

# 2022 2023

## ***YOUR GUIDE TO LOAN REPAYMENT***



UNIVERSITY OF  
MICHIGAN

## **WHAT IF I FALL BEHIND ON MY STUDENT LOAN?**

If you have stopped making your loan payments, contact your loan servicer right away. If you stop paying and don't take action, your loan could go into default, which has serious financial and legal consequences.

## REPAYMENT PLANS

---

Visit [studentaid.gov](https://studentaid.gov) for full repayment plan details. Under some plans you will pay more for your loan over time. Not all plans cover parent PLUS loans:

### TRADITIONAL REPAYMENT OPTIONS (STUDENT AND PARENT PLUS)

There are three types of traditional repayment options: graduated, extended, and standard.

- **Graduated:** Provides short-term relief through initial low payments that increase every two years. The length of repayment period, up to 10 years, will depend on the amount owed when repayment begins. Used by borrowers expecting income to increase steadily over time.
- **Extended:** Available to those with more than \$30,000 in federal Direct Loan debt. Payments can be fixed or graduated and borrowers have up to 25 years to repay.
- **Standard:** Monthly payments are the same with up to 10 years to repay. This is the option that borrowers are placed into when they do not make a specific repayment choice.

### INCOME-DRIVEN REPAYMENT OPTIONS (STUDENT LOANS ONLY)

If your outstanding federal student loan debt is higher than your annual income or represents a significant portion of your income, consider an income-driven repayment plan. There are a variety of plans, depending upon your situation. Visit this federal website for more information: [studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven](https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven)



## OPTIONS FOR POSTPONING REPAYMENT

---

### DEFERMENT

A **deferment** temporarily suspends loan payments for a defined period in specific situations such as returning to school, unemployment, disability, or military service. Loan interest does not accrue if you have a Subsidized Federal Direct Loan or a Perkins Loan. (If you have an Unsubsidized Direct Loan, you are responsible for interest during deferment.)

Deferments are allowed if you:

- Are enrolled at least half-time at a postsecondary school
- Study in an approved graduate fellowship program or rehabilitation training program for the disabled
- If you are unable to find full-time employment\*
- If you face an economic hardship (including Peace Corps service)\*
- If on Active Military Duty (for loans first disbursed on/after July 1, 2001; while borrower is on active duty during a war, military operation, or national emergency)\*

\* Eligibility for these conditions lasts for no more than three years.

### FORBEARANCE

**Forbearance** is a temporary postponement or reduction of payments for a limited time period, but with interest continuing to accrue. Your servicer might grant you forbearance if you cannot meet your payment schedule and are not deferment eligible.

Forbearance may be granted for periods up to 12 months at a time, for a maximum of three years. You will need documentation of your situation. There are certain mandatory forbearances for borrowers who:

- Are in a medical or dental internship or residency
- Have student loan payments that are 20 percent or more of their monthly income
- Have payments being made for them by the U.S. Department of Defense

**Helpful hint: To find your loan servicer and see details of your loan, visit [studentaid.gov](https://studentaid.gov)**



## LOAN CONSOLIDATION

---

In **loan consolidation**, borrowers can combine multiple federal student loans with various repayment schedules into a single, combined loan with one monthly payment.

### WITH A CONSOLIDATION LOAN:

- There is a fixed interest rate for the life of the loan
- The monthly payment may be lower
- The maximum repayment period is based on the total of the consolidation loan and other student loan debt
- You can take a longer time to repay (up to 30 years) if the Graduated or Extended repayment

plans are used and the total student loan debt is \$60,000 or more

- If you're in default, you may still be able to consolidate if you make satisfactory repayment arrangements on the defaulted loan, provided it is not subject to a judgment or wage garnishment

### WHEN CAN I CONSOLIDATE MY LOANS?

- During your six-month grace period
- Once you've entered repayment (the day after the grace period ends)
- During periods of deferment or forbearance

## UNIQUE SITUATIONS

---

### LOAN DISCHARGE OR CANCELLATION

A student loan debt can be discharged or reduced, but only under certain specific circumstances.

- Discharge releases a borrower from obligations on a loan, even one in default, if a school closes before you can complete your program, a false certification (including identity theft) can be proved, or if you are totally or permanently disabled or die.
- Cancellation or loan forgiveness is based on the borrower performing certain types of service such as teaching in a low-income school.

If you feel you may qualify for Loan Discharge or Cancellation, our office can provide you with more details.

Direct Federal loans cannot be discharged or canceled because you did not:

- Complete the program of study (unless you could not complete the program because the school closed)
- Like the school or program of study, or
- Obtain employment after completing the program of study.

## RESOURCES

---

- **National Student Loan Data System:** The U.S. Department of Education's central student aid database. Get loan details and find contact information for your loan servicers here. Visit or call 1-800-4-FED-AID.  
[nsldsfa.ed.gov/nslds\\_FAP/](https://nsldsfa.ed.gov/nslds_FAP/)
- **Federal Student Aid:** General information about student financial aid, including aid repayment calculators and more details about repayment plan options.  
[nslds.ed.gov](https://nslds.ed.gov)
- **Repayment Estimator:** U.S. Dept. of Education (Log in under Complete Counseling to find link)  
[studentaid.gov/loan-simulator/](https://studentaid.gov/loan-simulator/)
- **Your Money, Your Life:** This U-M Office of Financial Aid website offers basic money-management tips and other personal finance topics. [sites.google.com/a/umich.edu/your-money-your-life](https://sites.google.com/a/umich.edu/your-money-your-life)
- **MyMoney.gov:** A website by the Financial Literacy and Education Commission offering basics of how to manage money and navigate personal finance.  
[mymoney.gov](https://mymoney.gov)

Need to talk to someone about your loans?  
Contact U-M's Office of Financial Aid at  
[OFA-GetHelp@umich.edu](mailto:OFA-GetHelp@umich.edu).





**NONDISCRIMINATION POLICY STATEMENT**

The University of Michigan, as an equal opportunity/affirmative action employer, complies with all applicable federal and state laws regarding nondiscrimination and affirmative action. The University of Michigan is committed to a policy of equal opportunity for all persons and does not discriminate on the basis of race, color, national origin, age, marital status, sex, sexual orientation, gender identity, gender expression, disability, religion, height, weight, or veteran status in employment, educational programs and activities, and admissions. Inquiries or complaints may be addressed to the Senior Director for Institutional Equity, and Title IX/Section 504/ADA Coordinator, Office for Institutional Equity, 2072 Administrative Services Building, Ann Arbor, Michigan 48109-1432, 734-763-0235, TTY 734-647-1388, [institutional.equity@umich.edu](mailto:institutional.equity@umich.edu). For other University of Michigan information call 734-764-1817.

**Accreditation**

The University of Michigan is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, 30 North LaSalle Street, Suite 2400, Chicago, Illinois 60602-2504. Phone: 800-621-7440; 312-263-0456; Fax: 312- 263-7462.

For more about financial aid and general information about U-M (accreditation of schools and colleges, services for students with disabilities, graduation rates, refund policies, etc.), visit [finaid.umich.edu/getting-started/consumer-information](http://finaid.umich.edu/getting-started/consumer-information).

**Note:** Due to the nature of federal, state, and institutional guidelines governing financial aid programs, the information contained in this brochure is subject to change.

**THE REGENTS OF THE UNIVERSITY OF MICHIGAN**

- **Jordan B. Acker**, Huntington Woods
- **Michael J. Behm**, Grand Blanc
- **Mark J. Bernstein**, Ann Arbor
- **Paul W. Brown**, Ann Arbor
- **Sarah Hubbard**, Okemos
- **Denise Ilitch**, Bingham Farms
- **Ron Weiser**, Ann Arbor
- **Katherine E. White**, Ann Arbor
- **Mark S. Schlissel**, ex officio