

Student Loans Reference Sheet

Quick reference for federal vs private loans, repayment options, and forgiveness programs

Feature	Federal Loans	Private Loans
Interest Rates	Fixed rates set by Congress (4.99%-7.54% for 2023-24)	Fixed or variable (3%-15%+ depending on credit)
Credit Check	No credit check (except PLUS loans)	Credit check required; may need co-signer
Repayment Plans	Multiple options including income-driven plans	Limited options set by lender
Loan Forgiveness	PSLF, Teacher, IDR forgiveness available	Generally not available
Deferment/Forbearance	Multiple options for hardship	Limited or no options
Grace Period	6 months after graduation	Varies by lender (0-6 months)
Borrowing Limits	Annual and aggregate limits apply	Up to cost of attendance
Application	Complete FAFSA	Apply directly with lender

SUBSIDIZED LOANS

- Government pays interest while in school
- Available to undergrads with financial need
- Interest starts after grace period
- Lower borrowing limits (\$3,500-\$5,500/yr)
- Must be enrolled at least half-time

Best for: Students with demonstrated financial need

UNSUBSIDIZED LOANS

- Interest accrues from disbursement
- Available regardless of financial need
- Available to undergrads and grads
- Higher limits (\$2,000-\$20,500/yr additional)
- Consider paying interest while in school

Best for: Students needing additional funding

Repayment Plan Options (Federal Loans)

Standard Repayment

Fixed payments over 10 years. Lowest total interest cost. Payment: ~\$1,152/mo for \$100K at 6%.

Graduated Repayment

Payments start low, increase every 2 years. 10-year term. Good for expected income growth.

Extended Repayment

Up to 25 years. Lower monthly payments. Requires \$30K+ in loans. More total interest.

Income-Based (IBR)

10-15% of discretionary income. 20-25 year forgiveness. Must show partial financial hardship.

Pay As You Earn (PAYE)

10% of discretionary income. 20-year forgiveness. Must be new borrower after 2007.

SAVE Plan (New)

5-10% of discretionary income. Higher income exemption. Replaces REPAYE. Most generous IDR plan.

Income-Contingent (ICR)

20% of discretionary income or 12-year fixed. 25-year forgiveness. Only IDR for Parent PLUS.

Income-Sensitive

FFEL loans only. Percentage of gross monthly income. 10-year term maximum.

Loan Forgiveness Programs

Public Service (PSLF)

Requirements: 120 qualifying payments while working full-time for government or nonprofit employer.

Amount: Remaining balance forgiven tax-free.

Teacher Loan Forgiveness

Requirements: 5 consecutive years teaching at low-income school.

Amount: Up to \$17,500 for STEM/Special Ed; \$5,000 for other subjects.

IDR Forgiveness

Requirements: 20-25 years of qualifying payments on income-driven plan.

Amount: Remaining balance (may be taxable as income).

Total & Permanent Disability

Requirements: Documentation from VA, SSA, or physician.

Amount: Complete discharge of federal student loans.

Closed School Discharge

Requirements: School closed while enrolled or within 180 days of withdrawal.

Amount: Complete discharge of loans for that school.

Borrower Defense

Requirements: School misled you or engaged in misconduct.

Amount: Partial or full discharge based on claim.

Key Terms to Know

Grace Period

6 months after graduation, leaving school, or dropping below half-time before payments begin.

Deferment

Temporary postponement of payments. No interest on subsidized loans during deferment.

Forbearance

Temporary reduction or suspension of payments. Interest accrues on ALL loans.

Capitalization

Adding unpaid interest to principal balance. Increases total loan cost significantly.

Consolidation

Combining multiple federal loans into one. Weighted average interest rate. Resets PSLF count.

Refinancing

Replacing loans with new private loan. May get lower rate but lose federal protections.

Loan Servicer

Company that handles billing and customer service for your federal student loans.

Discretionary Income

Income above 150% of poverty line (225% for SAVE). Used to calculate IDR payments.

Student Loan Timeline

Before College

Complete FAFSA (opens Oct 1). Compare aid offers. Accept grants/scholarships first.

During School

Complete entrance counseling. Track total borrowing. Consider paying interest.

Grace Period

6 months to prepare. Create budget. Research repayment plans. Verify servicer.

Repayment

Choose plan. Set up autopay (0.25% discount). Recertify income annually for IDR.

Payoff/Forgiveness

Track qualifying payments. Submit PSLF certification annually. Plan for tax impact.

Key Takeaway

Federal student loans offer more protections and repayment flexibility than private loans. Always exhaust federal options first. Choose a repayment plan based on your income and career goals – standard for lower total cost, income-driven for payment

flexibility and potential forgiveness. If pursuing PSLF, certify employment annually and use the PSLF Help Tool. Avoid refinancing federal loans to private unless you have stable income and don't need federal protections or forgiveness options.