

Quick Start to Your Financial Success Guide: *Student Loans*

Start by following the order of borrowing:

1. Direct Subsidized Loans
2. Direct Unsubsidized Loans
3. Direct Plus Loans (Parent Plus)
4. Private Loans

<https://studentaid.ed.gov/sa/types/loans>

Know your loan servicer:

- Check your loans frequently and pay interest or more as you can afford to.
- You can view loan balances and who your loan servicer is through this link: https://www.nslds.ed.gov/nslds/nslds_SA/
- Learn more about the function of a loan servicer at this link: <https://studentaid.ed.gov/sa/repay-loans/understand/servicers>

Create a Repayment Strategy:

Student loans can feel like a weight. To combat this feeling, spend some time doing research on the career field you are entering and creating a strategy for repayment during and after graduation.

The Center for Financial Success recommends the United States Bureau of Labor Statistics Occupational Outlook to research what people in your chosen field earn.

<https://www.bls.gov/ooh/a-z-index.htm>

-During School:

If you are able to make payments while in school, choose to pay on the loan with the largest interest rate that is accruing interest.

-After School:

Make sure that you understand your repayment options (*if you desire and are able you can pay off your student loans early*). We have included a table from the following link: <https://studentaid.ed.gov/sa/repay-loans/understand/plans>

The Center for Financial Success recommends exploring the Federal Student Aid, an Office of the U.S. Department of Education, resources for student loan repayment plans.

- Peer-to-Peer Financial Counseling:

If you would like help with developing a strategy to repay your student loans take advantage of our free peer to peer financial counseling services by visiting our website wku.edu/cfs or sending us an email at financialsuccess@wku.edu.

Overview of Direct Loan and FFEL Program Repayment Plans

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Eligibility and Other Information
Standard Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all <i>Consolidation</i> Loans (Direct or FFEL) 	<p>Payments are a fixed amount.</p> <p>Up to 10 years (up to 30 years for Consolidation Loans).</p>	<p>All borrowers are eligible for this plan.</p> <p>You'll pay less over time than under other plans.</p>
Graduated Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all Consolidation Loans (Direct or FFEL) 	<p>Payments are lower at first and then increase, usually every two years.</p> <p>Up to 10 years (up to 30 years for Consolidation Loans).</p>	<p>All borrowers are eligible for this plan.</p> <p>You'll pay more over time than under the 10-year Standard Plan.</p>
Extended Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans • all Consolidation Loans (Direct or FFEL) 	<p>Payments may be fixed or graduated.</p> <p>Up to 25 years.</p>	<ul style="list-style-type: none"> • If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. • If you're a FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. • Your monthly payments will be lower than under the 10-year Standard Plan or the Graduated Repayment Plan. • You'll pay more over time than under the 10-year Standard Plan.
Revised Pay As You Earn Repayment Plan (REPAYE)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students 	<ul style="list-style-type: none"> • Your monthly payments will be 10 percent of <i>discretionary income</i>. • Payments are recalculated each year and are based on 	<ul style="list-style-type: none"> • Any Direct Loan borrower with an eligible loan type may choose this plan.



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	<ul style="list-style-type: none"> • Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents 	<p>your updated income and family size.</p> <ul style="list-style-type: none"> • If you're married, both your and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years. 	<ul style="list-style-type: none"> • You'll usually pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking Public Service Loan <i>Forgiveness</i> (PSLF).
<p>Pay As You Earn Repayment Plan (PAYE)</p>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS loans made to students • Direct Consolidation Loans (Direct or FFEL) that do not include PLUS loans made to parents 	<ul style="list-style-type: none"> • Your maximum monthly payments will be 10 percent of discretionary income. • Payments are recalculated each year and are based on your updated income and family size. • If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. • Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years. 	<ul style="list-style-type: none"> • You must be a <i>new borrower</i> on or after Oct. 1, 2007, and must have received a <i>disbursement</i> of a Direct Loan on or after Oct. 1, 2011. • You must have a high debt relative to your income. • Your monthly payment will never be more than the 10-year Standard Plan amount. • You'll pay more over time than under the 10-year Standard Plan. • You may have to pay income tax on any amount that is forgiven. • Good option for those seeking Public Service Loan Forgiveness (PSLF).
<p>Income-Based Repayment Plan (IBR)</p>	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • all PLUS loans made to students • Consolidation Loans (Direct or FFEL) 	<ul style="list-style-type: none"> • Your monthly payments will be 10 or 15 percent of discretionary income. • Payments are recalculated each year and are based on your updated income and family size. • If you're married, your spouse's income or loan 	<ul style="list-style-type: none"> • You must have a high debt relative to your income. • Your monthly payment will never be more than the 10-year Standard Plan amount. • You'll pay more over time than under the 10-year Standard Plan.



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	<p>that do not include Direct or FFEL PLUS loans made to parents</p>	<p>debt will be considered only if you file a joint tax return.</p> <ul style="list-style-type: none"> Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 or 25 years. You may have to pay income tax on any amount that is forgiven. 	<ul style="list-style-type: none"> Good option for those seeking Public Service Loan Forgiveness (PSLF).
<p>Income-Contingent Repayment Plan (ICR)</p>	<ul style="list-style-type: none"> Direct Subsidized and Unsubsidized Loans Direct PLUS Loans made to students Direct Consolidation Loans 	<ul style="list-style-type: none"> Your monthly payment will be the lesser of <ul style="list-style-type: none"> 20 percent of discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payments are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years. 	<ul style="list-style-type: none"> Any Direct Loan borrower with an eligible loan type may choose this plan. You'll usually pay more over time than under the 10-year Standard Plan. You may have to pay income tax on the amount that is forgiven. Good option for those seeking Public Service Loan Forgiveness (PSLF). Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a <i>Direct Consolidation Loan</i>.
<p>Income-Sensitive Repayment Plan</p>	<ul style="list-style-type: none"> Subsidized and Unsubsidized Federal Stafford Loans FFEL PLUS Loans FFEL Consolidation Loans 	<p>Your monthly payment is based on annual income.</p> <p>Up to 15 years.</p>	<ul style="list-style-type: none"> You'll pay more over time than under the 10-year Standard Plan. The formula for determining the monthly payment amount can vary from <i>lender</i> to lender.