

Repaying your federal student loans



Many borrowers don't worry about their student loans until they graduate or leave school. But you should immediately notify your loan servicer and school in writing if you:

- Change your address or phone number. Filing an address change with the post office isn't enough.
- Change your name.
- Transfer to a new school.
- Drop below half-time enrollment, withdraw or graduate.
- Change your anticipated graduation date.

You should check with your loan servicer about your repayment, deferment, forbearance, cancellation and consolidation options.

THINGS TO KNOW ABOUT REPAYMENT

The federal government offers several repayment plans. Those plans differ depending on what kind of federal loans you borrowed. The most common one is the Standard Repayment program, which spreads your payments out over 10 years. The minimum monthly payment is \$50.

Since the government can change repayment plans at any time, you should visit studentaid.gov and click on the "In Repayment" link to find out what plans are currently offered. You can also use the site to find out who your loan servicer is. You'll have to work with your servicer to sign up for the best repayment plan for you.

Deferments

A deferment lets you temporarily postpone payment. Interest may not accrue during a deferment if the loan is subsidized.

You may qualify for a deferment while you are:

- Enrolled at least half time in an eligible postsecondary school or studying full time in a graduate fellowship program or an approved disability rehabilitation program.
- Unemployed or meet the rules for economic hardship (limited to three years).

You may be eligible for a deferment based on service in the Armed Forces or National Guard. Refer to your MPN or contact your servicer for more information about a deferment based on military service.

In most cases, you must request a deferment and document your eligibility.

If you've gone back to school and your servicer receives enrollment information that shows you're enrolled at least half time, it should automatically put your loans into deferment and notify you. You can cancel the deferment and continue to make payments.

Forbearances

If you can't make your payments but don't qualify for a deferment, you may be eligible for a forbearance. Forbearance lets you temporarily stop making payments on your loan, temporarily make smaller payments or extend the time for making payments. Some common forbearances include illness, financial hardship or serving in a medical or dental internship or residency.

Under certain circumstances, your servicer can automatically grant you a forbearance — for instance, while processing a deferment, forbearance, cancellation, change in repayment plan or consolidation, or if you are mobilized for active duty or a local or national emergency.

LOAN CANCELLATION

Under certain circumstances, all or part of your federal student loans may be canceled. **In some cases, you will have to pay taxes on the amount that is canceled or forgiven. You should check with your tax advisor to make sure you understand your obligations.**

The federal government offers loan forgiveness for teachers who work in certain schools and for people who work in government or nonprofit agencies. More information about those programs can be found at <https://www2.ed.gov/fund/grants-college.html?src=pn>.

Loan forgiveness is also available for nurses. For more information, visit <https://bhw.hrsa.gov/funding/apply-loan-repayment>.

SCHOOL-RELATED DISCHARGES

You may be able to have all or a part of your loan cancelled if:

- Your school closed before you completed your program.
- Your school falsely certified you were eligible for a loan.
- Your loan was falsely certified because of identity theft (additional requirements apply).
- You withdrew from school, but the school didn't pay a refund it owed under its written policy or federal regulations. Check with the school to see how refund policies apply to federal aid.

DISABILITY, BANKRUPTCY OR DEATH

Your loan may be discharged if you're totally and permanently disabled and you meet certain requirements during a three-year conditional discharge period. You must provide a physician's statement that you became totally and permanently disabled after the loan was made.

Your loan may be cancelled in bankruptcy if you can prove to the court that repaying the loan would cause undue hardship.

If you die, your loan will be cancelled if a family member or other representative provides an original, a copy of the original or a certified copy of your death certificate to your servicer.

LOAN CONSOLIDATION

Consolidation generally extends the repayment period,

Amount Consolidated	Maximum Repayment Term
Up to \$7,499	10 years
\$7,500–9,999	12 years
\$10,000–19,999	15 years
\$20,000–39,999	20 years
\$40,000–59,999	25 years
\$60,000 or more	30 years

resulting in a lower monthly payment. This may make it easier for you to repay your loans.

However, you'll pay more interest since you'll be making payments for a longer period of time. You may also lose some of the borrower benefits that your loans may provide. Call the Student Loan Support Center for more information at 1.800.557.7394, TTY for the hearing-impaired at 1.800.557.7395.

PROTECTING YOUR CREDIT SCORE

Student loans are reported to national consumer reporting agencies every month. To maintain a healthy credit score:

- Make loan payments on time.
- Maintain accurate payment records.
- Keep important documents, such as promissory notes and disclosure statements.
- Respond immediately to any errors on billing statements or disclosures.
- Keep your contact information up to date.

LOAN DEFAULT

If you default on a loan, it will be assigned for collection. Any or all of the following may occur:

- The full balance of the loan becomes due immediately.
- A collection fee may be added to the account.
- The default is reported to consumer reporting agencies.
- Requests for future federal student aid may be denied.
- You lose forbearance and deferment eligibility.
- Your income tax refunds or other monies owed to you may be taken.
- Your wages may be garnished.
- A lien may be placed on your property and financial accounts.
- Loans may be reassigned to the Department of Education for further collection activity.