



LOAN REPAYMENT AND DEFAULT PREVENTION

Student Financial Aid Office

TOPICS TO BE COVERED

- Exit Counseling
- Loan Consolidation
- Repayment Options
- Deferment and Forbearance
- Discharge and Forgiveness
- Default Prevention



EXIT COUNSELING

- Required to be completed at studentloans.gov when a student
 - Graduates
 - Leaves NIU (whether attending elsewhere or not)
 - Drops below half-time enrollment
- Reminder will be sent if not completed after 30 days



LOAN CONSOLIDATION

- + Combines federal student loans into one loan
- + Single monthly payment
- + Extends repayment period
- + Results in lower monthly payment
- More interest paid



GRACE PERIOD

- There is a six month grace period once a student goes into repayment
 - Subsidized loans prior to 7/1/2012 – no interest accrues during grace period.
 - Subsidized loans after 7/1/2012 – interest begins to accrue during grace period.



GRACE PERIOD

- During and toward the end of the grace period is the best time to make your selection of repayment plan
- If a plan is not selected you are automatically assigned the standard repayment plan
- Repayment plan can be changed at any time
- Repayment begins



LOAN SERVICERS

- Companies that handle the billing and other services on your federal student loan(s).
- Servicer is assigned by the U.S. Department of Education after loan is fully disbursed.
- It is important to know who your servicer is, and to keep your contact info up to date.
 - Helpful info can be found at:
<http://studentaid.ed.gov/repay-loans/understand/servicers>



LOAN SERVICERS

- Nelnet
- Great Lakes
- Sallie Mae
- FedLoan Servicing
- MOHELA
- ESA/Edfinancial
- CornerStone
- Aspire Resources Inc.
- Granite State-GSMR
- OSLA Servicing
- VSAC Federal Loans



REPAYMENT OPTIONS

- Standard
- Graduated
- Extended
- Income Based
- Pay as You Earn
- Income Contingent



STANDARD REPAYMENT PLAN

- Fixed monthly payment \geq \$50
- Up to 10 years to repay
- Lowest total interest paid due to shortest repayment period



GRADUATED REPAYMENT PLAN

- Payments start out low and increase every two years
- Repayment period is 10 years
- No payment is more than three times greater than any other payment
- Potential to pay more interest



EXTENDED REPAYMENT PLAN

- Eligible borrower:
 - New borrower on or after 10-7-98
 - Direct Loan debt \geq \$30,000



EXTENDED REPAYMENT PLAN

- Maximum repayment period is 25 years
- Payments may be fixed or graduated
- Smaller payments
- More interest paid



INCOME BASED REPAYMENT PLAN

- Monthly payments are 15% of discretionary income during any period when you have a partial financial hardship (PFH)
- If not fully repaid after 25 years the unpaid portion is forgiven but may be taxed
- Can include PLUS loans made to students



PAY AS YOU EARN REPAYMENT PLAN

- Monthly payment is 10% of discretionary income during any period when you have a partial financial hardship (PFH)
- Must be new borrower on or after 10/1/2007 and received Direct Loan disbursement on or after 10/1/2011



PAY AS YOU EARN REPAYMENT PLAN

- Loan repayment period is 20 years
- If not fully repaid after 20 years the unpaid portion is forgiven but may be taxed
- Can include Direct PLUS loans made to students



INCOME CONTINGENT REPAYMENT PLAN

- Each year monthly payments are calculated on basis of:
 - Adjusted Gross Income (both if married)
 - Family size
 - Total Direct loan debt



INCOME CONTINGENT REPAYMENT PLAN

- Maximum repayment period is 25 years
- If not fully repaid after 25 years the unpaid portion is forgiven (may be taxed)
- Can include Direct PLUS loans made to students



DEFERMENT

Postponement of payment while:

- Enrolled at least half-time in an eligible postsecondary school
- Studying full-time in a graduate fellowship program or disability rehabilitation program
- Unemployed or meet rules for economic hardship
- Qualifying active duty service in US Armed Forces or National Guard



FORBEARANCE

- If unable to make loan payments but do not qualify for deferment
 - Illness
 - Financial hardship
 - Serving medical or dental internship or residency



FORBEARANCE

- Allows student to temporarily
 - Stop making payments
 - Make smaller payments
 - Or extend repayment period



DIFFERENCES

- Deferment: No interest accrues on Sub. loans
- Forbearance: Interest is capitalized
- Accrued Interest: Accumulates to be repaid
- Capitalized Interest: Gets added to loan principle



DISCHARGE/FORGIVENESS CONDITIONS

- Teacher Service
- Public Service
- School-related Discharges
- Disability, Bankruptcy, or Death



TEACHER SERVICE CRITERIA

- Full-time teacher
 - Low-income elementary or secondary school
 - For five consecutive years
- Must be new borrower after 10/1/98
- Up to \$17,500 of Stafford Loan (subsidized or unsubsidized) may be forgiven



PUBLIC SERVICE CRITERIA

- Employed full-time in certain public service jobs
 - AmeriCorps or Peace Corps
 - Local, State, Federal or Tribal government
 - Other Public Service Organization
- Have made 120 monthly payments (under certain repayment plans) after 10/01/2007
- Remaining balance may be forgiven



SCHOOL RELATED DISCHARGE

- Closed School
- False Certification because of identity theft
- Unpaid Refund after withdrawal



OTHER DISCHARGE PROGRAMS

- Total and Permanent Disability (determination by a physician)
- Inclusion of loan in bankruptcy (requires proof that repaying loan would cause undue hardship)
- Death of student



CONSEQUENCES OF DEFAULT

Including, but not limited to:

- Damaged credit rating
- Wage garnishment
- Seizure of tax refunds
- Title IV ineligible
- Difficulty obtaining loans
- Potentially impacts employment possibilities



DEFAULT PREVENTION

- Be proactive: If you encounter problems making payments, contact the Loan Servicer to discuss available options.
- Default occurs once loan is 270 days delinquent.
- Defaulting has many serious consequences which may continue to negatively impact your life for years to come.



IMPORTANT WEB SITES

- NIU Repayment Information

<http://www.niu.edu/fa/types/repayment.shtml>

- Direct Loan Repayment Options

<http://www2.ed.gov/offices/OSFAP/DirectLoan/RepayCalc/dlindex2.html>

- NSLDS

http://www.nslds.ed.gov/nslds_SA/

- Repayment Plans and Calculators

<http://studentaid.ed.gov/PORTALSWebApp/students/english/OtherFormsOfRepay.jsp>



NSLDS-LOANS



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National Student Loan Data System (NSLDS) for Students

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Aid Summary for

Your enrollment status is **FULL TIME**, effective **08/27/2007**.

[Click here for Grant Information](#)

Loans

Please click on number in first column to see details

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD UNSUBSIDIZED	\$2,000	09/07/2009	\$1,000	\$1,000	\$1,000	\$99
2	DIRECT STAFFORD SUBSIDIZED	\$4,500	09/07/2009	\$4,500	\$0	\$4,500	\$0
3	FEDERAL PERKINS	\$1,800	09/07/2008	\$1,800	\$0	\$1,800	\$0
4	DIRECT STAFFORD UNSUBSIDIZED	\$2,000	09/07/2008	\$2,000	\$0	\$2,000	\$307
5	DIRECT STAFFORD SUBSIDIZED	\$4,500	09/07/2008	\$4,500	\$0	\$4,500	\$0
6	STAFFORD SUBSIDIZED	\$3,500	08/09/2007	\$3,500	\$0	\$3,500	\$0
Total DIRECT STAFFORD UNSUBSIDIZED						\$3,000	\$406
Total DIRECT STAFFORD SUBSIDIZED						\$9,000	\$0
Total FEDERAL PERKINS						\$1,800	\$0
Total STAFFORD SUBSIDIZED						\$3,500	\$0
Total All Loans						\$17,300	\$406



NLSDS-GRANTS

Grants

Pell Lifetime Eligibility Used: 300.000%

Please click on number in first column to see details

Award Year	Type Of Grant:	School	Scheduled Amount
1	FEDERAL PELL GRANT	NORTHERN ILLINOIS UNIVERSITY	\$3,100
2	FEDERAL PELL GRANT	NORTHERN ILLINOIS UNIVERSITY	\$2,200
3	FEDERAL PELL GRANT	NORTHERN ILLINOIS UNIVERSITY	\$3,381
4	ACADEMIC COMPETITIVENESS GRANT	NORTHERN ILLINOIS UNIVERSITY	\$1,300
Total All Grants			\$9,981

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