during the first 180 days after you submit your consolidation loan application; contact servicer of your Federal Direct Consolidation Loan for more information.
 - **PERKINS LOAN NOTICE:** You will lose the interest subsidy and any loan cancellation benefits on your Federal Perkins Loan(s) if you consolidate your existing Perkins Loans—contact the servicer of your Perkins Loan(s) for more information. *You should NOT consolidate your Perkins Loan(s) if you would be eligible for any cancellation benefits on those loans as you would lose those benefits.*
- Federal Direct Consolidation Loans enter repayment as soon as they are funded; they do NOT have a grace period.
- Payment plans are the same as for Direct Student (Stafford) and Direct Grad PLUS Loans.

CONSOLIDATION – Refinancing option for eligible federal student loans

Allows you to:

- Refinance non-Direct [e.g., FFELP/Perkins/HPSL/LDS/NSL loan(s)] federal student loans held by lender(s) other than U.S. Department of Education (ED) into a new Federal Direct Consolidation Loan held by ED and serviced by a single servicer to increase convenience during repayment. *NOTE: You will receive a single, combined monthly bill for your existing DIRECT loans and have a single monthly payment even if you have multiple Direct loans—they do not need to be “consolidated”/refinanced to get a single monthly bill/payment.*
- Refinance non-Direct [e.g., FFELP/Perkins/HPSL/LDS/NSL loan(s)] in the Federal Direct Loan Program so that the debt can qualify potentially for **REPAYE/PAYE** payment plans as well as the “**Public Service Loan Forgiveness**” (PSLF) program.
- Refinance Stafford loan(s) borrowed prior to July 1, 2006 that have a VARIABLE interest rate into a FIXED-rate Federal Direct Consolidation Loan.
- Lower the monthly payment—*You could obtain a longer repayment term (up to a maximum of 30 years) on the new Federal Direct Consolidation Loan and reset the repayment clock on the debt if using an Installment Payment plan (e.g., fixed or graduated payments) to repay the new Direct Consolidation Loan. This could lower your payment from what would otherwise be available based on your current total student debt, time you’d already been in repayment, and the Income-Driven Repayment (IDR) plans.*
- Refinance FFELP/Perkins/HPSL/LDS/NSL loan(s) in the Federal Direct Consolidation Loan Program so that the debt can qualify for the **Extended Payment Plans (25-year amortization)**.
- Release an endorser from an existing Grad PLUS Loan by refinancing that loan with a Federal Direct Consolidation Loan (*approval of a Direct Consolidation Loan is not subject to the adverse credit criteria of the Grad PLUS Loan*).
- Refinance Perkins/HPSL/LDS/NSL Loans to take advantage of the **0.25%** interest rate reduction that currently is offered to borrowers who repay their Direct Loans using the **AUTO-PAY** feature.
- Refinance loans that are in their GRACE PERIOD so that the debt can be forced into repayment sooner (e.g., maximize REPAYE interest subsidy during negative amortization; earn months for PSLF sooner)—*refer to REPAYE Addendum.*

To apply:

- **Go to “In Repayment” checklist on your dashboard at [StudentAid.gov](https://studentaid.gov)** to complete consolidation application.

When to consolidate:

- **Any time once loan(s) are in grace, repayment, deferment or forbearance.**

ACTION PLAN:

Interest Rate Chart—Federal Student Loans

(More information is available at: StudentAid.gov.)

LOAN TYPE	UNDERGRAD/GRAD-PROF	DATE OF 1 ST DISBURSEMENT	INTEREST RATE
Subsidized/Unsubsidized Direct/FFELP (Stafford) Loans	Undergrad/Grad-Prof	July 1, 1998-June 30, 2006	VARIABLE RATE <i>(Effective 7/1/2021 thru 6/30/2022)</i> 1.72% (in-school, grace, deferment) 2.32% (in repayment, forbearance)
Subsidized Direct/FFELP (Stafford) Loans	Undergrad	July 1, 2006 – June 30, 2008	6.8% (fixed)
		July 1, 2008 – June 30, 2009	6.0% (fixed)
		July 1, 2009 – June 30, 2010	5.6% (fixed)
		July 1, 2010 – June 30, 2011	4.5% (fixed)
		July 1, 2011 – June 30, 2013	3.4% (fixed)
Unsubsidized Direct/FFELP (Stafford) Loans	Undergrad	July 1, 2006 – June 30, 2013	6.8% (fixed)
Subsidized and Unsubsidized Direct (Stafford) Loans	Undergrad	July 1, 2013 – June 30, 2014	3.86% (fixed)
		July 1, 2014 – June 30, 2015	4.66% (fixed)
		July 1, 2015 – June 30, 2016	4.29% (fixed)
		July 1, 2016 – June 30, 2017	3.76% (fixed)
		July 1, 2017 – June 30, 2018	4.45% (fixed)
		July 1, 2018 – June 30, 2019	5.05% (fixed)
		July 1, 2019 – June 30, 2020	4.53% (fixed)
		July 1, 2020 – June 30, 2021	2.75% (fixed)
		July 1, 2021 – June 30, 2022	3.73% (fixed)
Subsidized Direct/FFELP (Stafford) Loans	Grad-Prof	July 1, 2006 – June 30, 2012	6.8% (fixed)
Unsubsidized Direct/FFELP (Stafford) Loans	Grad-Prof	July 1, 2006 – June 30, 2013	6.8% (fixed)
		July 1, 2013 – June 30, 2014	5.41% (fixed)
		July 1, 2014 – June 30, 2015	6.21% (fixed)
		July 1, 2015 – June 30, 2016	5.84% (fixed)
		July 1, 2016 – June 30, 2017	5.31% (fixed)
		July 1, 2017 – June 30, 2018	6.00% (fixed)
		July 1, 2018 – June 30, 2019	6.60% (fixed)
		July 1, 2019 – June 30, 2020	6.08% (fixed)
		July 1, 2020 – June 30, 2021	4.30% (fixed)
FFELP Grad PLUS Loans	Grad-Prof	July 1, 2006 – June 30, 2010	8.5% (fixed)
Direct Grad PLUS Loans	Grad-Prof	July 1, 2006 – June 30, 2013	7.9% (fixed)
		July 1, 2013 – June 30, 2014	6.41% (fixed)
		July 1, 2014 – June 30, 2015	7.21% (fixed)
		July 1, 2015 – June 30, 2016	6.84% (fixed)
		July 1, 2016 – June 30, 2017	6.31% (fixed)
		July 1, 2017 – June 30, 2018	7.00% (fixed)
		July 1, 2018 – June 30, 2019	7.60% (fixed)
		July 1, 2019 – June 30, 2020	7.08% (fixed)
		July 1, 2020 – June 30, 2021	5.30% (fixed)
Direct/FFELP Consolidation Loans	ALL	ALL	FIXED RATE <i>Weighted average of interest rates of loans being consolidated rounded up to nearest 1/8th percent.</i>
Perkins Loans <i>(subsidized)</i>	ALL	ALL	5.0% (fixed)
HPSL, LDS, NSL, PCL <i>(subsidized)</i>	ALL	ALL	5.0% (fixed)

Useful online resources provided by the U.S. Department of Education:

StudentAid.gov

- Information about federal student aid programs regulated by U.S. Dept. of Education
- Loan summary and details
- Loan repayment information—options/plans
- Loan servicing/payment information
- “Loan Simulator” (see “In Repayment” checklist)
- “Federal Direct Consolidation Loan” application (see “In Repayment” checklist)
- “Income-Driven Repayment (IDR) Plan” application/re-certification application (see “In Repayment” checklist)
- Public Service Loan Forgiveness (PSLF) Help Tool (see “In Repayment” checklist)
 - Information about “Public Service Loan Forgiveness” (PSLF) program
 - “Employment Certification for Public Service Loan Forgiveness” form

Budget Planning Worksheet

	Budget Item	Amount	Assumptions
Income	GROSS ANNUAL INCOME	\$	
	Gross Monthly Income	\$	Annual gross income/12 months
	- Mandatory Payroll Deductions	\$	% of gross for taxes, etc.
	= NET MONTHLY INCOME	\$	
Investing/ Savings <i>Pay Yourself FIRST</i>	- Retirement Savings	\$	At least 10% of gross monthly income
	- Other Savings (e.g., emergency fund, mortgage down payment, kid's education fund)	\$	At least 10% of gross monthly income
Debts	= BALANCE	\$	
	- Direct/FFEL Loan Payment	\$	Plan =
	- Perkins Loan Payment	\$	
	- Private Loan Payment(s)	\$	
	- Other Loan Payment(s)	\$	
	= BALANCE	\$	
	- Total Credit Card Debt Payment	\$	
	= BALANCE	\$	
	- Other Debt Payments	\$	
	= BALANCE	\$	
Living Expenses	- Rent/Mortgage	\$	
	- Utilities	\$	
	- Phone, Internet, Cable	\$	
	- Food (groceries)	\$	
	- Transportation	\$	
	- Clothing	\$	
	- Entertainment	\$	
	- Misc. Personal Expenses	\$	
	- Other:	\$	
	= BALANCE	\$	
Philanthropy	- Charitable Contributions	\$	
	= BALANCE	\$	Should be \$0. If there is a SURPLUS , you have additional funds to allocate. If there is a DEFICIT , you are spending more than you have and must cut back in one or more areas.



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