

Managing Student Loans

What to Know

Student loans can take a decade or longer to pay off. This seemingly endless obligation can create financial stress and even influence how you make major life decisions. Effectively managing your student loans can help relieve your stress and financial burden while protecting your credit.

What to Do

Know What Is Owed

Check the National Student Loan Data System to find a complete inventory of all your federal student loans. You may want to create a spreadsheet of these. Note: You will need your Federal Student Aid PIN to access your information. If you have private student loans, pull a copy of your credit report. Your report will show the loans you have with private lenders. Add these to your spreadsheet. The combined inventory of your loans will give you a wide-eyed overview of your total loan obligations.

Pay Off Loans With the Highest Interest Rate First

If you are able to pay off one or more of your student loans ahead of schedule, start with the loan with the highest interest rate. Generally, these will be loans you have with private lenders.

Keep Lenders Up to Date

Lenders send out a lot of important information you don't want to miss. Keep your loan servicers up to date with your contact information, including your email address.

Options to Consider

Federal Student Loan Consolidation

If you have federal student loans, especially older, nonconsolidated loans with a variable interest rate, you may want to consider consolidating your loans. By consolidating your loans, you may be able to extend loan repayment from the 10-year standard to 15 or even 30 years.

A loan consolidation also means a predictable payment. Note: lengthening the repayment schedule on your loans may result in higher total costs over the long term.

Income-Driven Repayment Options

Income-driven repayment plans may make it easier for you to make payments on your federal student loans if your debt is high compared to your income. The three main plans are Income-Based Repayment (IBR), Pay As You Earn, and Income-Contingent Repayment (ICR). Your payment amount is based on your income. As your income, family size, or state of residence change, so will your monthly payment amount. To remain eligible, you will need to reapply each year and provide verification of your income. If you reapply each year and qualify, you may have reduced monthly payments for up to 25 years, and any remaining balance may be forgiven. However, you may be required to pay income tax on the amount that's forgiven. Note: Income-driven repayment options generally charge higher interest rates than other types of student loans.

Federal Student Loan Rehabilitation

If you are delinquent on your federal student loan(s), you may want to consider student loan rehabilitation. You'll need to contact the loan servicer (or collection agency) to arrange new payment terms. The loan servicer is obligated to offer a repayment term that is "affordable and reasonable." If you meet the terms and conditions

of the rehabilitation agreement and your loan is rehabilitated, your credit report will no longer reflect the poor payment history and the loans will show a current status.

Public Service Loan Forgiveness

This is a federal program that forgives the student debt of people working in government, nonprofit, and other public services. Additional loan forgiveness programs are available for borrowers working in certain fields like public education or public library services, early childhood education, military service, and emergency management. To be eligible, you must have made 120 months of on-time payments and meet the employment requirements. This program only applies to federal loans.



Where to Turn

If you have questions related to your student loan payments, you should first contact the lender directly to try to resolve any issues with them and/or request any special payment accommodations.

For additional information on repaying your student loan or if you have a complaint against a student loan company, you can contact the following regulators:

- **Student Financial Services Bureau**, Michigan Department of Treasury, 517-373-4897, or online at www.michigan.gov/mistudentaid
- **Department of Insurance and Financial Services** (DIFS), 877-999-6442, or online at www.michigan.gov/difs
- **Consumer Financial Protection Bureau** (CFPB), 855-411-2372, or online at www.consumerfinance.gov

Other Helpful Sources

The National Student Loan Data System at <https://nslds.ed.gov>

Free credit report at <https://www.annualcreditreport.com>