

POWERED BY



FINANCING YOUR EDUCATION



Believe it or not, decisions you make about handling your money before and during college can have a huge impact now and on your future. Now is the time to truly understand how to manage your money and how financial aid assists you and affects you. Be sure to take the time to follow these simple steps.

1 Know what your budget is before you borrow.

Just because you're offered student loans doesn't mean you have to, or should, accept all of the funds. Maybe you don't need it! Take a few minutes to create a budget to see where you stand. Remember you'll have to pay back the loan with interest, so there is a cost involved.

2 Use student loan money ONLY for what you need, not what you want.

The cost is too high for you to accumulate so much debt for items you don't need. Live like a student during school, so that you don't have to after graduation. Keep in mind there are limits on the amount in subsidized and unsubsidized loans that you may be eligible to receive each academic year (annual loan limits) and the total amounts that you may borrow for undergraduate and graduate study (aggregate loan limits).

3 Fill out the FAFSA each year.

The FAFSA will help you determine what federal aid options are available to you. Fill it out as early as possible after October 1st of each year.

4 Learn about types of financial aid.

Financial aid is available in the form of grants, scholarships, work-study jobs and loans. Take time to learn about each option so that you know what's available to you and what your payback responsibilities will be. Also be sure you know the difference between subsidized and unsubsidized loans.

5 Save \$\$\$ in the long run by making interest payments in school.

Make at least your student loan interest payments while you are in school if you can swing it. This will save you money in the long run.

6 Learn about, and choose, repayment plans BEFORE you leave school.

Most borrowers will automatically be put on a standard repayment plan upon graduating, withdrawing or dropping below half-time status. But that may not work for your current situation. Other options are available and can be reviewed in this handout. Your situation should dictate which repayment plan you choose.

7 Keep track of what you owe.

Visit <https://studentaid.gov/> to see a list of all the federal loans you have taken out and a total of how much you owe.

8 Ask for help if you need it! Call your loan servicer(s).

Once it's time to make your student loan repayments, the absolute worst thing you can do is not repay. Call your loan servicer(s). They can help you determine if you should switch payment plans if necessary.

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HOW MUCH CAN I BORROW?

The following chart shows the annual and aggregate limits for subsidized and unsubsidized loans.

| Year | Dependent Students (except students whose parents are unable to obtain PLUS Loans) | Independent Students (and dependent undergraduate students whose parents are unable to obtain PLUS Loans) |
|--|--|--|
| First-Year Undergraduate Annual Loan Limit | \$5,500—No more than \$3,500 of this amount may be in subsidized loans. | \$9,500—No more than \$3,500 of this amount may be in subsidized loans. |
| Second-Year Undergraduate Annual Loan Limit | \$6,500—No more than \$4,500 of this amount may be in subsidized loans. | \$10,500—No more than \$4,500 of this amount may be in subsidized loans. |
| Third-Year and Beyond Undergraduate Annual Loan Limit | \$7,500—No more than \$5,500 of this amount may be in subsidized loans. | \$12,500—No more than \$5,500 of this amount may be in subsidized loans. |
| Graduate or Professional Students Annual Loan Limit | Not Applicable (all graduate and professional students are considered independent) | \$20,500 (unsubsidized only) |
| Subsidized and Unsubsidized Aggregate Loan Limit | \$31,000—No more than \$23,000 of this amount may be in subsidized loans. | \$57,500 for undergraduates—No more than \$23,000 of this amount may be in subsidized loans. \$138,500 for graduate or professional students—No more than \$65,500 of this amount may be in subsidized loans. The graduate aggregate limit includes all federal loans received for undergraduate study. |

Notes:

- The aggregate loan limits include any Subsidized Federal Stafford Loans or Unsubsidized Federal Stafford Loans you may have previously received under the Federal Family Education Loan (FFEL) Program. As a result of legislation that took effect July 1, 2010, no further loans are being made under the FFEL Program.
- Effective for periods of enrollment beginning on or after July 1, 2012, graduate and professional students are no longer eligible to receive Direct Subsidized Loans. The \$65,500 subsidized aggregate loan limit for graduate or professional students includes subsidized loans that a graduate or professional student may have received for periods of enrollment that began before July 1, 2012, or for prior undergraduate study.
- If the total loan amount you receive over the course of your education reaches the aggregate loan limit, you are not eligible to receive additional loans. However, if you repay some of your loans to bring your outstanding loan debt below the aggregate loan limit, you could then borrow again, up to the amount of your remaining eligibility under the aggregate loan limit.
- Graduate and professional students enrolled in certain health profession programs may receive additional Direct Unsubsidized Loan amounts each academic year beyond those shown above. For these students, there is also a higher aggregate limit on Direct Unsubsidized Loans. If you are enrolled in a health profession program, talk to the financial aid office at your school for information about annual and aggregate limits.

WHAT ARE MY REPAYMENT OPTIONS?

(for Direct Loans and FFEL Program Loans)

| Repayment Plan | Eligible Loans | Monthly Payment and Time Frame | Eligibility and Other Information |
|---------------------------------|--|---|--|
| Standard Repayment Plan | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all Consolidation Loans (Direct or FFEL) | Payments are a fixed amount that ensures your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans). | <p>All borrowers are eligible for this plan.</p> <p>You'll usually pay less over time than under other plans.</p> <p>Standard Repayment Plan with a 10-year repayment period is not a good option for those seeking Public Service Loan Forgiveness (PSLF).</p> <p>Standard Repayment Plan for Consolidation Loans is not a qualifying repayment plan for PSLF.</p> |
| Graduated Repayment Plan | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all Consolidation Loans (Direct or FFEL) | Payments are lower at first and then increase, usually every two years, and are for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 years for Consolidation Loans). | <p>All borrowers are eligible for this plan.</p> <p>You'll pay more over time than under the 10-year Standard Plan.</p> <p>Generally not a qualifying repayment plan for PSLF.</p> |
| Extended Repayment Plan | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all Consolidation Loans (Direct or FFEL) | Payments may be fixed or graduated, and will ensure that your loans are paid off within 25 years. | <ul style="list-style-type: none"> • If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. • If you're a FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. • Your monthly payments will be lower than under the 10-year Standard Plan or the Graduated Repayment Plan. • You'll pay more over time than under the 10-year Standard Plan. • Not a qualifying repayment plan for PSLF. |

REPAYMENT OPTIONS CONTINUED

| Repayment Plan | Eligible Loans | Monthly Payment and Time Frame | Eligibility and Other Information |
|---|--|---|---|
| <p>Revised Pay As You Earn Repayment Plan (REPAYE)</p> | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents | <ul style="list-style-type: none"> • Your monthly payments will be 10 percent of discretionary income. • Payments are recalculated each year and are based on your updated income and family size. • You must update your income and family size each year, even if they haven't changed. • If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years (if all loans were taken out for undergraduate study) or 25 years (if any loans were taken out for graduate or professional study). | <ul style="list-style-type: none"> • Any Direct Loan borrower with an eligible loan type may choose this plan. • You'll usually pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking PSLF. |
| <p>Pay As You Earn Repayment Plan (PAYE)</p> | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans that do not include (Direct or FFEL) PLUS loans made to parents | <ul style="list-style-type: none"> • Your monthly payments will be 10 percent of discretionary income, but never more than you would have paid under the 10-year Standard Repayment Plan. • Payments are recalculated each year and are based on your updated income and family size. • You must update your income and family size each year, even if they haven't changed. • If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years. | <ul style="list-style-type: none"> • You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. • You must have a high debt relative to your income. • Your monthly payment will never be more than the 10-year Standard Plan amount. • You'll usually pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking PSLF. |

REPAYMENT OPTIONS CONTINUED

| Repayment Plan | Eligible Loans | Monthly Payment and Time Frame | Eligibility and Other Information |
|---|---|--|--|
| <p>Income-Based Repayment Plan (IBR)</p> | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans made to students • Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents | <ul style="list-style-type: none"> • Your monthly payments will be either 10 or 15 percent of discretionary income (depending on when you received your first loans), but never more than you would have paid under the 10-year Standard Repayment Plan. • Payments are recalculated each year and are based on your updated income and family size. • You must update your income and family size each year, even if they haven't changed. • If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years or 25 years, depending on when you received your first loans. • You may have to pay income tax on any amount that is forgiven. | <ul style="list-style-type: none"> • You must have a high debt relative to your income. • Your monthly payment will never be more than the 10-year Standard Plan amount. • You'll usually pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking PSLF. |

REPAYMENT OPTIONS CONTINUED

| Repayment Plan | Eligible Loans | Monthly Payment and Time Frame | Eligibility and Other Information |
|--|--|--|---|
| <p>Income-Contingent Repayment Plan (ICR)</p> | <ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans | <ul style="list-style-type: none"> • Your monthly payment will be the lesser of <ul style="list-style-type: none"> ◦ 20 percent of discretionary income, or ◦ the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. • Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. • You must update your income and family size each year, even if they haven't changed. • If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. • Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years. | <ul style="list-style-type: none"> • Any Direct Loan borrower with an eligible loan type may choose this plan. • You'll usually pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking PSLF. • Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a Direct Consolidation Loan. |
| <p>Income-Sensitive Repayment Plan</p> | <ul style="list-style-type: none"> • Subsidized and Unsubsidized Federal Stafford Loans • FFEL PLUS Loans • FFEL Consolidation Loans | <p>Your monthly payment is based on annual income, but your loan will be paid in full within 15 years.</p> | <ul style="list-style-type: none"> • You'll pay more over time than under the 10-year Standard Plan. • The formula for determining the monthly payment amount can vary from lender to lender. • Available only for FFEL Program loans, which are not eligible for PSLF. |

Source: Federal Student Aid

FINANCIAL AVENUE

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