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.
• 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
• 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 ≥ $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 ≥ $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
• 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
Including, but not limited to:

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

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$2,000</td>
<td>09/07/2009</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$99</td>
</tr>
<tr>
<td>2 DIRECT STAFFORD SUBSIDED</td>
<td>$4,500</td>
<td>09/07/2009</td>
<td>$4,500</td>
<td>$0</td>
<td>$4,500</td>
<td>$0</td>
</tr>
<tr>
<td>3 FEDERAL PERKINS</td>
<td>$1,800</td>
<td>09/07/2008</td>
<td>$1,800</td>
<td>$0</td>
<td>$1,800</td>
<td>$0</td>
</tr>
<tr>
<td>4 DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$2,000</td>
<td>09/07/2008</td>
<td>$2,000</td>
<td>$0</td>
<td>$2,000</td>
<td>$307</td>
</tr>
<tr>
<td>5 DIRECT STAFFORD SUBSIDED</td>
<td>$4,500</td>
<td>09/07/2008</td>
<td>$4,500</td>
<td>$0</td>
<td>$4,500</td>
<td>$0</td>
</tr>
<tr>
<td>6 STAFFORD SUBSIDIZED</td>
<td>$3,500</td>
<td>08/09/2007</td>
<td>$3,500</td>
<td>$0</td>
<td>$3,500</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total DIRECT STAFFORD UNSUBSIDED</strong></td>
<td><strong>$3,000</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$3,000</strong></td>
<td><strong>$406</strong></td>
</tr>
<tr>
<td><strong>Total DIRECT STAFFORD SUBSIDED</strong></td>
<td><strong>$9,000</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$9,000</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total FEDERAL PERKINS</strong></td>
<td><strong>$1,800</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$1,800</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total STAFFORD SUBSIDED</strong></td>
<td><strong>$3,500</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$3,500</strong></td>
<td><strong>$0</strong></td>
</tr>
<tr>
<td><strong>Total All Loans</strong></td>
<td><strong>$17,300</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$17,300</strong></td>
<td><strong>$406</strong></td>
</tr>
</tbody>
</table>
### Grants

Pell Lifetime Eligibility Used: 300.000%

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Award Year</th>
<th>Type Of Grant</th>
<th>School</th>
<th>Scheduled Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$3,100</td>
</tr>
<tr>
<td>2</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$2,200</td>
</tr>
<tr>
<td>3</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$3,381</td>
</tr>
<tr>
<td>4</td>
<td>ACADEMIC COMPETITIVENESS GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$1,300</td>
</tr>
<tr>
<td><strong>Total All Grants</strong></td>
<td></td>
<td></td>
<td><strong>$9,981</strong></td>
</tr>
</tbody>
</table>