

# Tackling student loan debt

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## 1. Lower the interest rate for all your loans

If you are serving on active duty, you're eligible to have your interest rate lowered to six percent on all student loans (both federal and private) taken out before your active-duty service. You can submit your request up to 180 days after leaving active duty, and the lower interest rates will be applied retroactively for the entire period of your active-duty service.

### Next steps

Inform your student loan servicer(s) that you'd like to lower your interest rate under the Servicemembers Civil Relief Act (SCRA). You'll need to write to your servicer and send a copy of your orders.

## 2. Manage your federal student loans

You can take steps to lower your monthly payment today and may qualify for Public Service Loan Forgiveness (PSLF) after 120 qualifying monthly payments (ten years). All active duty servicemembers may be eligible. To get started you need to have qualifying loan, sign up for a qualifying payment plan and certify you have a public service employer.

### Next steps and tips

- **Make sure you have a qualifying loan.** Only federal Direct Loans are qualifying loans for

Public Service Loan Forgiveness. Learn more about your loans at [nslds.ed.gov](http://nslds.ed.gov).

- **Enroll in a qualifying payment plan.** Income-Based Repayment (IBR) is the best payment plan for many borrowers. IBR sets a low monthly payment based on your income, allowing you to make progress toward 120 on-time qualifying payments and loan forgiveness. To get started, enroll online [studentloans.gov](http://studentloans.gov) or contact your student loan servicer.
- **Certify that you work for a qualified public service employer.** Contact your student loan servicer to get the Employment Certification for Public Service Loan Forgiveness form to qualify for loan forgiveness. You'll need your employer to complete and sign section three.
- **If you have newer loans, you may be able to lower your monthly payment even further.** Pay As You Earn (PAYE) is a different payment plan that offers lower monthly payments than IBR. Eligible borrowers must have at least one new loan made after October 1, 2011 and have no federal loans from before October 1, 2007. Learn more at [studentloans.gov](http://studentloans.gov).

### Ask your servicer about other options for your federal loans

**Reduce your interest rate to zero.** While you are serving in an "area of hostility" that qualifies you for special combat pay, you may not have to pay interest on Direct Loans made on or after October 1, 2008, for up to 60 months.

**Cancel your Perkins loans.** Perkins Loan borrowers serving in an “area of hostility” for more than 365 days may be eligible to have their loan balance reduced for each qualifying year of service. Contact your servicer to apply.

**Be wary of military deferment.** Military deferment may be available for some servicemembers if you’re on active duty or in the National Guard during certain qualifying times. But be aware, if you have an unsubsidized loan, the unpaid interest will cause your total debt to grow.

### Want loan forgiveness but have federal loans that don’t qualify?

**Consider consolidating.** Borrowers with older federal loans may be able to take out a new Direct Consolidation Loan in order to be eligible for Public Service Loan Forgiveness.

**Be careful.** While this option may make sense for borrowers with very high levels of student debt, if you’re on active duty and your student loan interest rate is higher than six percent, you may lose eligibility for your interest rate reduction under the SCRA.

### Know your options

For most servicemembers, it’s better to pay your private student loans if you can. If you can’t afford to repay your loans while you’re on active duty, ask your servicer about interest-only payments instead of deferment or forbearance. This will stop your loans from growing and may still provide you with some short-term relief.

### Run into trouble?

**Submit a complaint.** Have an issue with your servicer or debt collector? We’ll forward your complaint to the company and work to get a response from them. Visit [cfpb.gov/complaint](http://cfpb.gov/complaint) or call 855-411-CFPB (2372).

**Contact your Judge Advocate General (JAG).** A JAG can help if you need legal services. Find a JAG at [legalassistance.law.af.mil](http://legalassistance.law.af.mil).

**Still have questions?** Ask CFPB has over 1,000 questions and answers in plain language. Visit [consumerfinance.gov/askcfpb](http://consumerfinance.gov/askcfpb).

## 3. Manage your private student loans

If you’re having trouble making ends meet and you’re serving on active duty, you may be eligible to postpone private student loan payments through deferment or forbearance options. Be aware that while the terms of alternative payment plans will vary, the interest on your loans will continue to grow even after you stop making payments.



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