

LEARN THE LANGUAGE

Financial lingo can sound intimidating, but it's important to be familiar with certain terms when paying back your loans.

Accrued Interest: Interest that accumulates on an unpaid loan, usually added every quarter, throughout the life of the loan.

Capitalized Interest: Unpaid interest, that accrues while still enrolled, is added to the principal balance of an unsubsidized loan at the end of the grace period.

Consolidation: The process of combining one or more loans into a single new loan and potentially receiving a new interest rate.

Deferment: The postponement of repaying a loan, under certain conditions. During a deferment, no interest will accrue on subsidized loans.

Delinquent: A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until the borrower makes up the missed payment(s).

Forbearance: A postponement of loan payments, granted by a lender or creditor, for a temporary period of time. During forbearance, principal payments are postponed but interest continues to accrue.

Grace Period: A period of time after borrowers graduate, leave school, or drop below half-time enrollment when they are not required to begin making payments on certain federal student loans.

Loan Servicer: A loan servicer is a public or private entity that collects, monitors and reports loan payments, handles property tax, insurance escrows and late payments, forecloses defaulted loans, and remits payments.

Principal: The original amount of money borrowed plus any capitalized interest/fees.

Promissory Note: The binding legal document that you must sign when you apply for a federal student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower.

Connect:

<http://www.easternwv.edu/Financial-Aid.aspx>

finaid@easternwv.edu

www.studentloans.gov

<https://www.nsls.ed.gov>



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4 Steps to Prepare for Repayment



KNOW WHAT YOU OWE
Get the Info You Need

Step 1

Students often underestimate their outstanding college debt. Some fail to maintain complete loan records, and others forget that interest accumulates on their unsubsidized loans while they attend school. Your lender and campus financial aid office provided information to you about the amounts you borrowed, and you should read this information and calculate the total amount you must repay.

If you have lost track of your loan documents, use the National Student Loan Data System Student Access website, www.nsls.ed.gov, to find your lender's or servicer's name and contact information. Contact that organization for detailed and updated information regarding your loan balance. NSLDS does not provide information about private student loans. For private loan repayment information, contact your lender.

Step 2

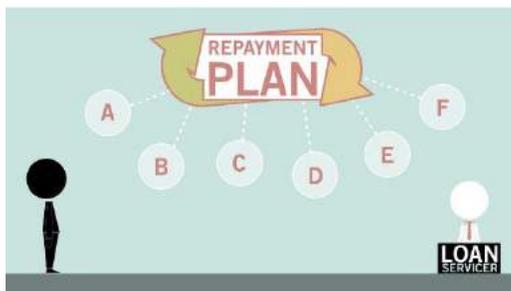
If you've already been hired for your first job, you should know your starting pay. If you're still looking for employment, consult the campus placement office about starting salaries for jobs in your field or consult the Bureau of Labor Statistics website at



<http://stats.bls.gov/bls/blswage.htm>. Education lenders usually recommend that student loan payments not exceed 8 percent to 10 percent of your gross monthly income. For example, if you're starting salary is \$25,000, generally you can afford monthly student loan payments of no more than \$167 to \$208.

Step 3

If you have federal student loans — subsidized or unsubsidized and PLUS



loans — you have several repayment plans from which to choose. To determine which option is best for you, use the online student loan repayment calculator at:

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action> to estimate your monthly payment. Select the plan that provides a monthly payment that you can afford but also pays back the loan as quickly as possible. The longer you take to pay off your loan, the more interest you will pay. In fact, you may prepay your loan principal at any time, without penalty, to reduce your interest costs.

Step 4

If you move after you leave school, notify your school and lender or servicer of changes in your address and telephone number. Otherwise, you might not receive important information about your student loan account. As a result, you may face additional charges for missed or late payments and risk severe penalties for student loan default. Contact your lender or servicer if you have any questions about these four steps to successful student loan repayment or any other issues regarding your student loan account.



Repayment Plan Summary

Billy Borrower has \$35,000 in Direct Loan debt, which bears interest at 6.8%. His income is \$35,000, he is single, and he lives in Indiana. His income increases at a rate of 3% per year.

Repayment Plan	Initial Payment	Final Payment	Total Paid	Total Paid in Interest	Total Time in Repayment	Forgiveness
10-Year Standard	\$403	-	\$45,334	\$13,334	10 years	-
Graduated	\$232	\$697	\$52,010	\$17,010	10 years	-
Extended	\$243	-	\$72,878	\$37,878	25 years	-
Extended-Graduated	\$198	\$347	\$78,931	\$43,932	25 years	-
Consolidation Std.	\$267	-	\$64,121	\$29,121	20 years	-
Income-Based	\$222	\$368	\$66,637	\$31,637	~ 19.5 years	\$0
Pay As You Earn	\$148	\$245	\$46,296	\$46,296	20 years	\$36,304
Income-Contingent	\$295	\$353	\$56,123	\$21,123	~ 14.5 years	\$0