Loan Repayment: Steps to Becoming Debt-Free

Life Cycle of a Loan:
1. Accept loans on DuckWeb
2. Loan pays toward UO bill
3. In-school deferment
   - As long as you are enrolled half-time as a student (6 credits for UG, 5 credits for GR/Law), you are not required to start paying back your loans (unless you want to!)
4. Grace period
   - Six months after graduation
5. Repayment
   - After the grace period, you enter repayment, which lasts until your loan is paid in full
6. Loans paid in full!

Types of federal loans:
Direct subsidized
- No interest while in school
- Interest starts upon repayment (after grace period)

Direct unsubsidized
- Interest accrues while in school
- Interest starts at time of loan disbursement, for life of loan

Grad PLUS/Parent PLUS
- Interest while in school
- Interest starts at time of loan disbursement, for life of loan
- Parent PLUS = parent pays back

Perkins
- No interest while in school
- Interest starts upon repayment
- No longer offered

What is a grace period?
- A time period when you are not required to make payments
- Begins when you graduate, or drop below ½ time enrollment
  - ½ time enrollment minimums: UG = 6 credits; GR/Law = 5 credits

Graduate school:
- Remember, you can only use your grace period ONCE!
- If you are taking more than 6 months off after you graduate, you will use up your grace period. After your grad program finishes, your undergrad loan repayment will start right away.

Interest capitalization:
- At the end of your grace period, any unpaid interest is added to your principal balance. What does this mean?
  - Essentially, you will be paying interest on interest – which increases your overall loan payment
  - Avoid this by paying off accrued interest prior to entering repayment. You loan servicer will notify you near the end of your grace period
Preparing for Loan Repayment:
The process:

1. **Find out who you loan servicer(s) are and create an account with your loan servicer(s)**
   - Find your servicer at [studentaid.gov](https://studentaid.gov) by logging in with you FSA ID and clicking ‘View loan servicer details’
   - Once your find your servicer:
     - Create an account on their website
     - Update your contact information
     - Understand your loan repayment schedule
     - Communicate with them directly regarding payment

2. **Determine your loan totals**
   - Do this while in school, prior to entering repayment
   - Get more details about your loans at [studentaid.gov](https://studentaid.gov)
   - My aid:
     - Total loans (principal and interest) and grants
     - Click ‘View Details’
     - View loan types, interest rate, loans status, balance, loan servicer

3. **Estimate your monthly payment(s)**
   - Login to [studentaid.gov](https://studentaid.gov) to access the Loan Simulator
   - Compare repayment plan options
   - Choose your repayment goal
   - Simulate forgiveness with PSLF program & borrowing additional loans

4. **Complete Exit Counseling**
   - **Federal direct loans (subsidized, unsubsidized, Parent/Grad PLUS**
     - Required within 30 days of graduating, leaving schools, or dropping below half-time enrollment
     - Complete at [studentaid.gov](https://studentaid.gov)
   - **Federal Perkins loans**
     - Required about 4 months after graduating, leaving school, or dropping below half-time enrollment
     - Transcript hold if not completed
     - ECSI will email you a link to complete

**Traditional Repayment Plans**

Standard:
- Fixed payment amount
- 10-year repayment term

Graduated
- Lower payments first
- Payment amount increases every 2 years
- 10-year repayment term

Extended
- Must have borrowed over $30,000
- Payments must be fixed or graduated
- Up to 25-year repayment term

**Income-Driven Repayment**

Pay As You Earn (PAYE)
- New borrower after 10/01/07 only
- Payments are based on income and family size
- 10% of discretionary income
- Married filing jointly?
  - Spouse’s eligible student loan debt and AGI are also considered
Revised Pay As You Earn (REPAYE)
- Payments are based on income and family size
- 10% of discretionary income
- Married filing jointly?
  - Spouse’s income information must be considered

Loan Consolidation
- The process in which you combine all of your federal loans into one loan with one monthly payment
- The interest rate is a weighted average of the loans you’re consolidating
- It’s free to consolidate your federal education loans

CARES Act Information
- Loan interest rate temporarily set to 0% from 3/13/2020 - 12/31/2020, including in-school status loans
- Any manual payments during this time will be applied to interest first, then principal. All auto-debit is stopped.
- Visit studentaid.gov/announcements-events/coronavirus for up-to-date information

Loans Forgiveness and Cancellation
- Cancelling all (or a portion) of your remaining principal and interest
- Public Service Loan Forgiveness (PSLF)
  1. Employed full-time in a public service job
  2. Enrolled in an income-driven repayment plan
  3. Have qualifying Direct Loans (Perkins Loans not included)
  4. Make 120 on-time monthly payments
- Teacher Loan Forgiveness
  1. Teach full-time for five complete/consecutive academic years in a low-income elementary/secondary school or educational service agency
  2. Direct/FFEL Subsidized and Unsubsidized loans only
  3. How much can be forgiven?
    i. Elementary/secondary teacher: up to $5,000
    ii. Secondary math/science or special education: up to $17,500
- Perkins Loan Cancellation

Stay connected with us:
Webpage: Financialwellness.uoregon.edu
Email: Financialwellness@uoregon.edu
Social Media: @UOregenFinAid