



Helping Students Repay their Loans: Repayment Plan Overview

Greg Carlo

Senior Client Relationship Manager

NAVIENTSM

2015 FASFAA Annual Conference

Renaissance World Golf Village Resort

St. Augustine, Florida

500 S Legacy Trail

32093

May 19 - 22, 2015





Agenda

Information you can share with your students

- **Understanding Loan Repayment**
 - Top 10 Things to Do When It's Time to Repay Your Student Loans
 - Reminders for Students
- **Federal Repayment Plans**
 - Pay As You Earn
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)
 - Repayment Plans: Standard, Graduated, Extended
 - Income-Sensitive Repayment Plans
 - Federal Loan Consolidation
 - Federal Loan Repayment Comparisons
- **Managing Student Loans**



Understanding Loan Repayment

Top 10 Things For Your Borrowers to Do

Resource Sheet for Schools and Borrowers

Top 10 Things to Do

- Navient helps borrowers navigate the path to successful repayment
- Online and downloadable content focuses on important steps to take
- We are committed to keeping students informed

10 Key Steps for Borrowers are . . .

NAVIENT | Department of Education
Loan Servicing

Navient

Call Customer Service (800) 722-1300
Website www.Navient.com
Payments ED-Held Loans Serviced by Navient: You may also pay by phone, or pay online at
Navient Dept. of Education Loan Servicing
P.O. Box 740351
Atlanta, GA 30374-0351

General Correspondence Navient Dept. of Education Loan Servicing
P.O. Box 9635
Wilkes-Barre, PA 18773-9635

Fax (866) 266-0178
International Phone (317) 806-0580
International Fax (570) 706-8563
TDD Phone (877) 713-3833

Note: Payments can also be made on the Navient website (www.navient.com)

Federal Loan Servicers

	Phone
Navient	Phone: (800) 722-1300
FedLoan Servicing (PHEAA)	Phone: (800) 699-2908
Great Lakes Educational Loan Services, Inc.	Phone: (800) 236-4300
Nelnet	Phone: (888) 486-4722

Navient.com

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Loan Servicing

THE TOP 10 THINGS TO DO WHEN IT'S TIME TO REPAY YOUR STUDENT LOANS

Navigating the path to successful repayment

Congratulations! Your investment in higher education will pay off in many ways—widened career opportunities, increased intellectual fulfillment, and an enhanced quality of life. If student loans were a part of your college funding strategy, you'll start repaying them soon. Follow these helpful tips along your path to repayment and you could be well on your way to a bright financial future.

- 1. Know what you owe.**
 - Visit NSLDS.ed.gov to view all of your federal student loans and know your servicer(s).
 - Forgot your PIN? Visit PIN.ed.gov
- 2. Make sure your servicer knows how to contact you.**
 - Inform your servicer if you change your street address
 - Change your email address
 - Change your telephone number
- 3. Make your life easier – sign up to manage your account online at Navient.com**
 - View your Navient-serviced loans
 - Make a payment and view payment history
 - Update your contact information
 - Send us an email and view your correspondence
- 4. Sign up to receive email communications at Navient.com**
 - Save paper, reduce clutter, and receive important information about your loans.
- 5. Save money using automatic debit.¹**
 - Loan payments are automatically deducted from your bank account
 - Ensures payments are made on time
 - You may qualify for a 0.25% interest rate reduction when you make on-time payments by automatic debit.
 - Check with your other loan servicers (if applicable) for other benefits available
- 6. Select the repayment plan that's right for you.** Federal student loans have a wide range of repayment plan options, including:
 - Standard repayment plan - You'll pay less interest over time under this plan than you would under other plans.
 - Income-Driven repayment plans - Based on your income and other factors. You must meet eligibility requirements and annually recertify.
 - Graduated repayment plan - Starts out with low monthly payment amounts and increases, usually every two years.
 - Extended repayment plan - Payments may be fixed or graduated.
- 7. Make on-time payments.** This helps to build and maintain a good credit rating.
- 8. Consider paying a little extra each month.** Paying just a few extra dollars of principal each month can go a long way toward helping you pay off your loans faster.
- 9. Seek help at the first sign of financial difficulty.** Call us at 1-800-722-1300. We've helped millions of customers successfully resolve past-due accounts and avoid default, and we can help you, too.
- 10. Use deferment and forbearance only as a last resort.²** Postponing payments can cost you if unpaid accrued interest is added to the loan balance. Use deferment and forbearance only if absolutely necessary.

Contact us if you have questions. We are here to help. 1-800-722-1300

¹ Recurring automatic monthly payments must be successfully deducted from designated bank account for rate reduction to apply. Benefits suspended during periods of forbearance and certain deferments.
² During periods of deferment, the federal government pays the interest on subsidized federal loans and you are responsible for paying the interest on unsubsidized federal loans and private loans. During periods of forbearance, you are responsible for paying the interest on subsidized federal loans, unsubsidized federal loans, and private loans.



1. Know What You Owe

Visit the websites below to find and view federal loan details, including identifying your loan servicer.

Federal Student Aid | www.studentaid.gov

Loan Type	Total Borrowed	Loan Date	Outstanding Principal	Outstanding Interest
DEBCT PLUS	\$5,400	05/14/2010	\$0	\$0
DEBCT PLUS	\$4,440	01/12/2010	\$0	\$0
DEBCT PLUS	\$4,440	08/28/2009	\$0	\$0
FFEL PLUS	\$5,274	08/09/2008	\$0	\$0
FFEL PLUS	\$5,274	08/09/2008	\$0	\$0
FFEL PLUS	\$5,274	08/01/2008	\$0	\$0
Total DEBCT PLUS	\$14,314		\$0	\$0
Total FFEL PLUS	\$10,548		\$0	\$0
Total	\$24,862		\$0	\$0

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Honoring the Past *Treasuring the Present* *Shaping the Future*



1. Know What You Owe

Visit the websites below to find and view federal loan details, including identifying your loan servicer.

Private Student Loans | www.annualcreditreport.com

The screenshot shows the homepage of AnnualCreditReport.com. At the top, it says "AnnualCreditReport.com" and "The only source for your free credit reports. Authorized by Federal law." Below this is a navigation menu with links: Home, All about credit reports, Request yours now!, What to look for, Protect your identity, Frequently asked questions, and Contact us. The main content area features a large blue banner with the headline "There's more to the game than a score." and a sub-headline "How you play changes your score. Details such as, how much credit you have, how much you owe, and how often you pay affect your credit scores. Do you know what else does?" A button labeled "What affects your credit score?" is positioned below the text. To the right of the text is a photograph of a soccer goalkeeper in a yellow jersey jumping to catch a ball. Below the banner is a horizontal menu with items: PAUSE, SPOT IDENTITY THEFT, GOOD CREDIT, DON'T BE FOOLED, MORE THAN A SCORE, and NOT LIKE THE OTHERS. The main content area is divided into three columns. The first column, titled "Your credit reports matter.", lists two bullet points: "Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application." and "Reviewing credit reports helps you catch signs of identity theft early." Below this is a red button that says "Request your free credit reports". The second column, titled "FREE Credit Reports. Federal law allows you to:", lists two bullet points: "Get a free copy of your credit report every 12 months from each credit reporting company." and "Ensure that the information on all of your credit reports is correct and up to date." The third column, titled "BROUGHT TO YOU BY", features logos for TransUnion, EQUIFAX, and Experian.

The banner for the 2015 FASFAA Annual Conference features a background illustration of a resort building with two towers and palm trees. The text reads: "2015 FASFAA Annual Conference", "Renaissance World Golf Village Resort", "St. Augustine, Florida", "500 S Legacy Trail", "32093", and "May 19 - 22, 2015". On the right side, there are three decorative banners with the phrases "Honoring the Past", "Treasuring the Present", and "Shaping the Future".

2. Make Sure Your Servicer Can Contact You

- Inform your servicer if you change your street address
- Change your email address
 - After you leave school, you'll no longer have an .edu email address; be sure you contact your servicer with your new email address
- Change your telephone number





3. Sign Up to Manage Your Account Online, and
4. Sign Up to Receive Email Communications

Federal Student Loan Borrower Resources

- Lender/servicer
- Federal Student Aid Ombudsman/U.S. Department of Education – FSA Ombudsman at <http://www.ombudsman.ed.gov> or 877-557-2575
- www.studentaid.gov
- Your school financial aid office
- Federal Loan Title IV Additional Servicers (TIVAS):

MyFedLoan.org
800-699-2908

Navient.com
800-722-1300

MyGreatLakes.org
800-236-4300

Nelnet.com
888-486-4722



5. Save Money Using Automatic Debit¹

- Loan payments are automatically deducted from your bank account.
- Ensures payments are made on time
- You may qualify for a 0.25% interest rate reduction when you make on-time payments by automatic debit
- Check with your other loan servicers (if applicable) for other benefits available

¹Recurring automatic monthly payments must be successfully deducted from designated bank account for rate reduction to apply. Benefit suspended during periods of forbearance and certain deferments.



6. Select the Repayment Plan That's Right for You

Federal student loans have a wide range of repayment plan options, including:

- Standard repayment plan - You'll pay less interest over time under this plan than you would under other plans
- Income-Driven repayment plans - Based on your income and other factors; you must meet eligibility requirements and annually recertify
- Graduated repayment plan - Starts out with low monthly payment amounts and increases, usually every two years
- Extended repayment plan – Provides a longer period to make fixed or graduated payments

**Details on Each Plan on
Later Slides.**





7. Make On-Time Payments

Helps to build and maintain a good credit rating

8. Consider Paying a Little Extra Each Month

Paying just a few extra dollars of principal each month can go a long way toward helping you pay off your loans faster



9. Seek Help at the First Sign of Financial Difficulty

Call your loan servicer as soon as possible. At Navient, call 1-800-722-1300. We've helped millions of customers successfully resolve past-due accounts and avoid default, and we can help you, too.

10. Use Deferment and Forbearance as a Last Resort²

Postponing payments can cost you if unpaid accrued interest is added to the loan balance. Use deferment and forbearance only if absolutely necessary.

²During periods of deferment, the federal government pays the interest on subsidized federal loans and you are responsible for paying the interest on unsubsidized federal loans and private loans. During periods of forbearance, you are responsible for paying the interest on subsidized federal loans, unsubsidized federal loans, and private loans. Recurring automatic monthly payments must be successfully deducted from designated bank account for rate reduction to apply. Benefit suspended during periods of forbearance and certain deferments.



Reminders for Students

Interest Capitalization and Its Impact

- Interest on most loans accrues from the date funds are disbursed until the loan is paid in full
- The chart provides estimates, for a \$5,000 Federal Direct Subsidized Loan with a 4.66% interest rate, of the monthly payments due at the end of a 12 month forbearance for a 10 year term

Treatment of Interest During Forbearance Status	Original Loan Amount	Principal at Repayment	Cap. Int. During Forbearance	Principal at End of Forbearance	Term	Payment Amount	Total Amount Repaid	Total Interest Cost
Interest is paid as it accrues	\$5,000	\$5,000	\$0	\$5,000	120	\$52	\$6,498	\$1,498
Interest is capitalized at end of status	\$5,000	\$5,000	\$233	\$5,233	120	\$55	\$6,557	\$1,557
Interest is capitalized quarterly and at end of status	\$5,000	\$5,000	\$237	\$5,237	120	\$55	\$6,562	\$1,562

Tip For Students:

If at all possible, pay off interest monthly. Ask for family assistance if needed.



Interest Capitalization and Its Impact

- Interest on most loans accrues from the date funds are disbursed until the loan is paid in full
- The chart provides estimates, for \$75,000 Federal Direct Unsubsidized Loan debt with a 6.258% weighted average interest rate, of the monthly payments due at the end of a 12 month forbearance for a 10 year term

Treatment of Interest During Forbearance Status	Original Loan Amount	Principal at Repayment	Cap. Int. During Forbearance	Principal at End of Forbearance	Term	Payment Amount	Total Amount Repaid	Total Interest Cost
Interest is paid as it accrues	\$75,000	\$75,000	-	\$75,000	120	\$843	\$113,122	\$38,122
Interest is capitalized at end of status	\$75,000	\$82,288	\$5,150	\$87,534	120	\$982	\$117,852	\$42,852
Interest is capitalized quarterly and at end of status	\$75,000	\$82,288	\$5,272	\$87,560	120	\$983	\$118,016	\$43,016

Tip For Students:

If at all possible, pay off interest monthly. Ask for family assistance if needed.



Interest Capitalization and Its Impact

- Interest on most loans accrues from the date funds are disbursed until the loan is paid in full
- The chart provides estimates, for \$120,000 Federal Direct Unsubsidized Loan debt with a 6.669% weighted average interest rate, of the monthly payments due at the end of a 12 month forbearance for a 10 year term

Treatment of Interest During Forbearance Status	Original Loan Amount	Principal at Repayment	Cap. Int. During Forbearance	Principal at End of Forbearance	Term	Payment Amount	Total Amount Repaid	Total Interest Cost
Interest is paid as it accrues	\$120,000	\$120,000	-	\$120,000	120	\$1,372	\$189,460	\$69,460
Interest is capitalized at end of status	\$120,000	\$136,865	\$9,238	\$146,103	120	\$1,678	\$201,314	\$81,314
Interest is capitalized quarterly and at end of status	\$120,000	\$136,865	\$9,475	\$146,340	120	\$1,680	\$201,640	\$81,640

Tip For Students:

If at all possible, pay off interest monthly. Ask for family assistance if needed.



Understand Grace, Deferment and Forbearance

- **Grace** - period of time after a borrower graduates, leaves school or drops to less than half-time
 - No payments required during this period
 - Usually six months, time varies based on loan type
 - Does not adversely impact credit
- **Deferment** - period when borrower who meets certain criteria may suspend loan payments
 - Common types of deferment: In-school, Economic Hardship, Military, Unemployment and Graduate Fellowship
 - Does not adversely impact credit
- **Forbearance** - typically sought for temporary repayment relief and provides temporary adjustment of no payments or reduced payments
 - Be careful to use because it adds expense
 - Can be very useful to help avoid delinquency and default
 - Does not adversely impact credit



Federal Repayment Plans

Federal Repayment Plans

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Standard Repayment Plan	<ul style="list-style-type: none"> Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans All PLUS Loans Consolidation Loans (Direct and FFEL) 	<ul style="list-style-type: none"> Payments are a fixed amount of at least \$50 per month. Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> You'll pay less Interest for your loan over time under this plan than you would under other plans.
Graduated Repayment Plan	<ul style="list-style-type: none"> Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans 	<ul style="list-style-type: none"> Payments are lower at first and then increase, usually every two years. Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> You'll pay more for your loan over time than under the 10-year standard plan.

Overview of Direct Loan and FFEL Program Repayment Plans

NAVIENT | Department of Education Loan Servicing

View Information from <https://studentaid.ed.gov/repay-loans/understand/plans>

View Information on Income-Driven repayment plans at www.StudentAid.gov/ldr

Download a fact sheet for Income-Driven repayment plans at <https://studentaid.ed.gov/sites/default/files/income-driven-repayment.pdf>

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick comparison
Income-Based Repayment Plan (IBR)	<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) that do not include Direct or FFEL PLUS loans made to parents 	<ul style="list-style-type: none"> Your monthly payments will be 15% (10% if you are a new borrower*) of your discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply). Your payments change as your income changes. Up to 25 years. 	<ul style="list-style-type: none"> You must have a partial financial hardship. Your monthly payments will be lower than payments made under the 10-year standard plan. You'll pay more for your loan over time than you would under the 10-year standard plan. If you have not repaid your loan in full after making the equivalent of 25 years (20 years if you are a new borrower*) of qualifying monthly payments, any outstanding balance on your loan will be forgiven. You may have to pay income tax on any amount that is forgiven. *A new borrower for the IBR plan has no outstanding balance on a Direct or FFEL loan as of July 1, 2014, or has no outstanding balance on a Direct or FFEL loan when he or she obtains a new loan on/after July 1, 2014.
Pay As You Earn Repayment Plan	<ul style="list-style-type: none"> Direct Subsidized and Unsubsidized Loans Direct PLUS Loans made to students Direct Consolidation Loans that do not include Direct or FFEL PLUS Loans made to parents 	<ul style="list-style-type: none"> Your monthly payments will be 10% of your discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply). Your payments change as your income changes. Up to 20 years. 	<ul style="list-style-type: none"> You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. You must have a partial financial hardship. Your monthly payments will be lower than payments made under the 10-year standard plan. You'll pay more for your loan over time than you would under the 10-year standard plan. If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. You may have to pay income tax on any amount that is forgiven.
Income-Contingent Repayment Plan	<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"> Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans. Your payments change as your income changes. Up to 25 years. 	<ul style="list-style-type: none"> You'll pay more for your loan over time than under the 10-year standard plan. If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven. You may have to pay income tax on the amount that is forgiven.

Resource Sheet for Schools and Borrowers

Direct Loan and FEEL Program Repayment Plans

- Navient helps borrowers navigate the path to successful repayment
- Online and downloadable content focuses on important steps to take
- We are committed to keeping students informed



Pay As You Earn Repayment Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans that do not include Direct or FFEL PLUS Loans made to Parents 	<ul style="list-style-type: none"> • Your monthly payments will be 10% of your discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. • Up to 20 years. 	<ul style="list-style-type: none"> • You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. • You must have a partial financial hardship. • Your monthly payments will be lower than payments made under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.



Income-Based Repayment (IBR) Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<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) that do not include Direct or FFEL PLUS loans made to parents 	<ul style="list-style-type: none"> • Your monthly payments will be 15% (10% if you are a new borrower*) of your discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply). • Your payments change as your income changes. • Up to 25 years (20 years if you are a new borrower*) 	<ul style="list-style-type: none"> • You must have a partial financial hardship. • Your monthly payments will be lower than payments made under the 10-year standard plan. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after making the equivalent of 25 years (20 years if you are a new borrower*) of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.

* A new borrower for the IBR plan has no outstanding balance on a Direct or FFEL loan as of July 1, 2014, or has no outstanding balance on a Direct or FFEL loan when he or she obtains a new loan on/after July 1, 2014.



Income-Contingent Repayment Plans

Eligible Loans	Monthly Payment and Time Frame	Details
<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"> • Payments are calculated each year and are based on the lesser of 20% of your discretionary income, the difference between your adjusted gross income and 100% of the poverty guideline for your family size and state of residence (other conditions apply) divided by 12, or 12-year standard payment multiplied by income percentage factor that is published annually by the Department of Education. • Your payments change as your income changes. • Up to 25 years. 	<ul style="list-style-type: none"> • You'll pay more for your loan over time than under the 10-year standard plan. • If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven. • You may have to pay income tax on the amount that is forgiven.





Standard Repayment Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<ul style="list-style-type: none">• Direct Subsidized and Unsubsidized Loans• Subsidized and Unsubsidized Federal Stafford Loans• All PLUS Loans• Consolidation Loans (Direct and FFEL)	<ul style="list-style-type: none">• Payments are a fixed amount of at least \$50 per month.• Generally up to 10 years (between 10 and 30 years for Consolidation Loans).	<p>You'll pay less interest for your loan over time under this plan than you would under other plans.</p>





Graduated Repayment Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • Consolidation Loans (Direct and FFEL) • All PLUS loans 	<ul style="list-style-type: none"> • Payments are lower at first and then increase, usually every two years. • Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<p>You'll pay more for your loan over time than under the 10-year standard plan.</p>



Extended Repayment Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • All PLUS Loans • Consolidation Loans (Direct and FFEL) 	<ul style="list-style-type: none"> • Payments may be fixed or graduated. • Up to 25 years. 	<ul style="list-style-type: none"> • Your monthly payments would be lower than the 10-year standard plan. If you are a <ul style="list-style-type: none"> – Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. – FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. • For both programs, you must also be a new borrower as of Oct. 7, 1998. • You'll pay more for your loan over time than under the 10-year standard plan.



Income-Sensitive Repayment Plan

Eligible Loans	Monthly Payment and Time Frame	Details
<ul style="list-style-type: none"> • Subsidized and Unsubsidized Federal Stafford Loans • FFEL PLUS Loans • FFEL Consolidation Loans 	<ul style="list-style-type: none"> • Your monthly payment is based on your monthly gross income. • Your payments change as your income changes. • Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> • You'll pay more for your loan over time than you would under the 10-year standard plan. • Each lender's formula for determining the monthly payment amount under this plan can vary.





Loan Consolidation

- Provides the ability for borrowers to consolidate all of their federal loans into one new loan
- FFEL and Direct Loans, Perkins Loans and PLUS Loans may be consolidated
- Interest Rate: weighted average of the interest rates on the loans being consolidated rounded to the nearest higher one-eighth of one percent
- Multiple Repayment Options: Standard, Graduated, Extended, Income Contingent, Income Based and Pay As You Earn
- Benefits:
 - Possible longer repayment period
 - Potential lower monthly payment
 - Single servicer
- Application Process: www.studentloans.gov



Federal Loan Repayment Comparison – Undergraduate Example

- Assumes \$27,000 in undergraduate Direct Loans (\$19,000 in subsidized and \$8,000 in unsubsidized loans) over a 4 year period. Subsidized interest rates ranged from 3.4% to 4.66% based on statutory limits for each AY. Unsubsidized Direct loans ranged from 3.86% to 6.8%.

Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	\$292	292	\$6,855	10
Graduated	\$165	\$494	\$8,589	10
Extended - Fixed	n/a	n/a	n/a	n/a
Extended - Graduated	n/a	n/a	n/a	n/a
Income Based	\$281	\$292	\$6,940	10.1
Income Contingent	\$221	\$273	\$9,209	12.8
Pay As You Earn	\$187	\$292	\$8,966	11.8
Consolidation	\$178	\$178	\$14,793	20

Example based on adjusted gross annual income of approximately \$40,000.



Federal Loan Repayment Comparison – Graduate Example

- Assumes \$61,500 in graduate Direct Loans (\$25,500 subsidized and \$36,000 unsubsidized) over a 3 year period. Interest rates for subsidized Direct Loans were 6.8% and unsubsidized Direct Loan interest rates ranged from 5.41% to 6.8% based on statutory limits for each AY.

Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	\$756	\$756	\$23,045	10
Graduated	\$433	\$1,299	\$29,245	10
Extended - Fixed	\$442	\$442	\$64,837	25
Extended - Graduated	\$346	\$659	\$76,396	25
Income Based	\$281	\$757	\$40,939	14.3
Income Contingent	\$472	\$737	\$36,315	14
Pay As You Earn	\$187	\$757	\$44,694	15.3
Consolidation	\$412	\$412	\$81,356	30

Example based on adjusted gross annual income of approximately \$40,000.



Federal Loan Repayment Comparison – Graduate Example

- Assumes \$75,000 in graduate Direct Loans (\$41,000 Unsubsidized and \$34,000 Grad PLUS) with a weighted average interest rate of 6.25%
- 2 year graduate program with no undergraduate debt

Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	\$924	\$924	\$28,573	10
Graduated	\$530	\$1,589	\$36,293	10
Extended - Fixed	\$543	\$543	\$80,527	25
Extended - Graduated	\$428	\$803	\$94,620	25
Income Based	\$281	\$924	\$54,016	15
Income Contingent	\$472	\$814	\$57,110	16.7
Pay As You Earn	\$187	\$924	\$58,380	15.8
Consolidation	\$513	\$513	\$102,525	30

Example based on adjusted gross annual income of approximately \$40,000.



Federal Loan Repayment Comparison – Graduate Example

- Assumes \$120,000 in graduate Direct Loans (\$61,500 Unsubsidized and \$58,500 Grad PLUS) with a weighted average interest rate of 6.66%
- 3 year graduate program with no undergraduate debt

Plan	Initial Monthly Payment	Long-term Monthly Payment	Total Interest Paid	Years in Repayment
Standard	\$1,565	\$1,565	\$50,985	10
Graduated	\$902	\$2,705	\$64,971	10
Extended - Fixed	\$938	\$938	\$144,555	25
Extended - Graduated	\$760	\$1,351	\$168,209	25
Income Based	\$281	\$1,565	\$107,810	16.3
Income Contingent	\$472	\$1,705	\$213,824	25
Pay As You Earn	\$187	\$1,565	\$112,566	16.8
Consolidation	\$888	\$888	\$182,708	30

Example based on adjusted gross annual income of approximately \$40,000.



Managing Student Loans



Private Loan Repayment

Talking Points for Your Students

- Private loans are almost always unsubsidized for the life of the loan
- Repayment terms vary
- Choice of repayment plans may be available
- Residency and internship deferments may be available
- Forbearances may be available; consult the loan servicer

TIP FOR STUDENTS:

Refer to the promissory note and/or your servicer to determine your available options.





Paying Loans Off Early

Talking Points for Your Students

- Borrowers can always prepay federal and private student loans without penalty
- Be aware of the relative cost and make payments towards unsubsidized loans while still in school/during deferments that have the highest rates and/or most frequent capitalization. This should save more money over time
- Unless otherwise noted, loan payments typically are applied first toward fees, then interest, and finally principal*

* Except for Pay As You Earn and Income-Based plans



Delinquency and Default (Federal/Private Loans)

Talking Points for Your Students

- Delinquency and defaults on student loans can adversely impact your credit history
 - **DELINQUENCY**
 - Failure to make payment(s) when due
 - Reported to credit bureaus; affects borrowers history
 - **DEFAULT**
 - Collection agencies may take over adding to cost
 - Lender can take legal action or your school can withhold records
 - Federal defaults could include wage garnishment and withholding of federal tax refunds
 - Student loans are rarely discharged in bankruptcy



Tips to Share for Managing Loans and Finances



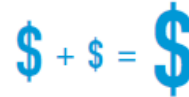
Make payments automatically

You won't forget to make your payment and you could also get a reduction on your interest rate.



Make payments each and every month

Resist putting off your payments, as deferment or forbearance typically means you'll pay more over the life of the loan.



Pay a little extra each month

Extra payments can help you pay off your loan faster.



Create a budget

Track your monthly expenses to help you cut out unnecessary items and pay down your debt even faster.



If you fall behind, get help

Call your loan servicer to discuss your options. Changes to your payment plan may provide the flexibility you need.



Build an emergency fund

Aim to save \$500 to \$1,000 to cover unexpected expenses.



Beware of scams

Fraudulent companies might claim to offer easy ways to lower your loan payments and even try to charge you fees. If you have doubt about a service offered, contact your servicer.



Don't miss important information

Keep your loan servicers updated with any change in mailing address, email, and phone numbers so they can keep in touch with you.



Q&A



Greg Carlo

Senior Client Relationship Manager

614-742-7123(t) | 614-557-4889(c)

Greg.Carlo@navient.com

navient.com





Helping Students Repay their Loans: Repayment Plan Overview

Greg Carlo

Senior Client Relationship Manager

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