

## HELPFUL 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. [www.nsls.ed.gov](http://www.nsls.ed.gov)

**FEDERAL STUDENT AID:** General information about student financial aid, including aid repayment calculators and more details about repayment plan options. [www.studentaid.ed.gov](http://www.studentaid.ed.gov)

**REPAYMENT ESTIMATOR:** U.S. Dept. of Education (*Log in under Complete Counseling to find link*) <https://studentloans.gov>

**YOUR MONEY, YOUR LIFE:** This U-M Office of Financial Aid website offers basic money-management tips and other personal finance topics. <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. [www.mymoney.gov](http://www.mymoney.gov)

**STUDENT LOANS.GOV:** This Federal Student Aid website allows you to log in to view loan documents, consolidate your federal student loans, use loan calculators and tools and research a variety of loan repayment options. <https://studentloans.gov>



Contact the U-M Office of Financial Aid if you need help understanding your repayment options or need third-party liaison assistance with the U.S. Department of Education.

We are committed to your success and are here to help.

### KRISTIN BHAUMIK

Assistant Director for Special Programs  
U-M Office of Financial Aid

Tel: 734-763-4119

Email: [ofa-GetHelp@umich.edu](mailto:ofa-GetHelp@umich.edu)

Web: [www.finaid.umich.edu/repayloans](http://www.finaid.umich.edu/repayloans)



# Repayment a problem?

## HELP IS ON THE WAY

REPAYMENT PLANS

DEFERMENT

FORBEARANCE

LOAN CONSOLIDATION

FORGIVENESS



[www.finaid.umich.edu/repayloans](http://www.finaid.umich.edu/repayloans)

## CONCERNED ABOUT PAYING YOUR LOANS? DON'T WAIT, ASK FOR HELP

**Are you behind on your federal student loans?**

**Do you need payment relief?**

**Has your financial situation changed?**

You may qualify for payment relief, but don't wait. You can consider a different repayment plan, ask your loan servicer to defer or postpone payments or consolidate your loans. If you take no action and default on your loan, your credit may be ruined and you will face other serious consequences that could affect you for years.

### *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 consequences.

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

### *It is critical that you not let your loan go into default. Here is what will happen:*

- You will immediately owe the unpaid loan amount
- Your default will be reported and could damage your credit and future employment opportunities
- You may be sued and lose all or part of your federal and state tax refunds. You may have to pay collection fees, attorney fees and court costs
- You will not be eligible for federal loans or benefits such as future Social Security payments
- Your wages may be garnished, requiring your employer to send part of your salary to pay off your loan
- You may be denied a professional license.

### NEED ASSISTANCE?

Contact KRISTIN BHAUMIK at  
[ofa-GetHelp@umich.edu](mailto:ofa-GetHelp@umich.edu)



## THERE ARE OPTIONS: CHOOSING A REPAYMENT PLAN

Visit [studentaid.ed.gov](http://studentaid.ed.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:

### 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: <https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>

### TRADITIONAL REPAYMENT OPTIONS (student and parent PLUS)

**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.

## DEFERMENT OR FORBEARANCE: OPTIONS FOR POSTPONING REPAYMENT

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 under these conditions:

- At least half-time at a postsecondary school
- Study in an approved graduate fellowship program or rehabilitation training program for the disabled
- Up to three years if you are unable to find full-time employment
- Up to three years if you face an economic hardship *(including Peace Corps service)*
- Up to three years 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)*

**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

## ANOTHER OPTION: CONSOLIDATE YOUR LOANS



Borrowers can combine multiple federal student loans with various repayment schedules into a single, combined loan with one monthly payment. The interest rate is fixed for the life of the loan. *(The rate is based on the weighted average of the interest rates on all of the loans, rounded up to the nearest one-eighth of 1 percent. The interest rate will never exceed 8.25 percent.)*

### With a consolidation loan:

- There is a fixed interest rate
- 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

## PUBLIC SERVICE LOAN FORGIVENESS AVAILABLE FOR PUBLIC SERVICE JOBS

College graduates who work full-time in public service jobs may qualify for forgiveness of the balance due on their eligible federal student loans after making 120 monthly payments under certain repayment plans. For more information, see the U.S. Department of Education's Public Service Loan Forgiveness webpage:

 <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>

## RECORDKEEPING *(Always make note of office contacts)*

Date:

Person/Contact:

**NOTES:**

Date:

Person/Contact:

**NOTES:**

## GET COPIES OF YOUR CREDIT REPORTS

The Fair Credit Reporting Act requires the major credit reporting agencies to provide consumers a free copy of their credit report each calendar year. Download copies of reports from Equifax, Experian and TransUnion.

- Visit the Federal Trade Commission website for details: [www.consumer.ftc.gov/articles/0155-free-credit-reports](http://www.consumer.ftc.gov/articles/0155-free-credit-reports)
- Visit here to get your reports: [AnnualCreditReport.com](http://AnnualCreditReport.com) *(Do not be fooled by other, similar-sounding website names)*