EPISCOPAL DIVINITY SCHOOL
GRACE COUNSELING – AFTER GRADUATION
ACTION PLAN FOR LOAN REPAYMENT

There usually is a six months period, called grace period, between your graduation date and your first repayment date. During that grace time you will need to plan your future loan payments while you will also be busy securing employment.

**Step 1: Take stock of existing loan Portfolio:**

You may have some FFEL or Direct loans (federal), other federal loans (Federal Perkins or Primary Care Loans), or non-federal loans such as private loans, institutional or personal loans.

In order to manage your federal loans go to the National Student Loan Data System (NSLDS) website [http://www.nslds.ed.gov/nslds_SA/](http://www.nslds.ed.gov/nslds_SA/) in order to know how much debt you have accumulated over your studying time.

To log in you will need your PIN from the studentloans.gov site where you filled in your FAFSA forms.

On the website select: “your loan history” and you will be able to see on your screen the total of your loans by category: subsidized, unsubsidized and plus loans in your undergraduate and graduate studies.

The screen will look somewhat similar to the image below:
Below the aggregate loan amounts table you will see the individual loans taken in time.

You should also able to see the type/name of loan, the loan date, the last disbursement date, the current principal and accrued interest.

Click on the blue text next to the Ed servicer – Here it is DEPT OF ED/GREAT LAKES – 581, and you will know who to talk to concerning your loan: the loan servicer with its email and phone number. The servicer is not always the lender or guarantor of your loan and can change in time. So it is important to have accurate information.
When you click on the loan detail at the upper right corner of each loan, then you will be able to see the following:

**Step 2: Determine when repayment begins:**

Payment usually begins six months after the graduation date. But some loans do not have a grace period. The exact first repayment date will be indicated in the table on the top as a loan detail. You will also be able to see the loan type, the interest rate, the outstanding principal balance and the outstanding and capitalized interest.

Below you will see a table with the lender, servicer and servicer agent.
When repayment begins…. You must:

Start making payments  OR  Postpone payments

To postpone payments, your options include:

Deferment
Forbearance

You can find the different criteria for deferment and forbearance with the following link:

http://studentaid.ed.gov/repay-loans/deferment-forbearance#what-is-deferment

Step 3: Selecting a payment plan after having calculated your monthly payment:

Calculate how much you will owe:

Calculating your monthly loan payment: (see calculators and interest rates hand out from the Department of Education)

http://www.direct.ed.gov/calc.html

OR

View information at http://studentaid.gov/repay-loans/understand/plans

Select the best payment plan:

Different payment plans fact sheet: (see Sallie Mae handout)

http://go.salliemae.com/content/edservicing/pdf/RepaymentPlanComparisonChart_FactSheets.pdf

If you think that your monthly loan payments are too high in comparison to your income, you will need to determine if you are eligible for the income based repayment plan (IBR) or the Pay as you Earn Plan.

In order to enter IBR you must have a **partial financial hardship (PFH)**

“ You have a partial financial hardship, if the monthly amount you would be required to pay on your IBR eligible loans (Federal Stafford Loans, Federal Grad Plus Loans, Federal Consolidation Loans) under a standard repayment plan with a 10 year repayment period, is higher than the monthly amount you would be required to repay under IBR”
A simpler view:

Partial financial hardship exists when:

Standard 10 year payment $$$$$ > IBR payment $$

And

Total eligible debt at start of repayment exceeds Household AGI

If PFH exists, IBR payment is based on:

- The household AGI
- The household size
- HHS Poverty Guidelines

To take a look at the poverty guidelines you can go to the following link:

http://aspe.hhs.gov/poverty/14poverty.cfm

<table>
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<th>Persons in family/household</th>
<th>Poverty guideline</th>
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<tr>
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<td>7</td>
<td>36,030</td>
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<td>8</td>
<td>40,090</td>
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</table>

For families/households with more than 8 persons, add $4,060 for each additional person.
If you qualify for the IBR plan, the annual amount paid in IBR is 15% of your “disposable income”.

Since December 21\(^{st}\) 2012, a new payment plan has been authorized, called “pay as you earn”.

Under that plan,

- payments would equal 10% of households “disposable” income (rather than 15% for IBR)
- Debt forgiveness would occur after 20 of eligible payments (rather than the current 25 years period)

In order to be eligible for that plan, students must be “new borrowers”, on or after 2007, and must have received a disbursement of a Direct Loan on or after October 1\(^{st}\), 2011.

And more importantly, payers need to suffer from partial financial hardship in order to qualify under the “pay as you earn” plan.

**Step 4: Preparing for Contingencies:**

- **What if you can’t afford to make payments?**
You have to contact your loan servicer immediately. Some payment relief will be available (plans were mentioned earlier)

✓ What if paying your loans is confusing because you have different servicers and lenders

You should try to see if you can consolidate your loans, so that you have less different payments to make and hopefully just one. You can refinance one or more eligible loans by borrowing a federal Direct Consolidation loan. All federal loans, except the Primary Care Loan are eligible for federal consolidation. The consolidation option is available at: LoanConsolidation.ed.gov

✓ Questions: go to www.inceptia.org/FAQ if you have any unanswered questions

✓ Contact Valerie Paterson at vpaterson@eds.edu with any questions!

✓ On a side note, if you need to take another loan for housing or buy a car

It is a good idea to get a free copy of your credit report at: AnnualCreditReport.com

Enjoy Graduation!
You can take care of your finances!