Consumer Debt Counselors
Solving the Financial Puzzle

Student Loan Advisory Program

Understand Your Loans...

Know Your Options

Prepared for: Angel Reale
Prepared on: 06/16/2014
Prepared by: Melissa Towell

Consumer Debt Counselors
Solving the Financial Puzzle

Date: 06/16/2014

Angel Reale
900 15th St
Palm Harbor, FL 34683

Client ID: 1005
Payment Due Date:
Payment Amount:
Payment Frequency:
First Payment Due Date:

Enclosed is your own unique Student Loan Debt Resolution packet. The packet includes a brochure to help you better understand the student loan landscape, loan types, options and tips to help you manage your budget and your debt. The packet also includes a list of your specific options based on your student loan debt worksheet, nswers to the student loan debt questionnaire, steps on how to implement those options and tips on what to consider as your are implementing your chosen solution. Please review this packet carefully as it discusses points that are extremely important to the success of your Student Loan Advisory Program. Please feel free to call your Student Loan Specialist if you have any questions about the program.

Sincerely,

Melissa Towell
Consumer Debt Counselors
Student Loan Advisory Program

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Your Student Loans

Servicer	Balance	Payment	Rate
AES-American Education Services	$56,228.00	$0.00	4.75%
AES-American Education Services	$49,917.00	$0.00	4.75%
TOTALS:	**$106,145.00**	**$0.00**	**4.75%**

MONTHLY BUDGET SUMMARY

INCOME

Primary Income	
Gross Monthly Income:	**$0.00**
• Federal Withholding	$0.00
• FICA	$0.00
• Medicare	$0.00
• 401k/Retirement	$0.00
• Benefits	$0.00
• Other Withholding	
Other Income	
• Part Time Job	$0.00
• Pension	$0.00
• SSI	$0.00
• Child Support	$0.00
• Rental Property	$0.00
• Food Stamps	$0.00
• Other Income	$0.00
Primary Net Income	**$3,000.00**

Secondary Income	
Gross Monthy Income	$0.00
• Federal Withholding	$0.00
• FICA	$0.00
• Medicare	$0.00
• 401k/Retirment	$0.00
• Benefits	$0.00
• Other Withholding	
Other Income	
• Part Time Job	$0.00
• Pension	$0.00
• SSI	$0.00
• Child Support	$0.00
• Rental Property	$0.00
• Food Stamps	$0.00
• Other Income	$0.00
Secondary Net Income	**$0.00**
Combined Total Net Income	**$3,000.00**

EXPENSES

Home and Shelter	$1,000.00
• Mortgage/Rent	$1,000.00
• 2nd Mortgage	$0.00
• 3rd Mortgage	$0.00
• Real Estate Taxes	$0.00
• HOA/Condo Dues	$0.00
• Insurance	$0.00

Automobiles	$420.00
• Car Payment	$420.00
• 2nd Car Payment	$0.00
• 3rd Car Payment	$0.00
• 4th Car Payment	$0.00

Utilities	$640.00
• Electric	$190.00
• Water	$75.00
• Trash	$40.00
• Gas	$0.00
• Cable	$135.00
• Internet	$0.00
• Local Telephone	$0.00
• Cell Phone	$200.00

Transportation	$240.00
• Gasoline	$240.00
• Tolls	$0.00
• Car Repairs	$0.00
• State License/Tags	$0.00
• Public Transportation	$0.00

Groceries and Dining	$1,000.00
• Groceries	$750.00
• House Supplies	$250.00
• Outside Meals (non-ent)	$0.00
• Outside Meals (ent)	$0.00
• School Lunches	$0.00
• Tobacco/Cigarettes	$0.00

Insurance	$351.00

• Life Insurance	$0.00
• Major Medical	$190.00
• Auto Insurance	$161.00
• Long Term Care	$0.00
Medical Expenses	**$0.00**
• Medical Savings (HSA)	$0.00
• Prescriptions	$0.00
• Co-Pays/Deductibles	$0.00
• OTC Drugs	$0.00
Child Care	**$780.00**
• Day Care	$300.00
• After School Care	$480.00
• Child Activities	$0.00
Domestic Court Orders	**$0.00**
• Alimony	$0.00
• Child Support	$0.00
• Judgements/Bank Levy	$0.00
Household Expenses	**$1,048.00**
• Clothing	$150.00
• Recreation	$20.00
• Student Loans	$413.00
• Family Loans	$0.00
• Personal Grooming	$25.00
• Dry Cleaning	$0.00
• Other Family Expense	$0.00
• Charitable Donations	$0.00
• Memberships	$0.00
• Pest Control	$0.00
• Security System	$0.00
• Yard/Pool Maintenance	$0.00

Consolidation Repayment Plan

AES-American Education Services

Loan Type: FFEL LOAN

Counselor notes on selected solution:

Angel,

Please review the steps and complete your consolidation online as soon as possible to avoid the default process. You will be applying for Income Based Repayment. If you have any questions on the online process please call me to assist you.

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There will also be a question while you are navigating through the online application that asks are you consolidating for the purpose of Public Service Loan Forgiveness. Please answer YES to this question as you are eligible for that forgiveness program which we discussed.

Steps to Implement Solution

Defintion of Option

A consolidation loan involves taking out a new loan to pay off the balance of existing loans. The result of a consolidation loan is an extended repayment period and therefore a decrease in your monthly payment plan. A federal student loan consolidation will pay off several types of education loans and combine them all into one bigger loan from a single lender. This allows the borrower to put all loans into one loan and manage them with only one monthly payment instead of several monthly payments. Consolidation loans are available for most federal loans, including FFELP, FISL, Perkins, Health Professional Student Loans, NSL, HEAL, Guaranteed Student Loans and Direct Loans (Refer to education manual in back of packet for description of loan types mentioned). The consolidation loan will have a new interest that is a weighted average of the interest rates on the loans being consolidated rounded up to the nearest 1/8 percent.

Steps to Implement Option - See below for steps to implement via Pen and Paper or Electronically

Pen and Paper

Step 1	You will need to complete the paper version of the Direct Loan Program Consolidation Application that either accompanies the Solution Presentation or can be found in the Client Portal. • There are three parts to the application. The application and promissory note, the repayment plan selection form, and the alternative documentation of income form if you are selecting a repayment plan based on your income. • If your repayment plan is based on your income you will have to submit documentation of income by submitting your latest filed 1040 form or if your income has changed since the last time you have filed your taxes you can submit two of your most recent pay stubs and if you are married you will have to submit two of his/her most recent paystubs as well.
Step 2	Fill out the application and sign your promissory note. On the first page of the application you will provide your general information, drivers license information, employer information and loan information. You will also need to provide two references who do not live with you and who you have known for three years. You will see on the bottom of the first page and the second page a Section C1. This is where you will indicate the loan types that you are selecting for consolidation. Please refer to the Counselor Notes to fill out Column 13 and Column 14. You can refer to Your Student Loans on page 4 of the Solution Presentation to find the information needed to complete Column 15 and 16. You will then sign the bottom of Page 3 and indicate the day you completed application as mm-dd-yyyy.If you need additional space because you have several loans you can put additional loans that would not fit on page 2 on the Additional Loan Listing Form.
Step 3	Fill out the Repayment Plan Selection Form. Refer to the Counselor Notes at the beginning of this plan to view what repayment is best for your situation. Section 1 you will provide your Name and Social Security Nubmber. In section two you will check the repayment plan you want to apply for based on what types of loans you have. You will have to complete Section 3 and provide your Spouse's name and Social Security Number if you selected Income Based and file taxe jointly with your spouse or you selected the Income Contingent Repayment Plan. If you selected Income Contingent repayment plan you will complete Section 4 by indicating your family size and signing and dating. If you are married your spouse will also have to sign where indicated in Section 4. If you have selected Income Based repayment plan you can skip Section 4 but

	you will complete Section 5 by indicating your family size and signing and dating. If you are married and file taxes jointly your spouse will also have to sign where indicated in Section 5. If you selected any other plan other than Income Contingent or Income Based then you can skip Section 4 and Section 5 and are not required to sign the Repayment Plan Selection Form.
Step 4	If you select either the Income Contingent or Income Based repayment plan then you will have to complete the Alternative Documentation of Income form. If you selected any other repayment plan skip Step 4. You will complete Section 1 by providing your name and social securirty information. If you are married and selected Income Contingent repayment plan you will have to provide your Spouse Name and Social Security Number, or if you are married and file taxes jointly you will have to provide your Spouses name and Social Security Number also in Section 1. In Section 2 you will provide the amount of gross income you make from your employment, how often you get paid, and your Employer's name. You will evidence the information provided in Section 2 by providing copies of your two most recent paystubs. In Section 3 you will provide your Spouses income information if you are married and selected Income Contingent repayment plan or if you are married and file jointly and selected Income Based repayment plan. Your spouse will also have to provide copies of two most recent paystubs to evidence the information provided. You can also provide a copy of your most recent filed tax return to evidence your household income. You will provide your signature and date signed in Section 4, and your spouse will as well if he/she had to provide income information.
Step 5	Once you have completed Step 1-4 you will put together all forms you completed and send to a servicer of your choice from the list below: 1.) Nelnet, P.O. Box 82658 Lincoln, NE 68501-2658 USA 2.) Fedloan Servicing (send here if consolidating for the purpose of Public Service Loan Forgiveness), P.O. Box 69184 Harrisburg, PA 17106-9184 USA 3.) Sallie Mae, Attn: ED Loan Consolidation P.O. Box 6180 Indianapolis, IN 46206-6180 USA 4.) Great Lakes Educational Loan Services Inc., Consolidation Department P.O. Box 8956 Madison, WI 53708-8956 USA
Step 6	After 2 weeks you can call to check on the status of your application by calling your servicer who received your application. See below for phone numbers: 1.) Nelnet: 1-866-426-6765 2.) Fedloan Servicing: 1-800-699-2908 3.) Sallie Mae: 1-800-722-1300 4.) Great Lakes Educational Loan Services Inc: 1-800-236-4300 • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans to your consolidation by filling out the Request to Add Loans form.
Step 7	Once your application is approved you will receive your repayment schedule at the mailing address you provided on your consolidation application. If you sent your consolidation application to an existing servicer of one or all of your loans you included in the consolidation and had an online login then you may see the status update of your approval and new repayment schedule by logging in online or via email. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
Step 8	Make sure to make your payments on time to avoid defaulting. You are only able to consolidate out of default once. Since your consolidation loan is a new loan your eligible time towars deferment and forbearance will be reset. Do not hesitate to use these postponements if they are needed. They will help you to avoid late charges, marks against your credit and default.

Electronic Filing: www.studentloans.gov

Steps for all CURRENT Federal Student Loans or if you have at least one other Federal Loan that you want to include in the consolidation that is in default and that loan is NOT in collection with the Department of Education you must follow these steps.)

Step 1	You will apply online by going to www.studentloans.gov and signing into the portal. You will have to provide your Social Security Number, the first two letters of your Last Name, your Date of Birth and your Personal Identification Number (PIN). If you do not remember your PIN you can go to http://pin.ed.gov to apply or reestabilish your PIN.
Step 2	Once you are logged in you will select "Direct Consolidation Loan Application."

Step 3	You will have the opportunity to update any personal information such as mailing address. You will need to provide your Driver's License Number and two Personal References who do not live with you and who you have known for more than three years. You will have to provide the information on which loans you want to include in the consolidation. You will be able to download all the loans direclty into the form.
Step 4	You will be able to select your repayment type. If you select Income Contingent and are married or if you Select Income Based and are married and file taxes jointly then you will have to provide your spouses information including his/her name and Social Security Number.
Step 5	If you selected Income Contingent repayment plan or Income Based repayment plan then you will have to document your income by providing how much gross income you earn per employment check, how often you get paid and your Employer/Source of income. If you selected Income Contingent repayment plan and are married or if you selected Income Based repayment and are married and file taxes jointly you will have to provide the same information for your spouse. You will have to evidence your claim by sending your income information to the U.S. Department of Education, Consolidation Department, P.O. Box 242800 Louisville, KY 40224-2800.
Step 6	Summary Statement Phase • On average, after about 4-6 weeks you will receive a summary statement phase from Direct Loans via mail indicating all your loans that were included in your new consolidation loan. It will also provide a breakdown of all the repayment options and indicate what repayment option you have selected. • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans. This can be done by completing the Request to Add Loans form or it can be accessed at www.loanconsoldiation.ed.gov.
Step 7	Funding Book Phase • After 4-6 weeks from receiving your summary statement you will receive a repayment schedule from your new loan servicer. The servicers who take on new Direct Consolidation Loans are Sallie Mae, Great Lakes and FedLoans. You will most likely receive your repayment schedule via mail. If you had loans serviced by one of these agencies before you consolidated and you were registered with them via an online account then you may receive an email that notifies you of your new repayment schedule. • Your new repayment schedule will indicate what repayment plan you have selected, the balance of your new loan, and when you start repayment. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
Step 8	Make sure to make your payments on time to avoid defaulting. You are only able to consolidate out of default once. Since your Consolidation loan is a new loan your eligible time towars deferment and forbearance will be reset. Do not hesitate to use these postponements if they are needed. They will help you to avoid late charges, marks against your credit and default.

Alternative Electronic Filing: www.loanconsolidation.ed.gov

If you have at least one other Federal Loan that you want to include in the consolidation that is in default and that loan IS in collection with the Department of Education you must follow these electronic filing steps. DO NOT follow these steps if all of your loans are current or in repayment status of some type.

Step 1	You will apply online by going to www.loanconsoldiation.ed.gov. You will begin by inputting your personal information. You will have to provide your Social Security Number, the first two letters of your Last Name, your Date of Birth and your Personal Identification Number (PIN). If you do not remember your PIN you can go to http://pin.ed.gov to apply or reestabilish your PIN.
Step 2	Once you have accessed the website you will click the link Borrower's Services. You will selct to apply online either by E-signing your promissory note or by printing, signing and mailing in your promissory note. If you elect to apply online and print, sign and mail in your promissory note you only have 10 business days to get the information mailed in to Direct Loans processing center.
Step 3	You will begin by providing your personal information. This will include your name, address, Social Security Number, Driver's License NumberY and Employer information. You will also have to provide two Personal References who do not live with you and who you have known for more than three years.
Step 4	You will begin inputting your debts. You will have to select your Servicer from a drop menu. You will then enter the type of loan you are including in the consolidation. You can refer to Page 4 of your Solution Presentation or to the Counselor Notes at the beginning of the plan for that information.

Step 5	Once you have input all your debts you will be able to select your repayment type. If you select Income Contingent and are married or if you select Income Based and are married and file taxes jointly then you will have to provide your spouses information including his/her name and Social Security Number.
Step 6	If you selected Income Contingent repayment plan or Income Based repayment plan then you will have to document your income by providing how much gross income you earn per employment check, how often you get paid and your Employer/Source of income. If you selected Income Contingent repayment plan and are married or if you selected Income Based repayment and are married and file taxes jointly you will have to provide the same information for your spouse. You will have to evidence your claim by sending your income information to the U.S. Department of Education, Consolidation Department, P.O. Box 242800 Louisville, KY 40224-2800.
Step 7	If you elect to complete the application online and E-sign your promissory note you will not need to mail any informaiton into the Department of Education, unless you elected for income repayment then you will need to mail in your documentation of income to the address below. If you elect to complete the application via pen and paper then you will submit your completed application to the Department of Education at the address indicated: You will submit your completed application to the U.S. Department of Education at the address indicated: o U.S. Department of Education Consolidation Department P.O. Box 242800 Louisville, Kentucky 40224 Once you have mailed in your application it will take the Direct Loans processing center about two weeks to process your application.
Step 8	After approximately 10 – 14 days you will want to check the status of your application by calling Direct Loans Loan Consolidation Department. Make sure to check the status of your application frequently. The telephone number is provided: • 1-800-557-7392 • Press 1, then 2 and enter your social security number
Step 9	Summary Statement Phase • On average, after about 4-6 weeks you will receive a summary statement phase from Direct Loans via mail indicating all your loans that were included in your new consolidation loan. It will also provide a breakdown of all the repayment options and indicate what repayment option you have selected. • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans. This can be done by completing the Request to Add Loans form or it can be accessed at www.loanconsoldiation.ed.gov.
Step 10	Funding Book Phase • After 4-6 weeks from receiving your summary statement you will receive a repayment schedule from your new loan servicer. The servicers who take on new Direct Consolidation Loans are Sallie Mae, Great Lakes and FedLoans. You will most likely receive your repayment schedule via mail. If you had loans serviced by one of these agencies before you consolidated and you were registered with them via an online account then you may receive an email that notifies you of your new repayment schedule. • Your new repayment schedule will indicate what repayment plan you have selected, the balance of your new loan, and when you start repayment. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
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Important Forms:

Application/Promissory Note
Repayment Plan Selection Form

Alternative Documentation of Income Form
Request to Add Loans Form

Important Items to keep in mind:

- You must have more than one loan type in order to consolidate your loan.
- When completing the application make sure to have all documentation of income on hand.
- Be sure to have 2 references to provide on application.
- Make sure to have all your student loans organized.
    - o Make sure to have pulled your NSLDS information and refer to your student loan debt worksheet.
    - o Make sure to know what agencies are servicing your loans.
    - o Make sure to know what type of loan you have.
    - o Make sure that your account numbers are correct for each of your loans.
- Make sure to assess your options on your Perkins loans for forgiveness and cancellation before including that loan type in your consolidation.
    - o If you add a Perkins Loan into your consolidation then it will cause any forgiveness options that you may be eligible for to be cancelled.

****You may forfeit potential forgiveness options by consolidating your loan into a new DL Consolidation. Please verify your loan is not eligible for any forgiveness and/or you are making a decision to forgo the forgiveness in lieu of consolidation.

****Certain loans, when included into a DL Consolidation, will make the new consolidation loan ineligible for certain options (i.e., Parent Plus not eligible for IBR). Please verify you are not including any loans that will potentially taint the new loan and/or you are choosing to forgo certain options on the new loan in lieu of including all loans in the consolidation.

****You may forfeit the time towards certain occupational forgivenesses, such as Teacher Loan Forgiveness, by consolidating your loan into a new DL Consolidation. Please verify you are aware of this potential "re-starting of the clock" and, if applicable to you, that it may be more beneficial to leave loan out consolidation.

****Choosing repayment plans that extend the payment term past the standard 10 years will likely result in you paying back a larger total balance. Therefore, it is in your best interest to pay more when you can afford to.

Consolidation Repayment Plan

AES-American Education Services

Loan Type: FFEL LOAN

Counselor notes on selected solution:

Angel,

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A consolidation loan involves taking out a new loan to pay off the balance of existing loans. The result of a consolidation loan is an extended repayment period and therefore a decrease in your monthly payment plan. A federal student loan consolidation will pay off several types of education loans and combine them all into one bigger loan from a single lender. This allows the borrower to put all loans into one loan and manage them with only one monthly payment instead of several monthly payments. Consolidation loans are available for most federal loans, including FFELP, FISL, Perkins, Health Professional Student Loans, NSL, HEAL, Guaranteed Student Loans and Direct Loans (Refer to education manual in back of packet for description of loan types mentioned). The consolidation loan will have a new interest that is a weighted average of the interest rates on the loans being consolidated rounded up to the nearest 1/8 percent.

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Step 5	Once you have completed Step 1-4 you will put together all forms you completed and send to a servicer of your choice from the list below: 1.) Nelnet, P.O. Box 82658 Lincoln, NE 68501-2658 USA 2.) Fedloan Servicing (send here if consolidating for the purpose of Public Service Loan Forgiveness), P.O. Box 69184 Harrisburg, PA 17106-9184 USA 3.) Sallie Mae, Attn: ED Loan Consolidation P.O. Box 6180 Indianapolis, IN 46206-6180 USA 4.) Great Lakes Educational Loan Services Inc., Consolidation Department P.O. Box 8956 Madison, WI 53708-8956 USA
	After 2 weeks you can call to check on the status of your application by calling your servicer who received your application. See below for phone numbers: 1.) Nelnet: 1-866-426-6765 2.) Fedloan Servicing: 1-800-699-2908 3.) Sallie Mae: 1-800-722-1300

Step 6	4.) Great Lakes Educational Loan Services Inc: 1-800-236-4300 • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans to your consolidation by filling out the Request to Add Loans form.
Step 7	Once your application is approved you will receive your repayment schedule at the mailing address you provided on your consolidation application. If you sent your consolidation application to an existing servicer of one or all of your loans you included in the consolidation and had an online login then you may see the status update of your approval and new repayment schedule by logging in online or via email. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
Step 8	Make sure to make your payments on time to avoid defaulting. You are only able to consolidate out of default once. Since your consolidation loan is a new loan your eligible time towars deferment and forbearance will be reset. Do not hesitate to use these postponements if they are needed. They will help you to avoid late charges, marks against your credit and default.

Electronic Filing: www.studentloans.gov

Steps for all CURRENT Federal Student Loans or if you have at least one other Federal Loan that you want to include in the consolidation that is in default and that loan is NOT in collection with the Department of Education you must follow these steps.)

Step 1	You will apply online by going to www.studentloans.gov and signing into the portal. You will have to provide your Social Security Number, the first two letters of your Last Name, your Date of Birth and your Personal Identification Number (PIN). If you do not remember your PIN you can go to http://pin.ed.gov to apply or reestabilish your PIN.
Step 2	Once you are logged in you will select "Direct Consolidation Loan Application."
Step 3	You will have the opportunity to update any personal information such as mailing address. You will need to provide your Driver's License Number and two Personal References who do not live with you and who you have known for more than three years. You will have to provide the information on which loans you want to include in the consolidation. You will be able to download all the loans direclty into the form.
Step 4	You will be able to select your repayment type. If you select Income Contingent and are married or if you Select Income Based and are married and file taxes jointly then you will have to provide your spouses information including his/her name and Social Security Number.
Step 5	If you selected Income Contingent repayment plan or Income Based repayment plan then you will have to document your income by providing how much gross income you earn per employment check, how often you get paid and your Employer/Source of income. If you selected Income Contingent repayment plan and are married or if you selected Income Based repayment and are married and file taxes jointly you will have to provide the same information for your spouse. You will have to evidence your claim by sending your income information to the U.S. Department of Education, Consolidation Department, P.O. Box 242800 Louisville, KY 40224-2800.
Step 6	Summary Statement Phase • On average, after about 4-6 weeks you will receive a summary statement phase from Direct Loans via mail indicating all your loans that were included in your new consolidation loan. It will also provide a breakdown of all the repayment options and indicate what repayment option you have selected. • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans. This can be done by completing the Request to Add Loans form or it can be accessed at www.loanconsoldiation.ed.gov.
Step 7	Funding Book Phase • After 4-6 weeks from receiving your summary statement you will receive a repayment schedule from your new loan servicer. The servicers who take on new Direct Consolidation Loans are Sallie Mae, Great Lakes and FedLoans. You will most likely receive your repayment schedule via mail. If you had loans serviced by one of these agencies before you consolidated and you were registered with them via an online account then you may receive an email that notifies you of your new repayment schedule. • Your new repayment schedule will indicate what repayment plan you have selected, the balance of your new loan, and when you start repayment. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them

	documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
Step 8	Make sure to make your payments on time to avoid defaulting. You are only able to consolidate out of default once. Since your Consolidation loan is a new loan your eligible time towars deferment and forbearance will be reset. Do not hesitate to use these postponements if they are needed. They will help you to avoid late charges, marks against your credit and default.

Alternative Electronic Filing: www.loanconsolidation.ed.gov

If you have at least one other Federal Loan that you want to include in the consolidation that is in default and that loan IS in collection with the Department of Education you must follow these electronic filing steps. DO NOT follow these steps if all of your loans are current or in repayment status of some type.

Step 1	You will apply online by going to www.loanconsoldiation.ed.gov. You will begin by inputting your personal information. You will have to provide your Social Security Number, the first two letters of your Last Name, your Date of Birth and your Personal Identification Number (PIN). If you do not remember your PIN you can go to http://pin.ed.gov to apply or reestabilish your PIN.
Step 2	Once you have accessed the website you will click the link Borrower's Services. You will selct to apply online either by E-signing your promissory note or by printing, signing and mailing in your promissory note. If you elect to apply online and print, sign and mail in your promissory note you only have 10 business days to get the information mailed in to Direct Loans processing center.
Step 3	You will begin by providing your personal information. This will include your name, address, Social Security Number, Driver's License NumberY and Employer information. You will also have to provide two Personal References who do not live with you and who you have known for more than three years.
Step 4	You will begin inputting your debts. You will have to select your Servicer from a drop menu. You will then enter the type of loan you are including in the consolidation. You can refer to Page 4 of your Solution Presentation or to the Counselor Notes at the beginning of the plan for that information.
Step 5	Once you have input all your debts you will be able to select your repayment type. If you select Income Contingent and are married or if you select Income Based and are married and file taxes jointly then you will have to provide your spouses information including his/her name and Social Security Number.
Step 6	If you selected Income Contingent repayment plan or Income Based repayment plan then you will have to document your income by providing how much gross income you earn per employment check, how often you get paid and your Employer/Source of income. If you selected Income Contingent repayment plan and are married or if you selected Income Based repayment and are married and file taxes jointly you will have to provide the same information for your spouse. You will have to evidence your claim by sending your income information to the U.S. Department of Education, Consolidation Department, P.O. Box 242800 Louisville, KY 40224-2800.
Step 7	If you elect to complete the application online and E-sign your promissory note you will not need to mail any informaiton into the Department of Education, unless you elected for income repayment then you will need to mail in your documentation of income to the address below. If you elect to complete the application via pen and paper then you will submit your completed application to the Department of Education at the address indicated: You will submit your completed application to the U.S. Department of Education at the address indicated: o U.S. Department of Education Consolidation Department P.O. Box 242800 Louisville, Kentucky 40224 Once you have mailed in your application it will take the Direct Loans processing center about two weeks to process your application.
Step 8	After approximately 10 – 14 days you will want to check the status of your application by calling Direct Loans Loan Consolidation Department. Make sure to check the status of your application frequently. The telephone number is provided: • 1-800-557-7392 • Press 1, then 2 and enter your social security number

Step 9	Summary Statement Phase • On average, after about 4-6 weeks you will receive a summary statement phase from Direct Loans via mail indicating all your loans that were included in your new consolidation loan. It will also provide a breakdown of all the repayment options and indicate what repayment option you have selected. • Sometimes not all of your loans will be added to the consolidation properly. There are various reasons as to why which can include not indicating the proper address or phone number of your servicer when you completed your application. You must review the summary statement carefully to ensure that all loans were included. If any of your loans were left out of the consolidation you will need to submit a request to add loans. This can be done by completing the Request to Add Loans form or it can be accessed at www.loanconsoldiation.ed.gov.
Step 10	Funding Book Phase • After 4-6 weeks from receiving your summary statement you will receive a repayment schedule from your new loan servicer. The servicers who take on new Direct Consolidation Loans are Sallie Mae, Great Lakes and FedLoans. You will most likely receive your repayment schedule via mail. If you had loans serviced by one of these agencies before you consolidated and you were registered with them via an online account then you may receive an email that notifies you of your new repayment schedule. • Your new repayment schedule will indicate what repayment plan you have selected, the balance of your new loan, and when you start repayment. • If you are not on the plan that you have applied for then you will have to call your servicer and indicate that they have placed you in the wrong repayment plan and ask them to make the adjustments to your account. You may need to send them documentation that they have you in the wrong plan. If you selected an income repayment and the servicer failed to apply that to your account then you may need to resend your new servicer documenation of your income.
Step 11	Make sure to make your payments on time to avoid defaulting. You are only able to consolidate out of default once. Since your Consolidation loan is a new loan your eligible time towars deferment and forbearance will be reset. Do not hesitate to use these postponements if they are needed. They will help you to avoid late charges, marks against your credit and default.

Important Forms:

Application/Promissory Note
Repayment Plan Selection Form
Alternative Documentation of Income Form
Request to Add Loans Form

Important Items to keep in mind:

• You must have more than one loan type in order to consolidate your loan.

• When completing the application make sure to have all documentation of income on hand.

• Be sure to have 2 references to provide on application.

• Make sure to have all your student loans organized.
o Make sure to have pulled your NSLDS information and refer to your student loan debt worksheet.
o Make sure to know what agencies are servicing your loans.
o Make sure to know what type of loan you have.
o Make sure that your account numbers are correct for each of your loans.

• Make sure to assess your options on your Perkins loans for forgiveness and cancellation before including that loan type in your consolidation.
o If you add a Perkins Loan into your consolidation then it will cause any forgiveness options that you may be eligible for to be cancelled.

****You may forfeit potential forgiveness options by consolidating your loan into a new DL Consolidation. Please verify your loan is not eligible for any forgiveness and/or you are making a decision to forgo the forgiveness in lieu of consolidation.

****Certain loans, when included into a DL Consolidation, will make the new consolidation loan ineligible for certain options (i.e., Parent Plus not eligible for IBR). Please verify you are not including any loans that will potentially taint the new loan and/or you are choosing to forgo certain options on the new loan in lieu of including all loans in the consolidation.

****You may forfeit the time towards certain occupational forgivenesses, such as Teacher Loan Forgiveness, by consolidating your loan into a new DL Consolidation. Please verify you are aware of this potential "re-starting of the clock" and, if applicable to you, that it may be more beneficial to leave loan out consolidation.

****Choosing repayment plans that extend the payment term past the standard 10 years will likely result in you paying back a larger total balance. Therefore, it is in your best interest to pay more when you can afford to.

Understanding Loan Types

It is important that you know all your loan types and how what options are available for each. You may know the balance of all of your education loans and/or know how many loans you received while you were enrolled, but it also important to understand what type of loans you have. The importance of knowing what types of loans you have plays a part because each loan type has different rules when it comes to repayment options, postponements and consolidation, if eligible.

There are two main categories of student loans –federal and private. Federal loans are disbursed if you attend a vocational college, technical college, trade school, community college, state college, and private college. Private loans help subsidize the lack in loans where the financial aid does not compensate for the expected prices of your education. Your loan may or may not have been certified through your college. A certified loan requires a cosigner and also means that the college you were attending at the time you took out the loan is aware that you took the loan and will help you manage the repayment of your loan if you choose.

There are several types of federal loans and include:

Stafford

There are two types of Stafford loans; subsidized and unsubsidized. Stafford loans are issued at what are called low interest rates. If you are a borrower that shows much need of assistance based on factors like your adjusted gross income, family size and poverty level then the majority of your loans will be subsidized. The distinguishing factors between subsidized and unsubsidized is mainly what happens to the interest rate after you receive the loan, during periods of repayment and during postponements. During periods of deferment the unsubsidized portions accrue interest, while during periods of forbearance both subsidized and unsubsidized accrue interest. When the borrower is still in school the government pays the interest that accrues on subsidized Stafford loans and the borrower is responsible for the interest on the unsubsidized portions. Any interest that accrues on the unsubsidized portion either while in school or during times of postponement is capitalized (added to the principal balance of the loan).

Some borrowers, if they had received loans before 10/1/2010 , may have received their Stafford loan from one of two loan programs, Direct Loans or Federal Family Education Loans (FFEL). For borrowers receiving loans after 10/1/2010 they will only have one type of loan, the Direct Loan. The FFEL loan program was discontinued as of 10/1/2010. FFEL loans have private lenders that guarantee against default by the federal government. The William D. Ford Federal Direct Student Loan Program (FDSLP) issues the Direct Loan. Under this program the U.S. government provides Stafford loans directly to students and their parents by borrowing from the treasury and disbursing it through the financial aid offices of Direct Lending Schools.

Another distinguishing factor between these two programs is the repayment plans they offer. The Direct Loan program offers Pay-as-you-Earn and Income Contingent repayment programs which are not offered under the FFEL program.

Perkins

A Perkins loan was formerly referred to as National Defense Student Loans and National Direct Student Loans. These loans are funded by the government but disbursed by the individual school to borrowers who show exceptional financial need. All Perkins loans are subsidized and issued at a 5% iterest rate. Perkins loans are eligible for numerous occupational cancellations but are still eligible for all repayment plans offered with other types of federal loans.

PLUS

A student choosing to pursue graduate/doctorate studies, as well as parent(s) of a student in undergraduate or graduate studies, can also receive educational loans to help fund the education. They are issued through the FFEL and Direct loan program. Graduate PLUS loans are similar to stafford loans in that the loan amount disbursed is not based on the borrower's credit history. However, Parent Plus loans are based on the borrower’s credit history. PLUS loans also are issued at higher interest rates than Stafford Loans. During periods of deferment and forbearance the loan will continue accruing interest and are issued based on the borrower’s circumstances not the students.

Health Professional Loans

Health Professional Loans are a group of loans that are issued by the U.S. Deparment of Health and Human Services.

Nursing Student Loan Program: These loans are given to students who are seeking an associates, baccalaureate or graduate degree in nursing. If the student is enrolled full time they can qualify as long as they are pursuing a professional degree in one of several types of medicine.

Loans for Disadvantaged Students Program: These loans are issued to students who are going to school to pursue a degree in allopathic medicine, osteopathic medicine, dentistry, optometry, podiatric medicine, pharmacy or vertinary medicine. These students have to come from disadvantaged backgrounds and show a need for the loan.

Primary Care Loan Program: These loans are given to students who are pursuing a degree in allopathic or osteopathic medicine. Borrowers of these types of loans have to agree to enter and complete residency training in family medicine, internal medicine, pediatrics, combined medicine/pediatrics, preventative medicine or osteopathic general practice within four years after graduating and agree to practice in primary care for the life of the loan. These loans are given at 5 % interest rate and the interest does not begin to accrue until one year after the student is no longer a fulltime student.

Direct Consolidation Loans

There is no question that the burden of student loan debt represents a significant crisis in this country. If you have found yourself in the position of trying to deal with repaying multiple student loan debts every month on minimal salary you may need the assistance of relief options like student loan debt consolidation which can help make your payments more manageable.

Consolidation is a way to refinance your student loans and managing your monthly payments. There are many pros to consolidating your debt. In most cases, consolidation will result in lower monthly payments, but generally means paying more money over the life of the loan. There is also a benefit because if you were paying multiple loan holders before you will now only have to pay once a month to one agency. The lower monthly payment will free up other money to be put towards other debt expenses that may have a shorter repayment period and higher interest rates. Consolidation is also an easy way to get out of default, which reinstates your eligibility for deferments and more Title IV funds. It is important to understand that consolidating certain loan types may cancel the benefits of some and disqualify the borrower from certain repayment plans. If you a borrower who has only FFEL loans and you want to be eligible for Public Service Forgiveness then you will have to consolidate into the Direct Loan Program to be eligible.

Private Loans

Private student loans are used to supplement federal loans for higher education when the cost of attending school exceeds the maximum amount a borrower is eligible for through federal funding and the borrower cannot afford to pay out of pocket. These loan types are neither subsidized nor guaranteed by the federal government. Private loans are issued by banks (and sometimes even schools). These loans follow their own lending policies and are not governed by federal guidelines. They are not eligible for forgiveness programs, are issued at higher interest rates and are more costly than federal loans, are given based on the borrower's credit history and do not have the convenient repayment plans that federal loans offer. Since private loans are not subsidized interest begins accruing on these loans the day they are issued regardless of if the borrower is in school or not. Therefore, during periods of deferments and forbearances interest accrues and is capitalized according to the lenders policies. Private student loans default criteria is not like that of federal loans. Federal loans default after 9 months or 270 days of missed payments. Private loans can default as early as one missed payment.

Understanding Repayment Types

There are multiple types of repayment plans available regardless of whether you are on a standard repayment or you have consolidated. It is important to understand these repayment options because it may be more beneficial to your financial situation to take advantage of one versus another.

Standard Repayment Plan:

If you have a non-consolidated loan under a standard repayment plan you will have 10 years to pay off your loan. If you have consolidated your loan, then depending on your loan balance your repayment term will be any where between 12-30 years. Under a standard plan you have a flat fixed monthly payment. Your monthly payment is based on how much debt you have with a minimum payment of $50 a month.

Extended Repayment Plan:

You can extend the repayment of your loan without consolidating by applying for extended repayment;however, it is also available if you choose to consolidate your loan. In order to be eligible for this plan you have to have a principal balance of $30,000 or greater. The size of the monthly payment is reduced but the additional interest you will pay over the extended term will increase the total amount repaid over the lifetime of the loan. Your monthly payment is based on how much debt you have with a minimum of $50 a month. If you have a FFEL loan that was disbursed before 10/7/98 then you will not be eligible for this payment plan. This payment plan is best for recent graduates who have entry level positions but expect a significant increase in income over the coming years of being within their occupation. Keep in mind, any repayment plan extending the lifetime of the loan will result in a higher total amount being paid...thus, it wise to always pay more money on a debt whenever possible.

Graduated Repayment Plan:

Whether you consolidate or you remain on a standard plan you are eligible for the graduated repayment plan. Like the extended repayment plan, the graduated repayment plan starts out with lower monthly payments in the beginning of repayment. These payment amounts increase every two years until the end of your repayment term. The monthly payment and length of repayment is a function of the balance of the loan, and it must at least cover the interest that accrues and be of a minimum of $25 a month. This type of repayment will pay off your loan faster than an extended repayment plan, but it will allow you the same flexibility when you are starting your career. Keep in mind, any repayment plan extending the lifetime of the loan will result in a higher total amount being paid...thus, it is wise to always pay more money on a debt whenever possible.

Income-Contingent Repayment:

Income contingent repayment (ICR) plan is a repayment plan that may be best for borrowers who have a lower income and are not expecting significant increases in income in the near future. The amount of monthly payments is based on the borrower's income, family size, and total amount borrowed. The monthly payment amount is adjusted annually, based on changes in annual income and family size and can be as low as $5.00 per month. Under this plan the maximum repayment period is 25 years. Any debt remaining after 25 years will be discharged. Non-consolidated Parent PLUS loans are not eligible for this repayment option. Your monthly payment is calculated based on 20% of your monthly discretionary income, defined as your adjusted gross income minus the federal poverty line for you family size and state of residence multiplied by an income percentage factor derived from your income and marital status. ****This plan requires that you provide qualifying documentation including proof of income every year.

Income-Sensitive Repayment:

Similar to income contingent, income sensitive repayment (ISR) is a program that bases your monthly payment on your income. However, it is only eligible for FFEL loan program. ISR payments are structured for a term of 10 years. The monthly payment must at least cover the interest on the loan.

Income-Based Repayment:

The income-based repayment (IBR) was designed as an alternative to other income repayment plans like ICR and ISR. It was developed to assist borrowers whose student loan debt is high compared to income, and it was designed to encourage students to pursue jobs with lower salaries like those in the public service field. In order to qualify for this repayment program the borrower must demonstrate a partial financial hardship. Once qualified into this repayment program a borrower may remain eligible even if he or she no longer demonstrates a partial financial hardship. All loan types are eligible for repayment under this program, excluding PLUS loans made to parents and consolidation loans that include underlying PLUS loans made to parents.

Monthly loan payments are 15 percent of your monthly discretionary income, which calculated as the difference between your adjusted gross income and 150 percent of the federal poverty line for your family size and region. There is no minimum monthly payment. A borrower may qualify for a payment of zero dollars, which is considered a satisfactory repayment plan. If the monthly payment amount does not cover the interest that accrues on the loan each month, the government will pay the unpaid accrued interest for up to three years from the date the borrower begins repayment under IBR. The interest during this time that the loan payment does not cover it, the interest will not be capitalized, even if it accrues during deferment or forbearance. After 25 years of repayment, any remaining debt will be forgiven.

Pay As You Earn:

Pay As You Earn (PAYE) is a new repayment option available to eligible borrowers as of December 21, 2012. This repayment plan functions in the same way as IBR except instead of taking into account 15% oour monthly discretionary income it takes 10% of your discretionary income. Therefore, the monthly payments are going to be lower in a PAYE repayment program compared to IBR. Also. the maximum repayment term is 20 years, instead of 25 with income-based repayment.

In order to be eligible for this repayment program a borrower must also be a new borrower as of October 1, 2007 and must have received a disbursement of a Direct Loan on or after October 1, 2011. Loans that are not eligible for this program include Direct Parent PLUS loans, direct consolidation loans that repaid a Direct Parent PLUS loan, and FFEL program loans.

Understanding Cancellation and Forgiveness

In repaying your student loans the first option to review is the borrower's eligibility for cancellation. There are many different options for federal loans, depending on the type, to assess before moving on to other repayment options. A borrower may be eligible for cancellation of his or her student loan debt if they attended a school that is closed, did not receive a refund, the school they attended falsely certified that the borrower would benefit from the education, the borrower did not have a high school diploma or GED when they received the loan, or the borrower became disabled or died. Private student loans have less concessions and are only eligible for cancellation if the borrower dies or becomes disabled.

Types of Cancellations

Death:

If the borrower dies and still has a remaining balance then the loan will be completely discharged. There is no application process for this type of cancellation, and all that is required is that a third party can evidence the death of borrower to the loan lender. All loan types are eligible for this type of cancellation.

Disability:

If at any time after a borrower has received financial aid and then becomes disabled they can qualify to get their loans discharged. The borrower must qualify as being totally and permanently disabled and this would have to be documented by a Physician, the Social Security Administration or the Veterans Affairs. Unless the borrower is determined to be disabled by the VA there is a three year monitoring period in which the borrower could not receive any other loans, be employed or receive more income over the poverty guidelines for a household of two in order to have the loans completely discharged. All loan types are eligible for this type of cancellation.

9/11:

If the borrower is a spouse of an eligible public servant (police officer, firefighter, armed forces, or other safety and rescue personnel) or other eligible victim who dies or become permanently and totally disabled due to physical injuries suffered in the September 11 attacks either at Ground Zero, the Pentagon, or US Airlines Flight 93 then the borrower will be eligible to have his or her student loans cancelled. All federal loan types are eligible for this type of cancellation.

Closed School:

If a borrower was unable to complete his/her program of study because the school closed while he/she was enrolled or within 90 days of dropping out or graduating then the borrower is eligible for cancellation of student loans that were obtained while attending that school. This option is no longer available if the borrower was offered a Teach Out Program and did not accept or he/she completed the same program of study at another school. The loans have to be received on or after January 1, 1986 to be eligible. Most federal loans are qualified for this cancellation except for Health Professional Loans.

Unpaid refund:

If a borrower attended a school and withdrew from classes but did not receive a refund for those loans then he/she could get a cancellation of those loans received. The school would have to have received the loan on behalf of the borrower. Also, the borrower would have to have dropped the class(es) before 60% o the school term was complete. The loans have to be received on or after January 1, 1986 to be eligible. All federal loans are eligible for this cancellation except for Perkins and Health Professional loan types.

Ability to Benefit:

If a borrower enrolled in college classes without having a high school diploma or GED and received financial aid then he/she is eligible to have those loans cancelled on the basis of ability to benefit. Further, if a borrower completed the program of study at the school he/she received student loans at and then did not meet the legal requirements for employment in the borrower's state of residence in the occupation for which the program of student was intended due to age, criminal record, physical or mental condition, then on the basis of ability to benefit these loans could be subject to discharge. Another way a loan can be cancelled because of ability to benefit is if a borrower received loans for classes attended but the classes were not offered in the borrower's primary language. The loans have to be received on or after January 1, 1986 to be eligible. All federal loans are eligible for this cancellation except for Perkins and Health Professional loans types.

False Certification:

If a borrower believes that they have student loans in his/her name that he/she did not sign for then the loan may be eligible for cancellation on the grounds of false certification. The loans could have been falsely certified via identity theft or from the school signing the loan application in the borrower's name. The loans have to be received on or after January 1,1986 to be eligible. All federal loans are eligible for this cancellation except for Perkins and Health Professional loan types.

Forgiveness

There are a few forgiveness programs that exist for federal student loans if borrowers are employed in certain occupations while paying back their student loans. Student loan forgiveness was created as an incentive program that allows a borrower's student loans to be forgiven after a certain number of qualifying payments have been made. There are multiple state wide forgiveness programs that exist but there are three main forgiveness programs that are nationwide. These forgiveness programs are Public Service Loan Forgiveness, Teacher Loan Forgiveness and Perkins Loan Forgiveness.

Public Service Loan Forgiveness:

This program was established on October 1, 2007 to encourage student loan borrowers to work in the public service field. In order to qualify borrowers must work full time at a public or nonprofit organization while making qualifying payments on his/her loans. Qualifying payments are those made under a standard 10-year payment plan, income based repayment, income contingent repayment or Pay As You Earn. The borrower will have the remaining balance of his/her student loan debt forgiven (tax-exempt) after making 120 payments. Payments made before October 1, 2007 do not apply. All Direct, FFEL and Health Professional loan types are eligible for this program.

Teacher Loan Forgiveness:

If a borrower took out federal loans and now is working as a teacher in a low-income school district where more than 30% o the schools students qualify for Title I services then he/she may be eligible for forgiveness of either $17500 or $5000 of their student loan balance. All of the borrower's student loans must have been borrowed after October 1, 1998 or had no existing balance before October 1, 1998.

The borrower must work full time for five consecutive years in a qualifying school. One of those years had to be during the 97-98 academic year. The borrower can not be in default on his/her student loans and/ or have loans that were originated prior to or during the 5 year qualifying term. Also, if the school taught qualifies for at least one year of a teacher's service, the borrower can count it towards all five years of service. Direct loans and FFEL loan types excluding Parent PLUS loans are eligible for this program.

Perkins Occupational Forgiveness:

If a borrower received a Perkins loan from the institution he/she attended then they may be eligible for 100% cncellation of your student loans if you work in a qualifying occupation. All of the qualifying jobs are for those who have an occupation in the military, as a teacher or are public servants. It takes a total of five years to have the total amount of your loan cancelled. For the first and second years 15% o the original principal loan amount is cancelled. For the third and fourth years 20% o your original loan amount is cancelled, and in the fifth year the remaining 30% o the original principal loan amount is cancelled. A year of service consists of 12 consecutive months of service, except for teaching where the borrower must teach full-time for a full academic year or its equivalent.

Understanding Postponements

Once you are in repayment and know that you have taken advantage of the best repayment plan you may find yourself still struggling to make your payment. If this is the case then postponing your payment through a deferment or forbearance may be your best option. Understanding the differences between these two postponement options again will ensure that you are taking advantage of your best choice. It is also critical to understand the differences of what will occur during the different postponements.

During forbearance the interest is accruing throughout the whole postponement period. At the end of the forbearance the interest that accrues is added to the principal balance of the loan. In effect, a year of forbearance at the end of your repayment period could end up costing you thousands of dollars. In contrast, during periods of deferment the loan interest rate the interest is accruing on only the subsidized portion, and at the end of the deferment it is not capitalized. This means that the interest does not add to the principal balance at the end of the postponement period.

If you want to avoid having the interest capitalized during periods of deferment or forbearance then you can make interest only payments during the postponement or you can make a lump sum payment before the postponement is over.

Interest Rate	Loan Amount	Interest Accrued After 1 Year Forbear ance	New Loan Balance	Amount of Interest over 10 years	Total Principal & Interest Paid over 10 years	Amount of Interest over 30 years	Total Principal & Interest Paid over 30 years
3.4	$10000	$340	$10340	$1871	$12211	$6169	$16509
5.0	$10000	$500	$10500	$2684	$13364	$9793	$20293
6.8	$10000	$680	$10680	$4069	$14749	$14368	$25066
8.4	$10000	$840	$10840	$5218	$16057	$18888	$29727

Understanding the Effects of Interest

Interest accumulates differently based on the loan type and during different types of postponement. Interest is important to understand when taking out any type of loan, and it is a hot topic when it comes to student loans.

Student loans are offered at what seems to be low interest rates. One distinguishing factor about federal student loans is that they are guaranteed at a low interest rate. From first sight it might seem that the interest rate is apparently low. However, as a borrower you should understand the effects of compounding interest over the life of your loan. The difference between 5.75 and 6.0 can be substantial.

When repaying your loan it is important to consider paying off not only the highest balance first but the loan with the highest interest rate first. The less time it takes you to pay back the loan the less interest that accrues and therefore the less you end up repaying.

Interest Rate	Loan Amount	Amount of Interest over 10 years	Total Principal & Interest Paid over 10 years	Amount of Interest over 30 years	Total Principal & Interest Paid over 30 years
3.4	$10000	$1810	$11810	$5966	$15966
5.0	$10000	$2728	$12728	$9324	$19324
6.8	$10000	$3809	$13809	$13468	$23468
8.4	$10000	$4814	$14814	$17424	$27424

Understanding Your Obligations

Most students when leaving college do not understand the financial impact repaying their student loans may have on the greater part of their adult life. On average it will cost $54000.00 to attend a four-year public college and $129000.00 to attend a four-year private college. According to a FICO study, the average student is leaving college with $26500.00 in student loan debt. There is no one method to make this debt disappear. However, through educating yourself you can gain control over the debt and avoid letting it control your life.

If there is one thing that you need to understand about student loans and your commitments it is your promissory note.

Your promissory note is what you signed when you applied for your loans. You sign a promissory note when you apply for both federal and private loans. If you are unsure of what your obligations are in terms of your debt then check your promissory note. The promissory note defines your responsibilities as a borrower. It legally binds you to the repayment of your loan. It outlines the terms of your agreement including interest rates, fees, details of repayment and your legal options if ever needed. It provides detailed information on loan limits, how interest is calculated, cancellation policies, repayment options, procedures for discharge, deferment and forbearance and how many days delinquent you may be before you default. Signing the promissory note allows lenders to report your repayment status to credit bureaus, disburse funds to you, and contact you concerning loan payments. Read your promissory note carefully if you ever are uncertain about the rights and responsibilities you may have.

Understanding Your Budget

The first step to deciding what option is best for you starts with making a budget. How good of budget you make is all based on how well your monthly expenses are documented. An expense report is critical. Start by reviewing previous months' expenses and total up each category. Then set target-spending amounts for each category. Analyze each category and decide where you can make cuts in spending. Identify and prioritize your expenses. Put less into discretionary spending and put the extra money towards your financial obligations. Look for ways to reduce your spending in all categories.

Next, start to track your spending after you have reassessed your financial budget and goals. Don't exceed your targets for your categories, and to help with your budget, review your bank and credit card statements regularly.

Prioritize a way to pay off your debt in a certain amount of time and don't get stuck juggling your payments. The first step is to determine how much debt you want to eliminate by the target date. Utilize financial calculators in order to assess what your monthly payment towards these loans would be. Now you need to analyze that number and allocate a certain amount towards each of your debts. It is probably best to allocate the largest portion of this monthly payment to the debt that is being charged the highest interest rate. If your calculated monthly payment is more than 15% of your disposable income then you may want to look into somehow refinancing your loans, getting a second job or getting help from friends and family.

Understanding the Consequences of Not Making Payments

Most borrowers' tendency is to start to ignore a payment as you begin to get behind- this can lead to devastating consequences. After 90 days of missing your student loan payment it is reported to the three main credit bureaus, which will overall have a negative impact on your credit rating. Difficulties arise then when the borrower tries to purchase a car, home or can even find trouble in signing up for utilities, getting a phone, or renting a house or apartment and possibly affecting your eligibility for a job.

Eventually, if a delinquent student loan is not brought current it will go into default. Defaulting on your student loans means that you have failed consecutively to makes payments for 270 days in a row.

Consequences of default can be extremely stressful and costly to a borrower. In regards to your student loans you will not be eligible for flexible repayment options, cancellations and forgiveness programs, deferments, and more title IV financial aid. Collection agencies will be assigned to the account and collection fees, sometimes as much as 18.5% ohe balance of the debt may be added to the already growing balance. Under federal law you can be forced to pay back the loan by means of wage garnishment, federal and state tax offset and social security offset. In the case of wage garnishment for federal loans they will garnish up to 15% - for private loans it is possible for the lender to garnish your wages for up to 25% your income.

Conclusions

The first step to managing your student loans is to know your loans. You have to understand the details in order to understand your options. Always stay up to date on your lender, the balances and the repayment status. Another great tip to stay on track is to keep open communication with your lender. Update them if you have life changes both personal and financial and changes in phone numbers and addresses. It is also critical to understand what the right repayment option is given your life circumstances. You will want to understand other options such as deferments and forbearances and the details of these postponement options. Always remember to not panic if times ever get tough; the last thing you want to do is ignore your obligation. Student loans are major responsibility and choosing to ignore the issue will all lead to serious consequences that can last a lifetime - luckily, there are options and we always have a trusted advisor waiting to assist you.