


 We guarantee it™
National Student Loan Program

Exit Counseling:

What you need to know about student loans

Principles of Loan Repayment




 We guarantee it™
National Student Loan Program

What you will learn

- The consequences of not paying back your loan
- The benefits and cost savings of repayment
- The various repayment choices
- How your lender can help you

2

 We guarantee it™
National Student Loan Program

Master Promissory Note (MPN)

- Receive multiple loans on one note for up to 10 years
- If you return to school, you may need to sign a new MPN if:
 - you change lenders
 - you tell your lender to stop using this note
 - your school, lender or guarantor request a new note
 - the MPN expires

3

Promise to pay

- When you signed the MPN you promised to repay all loans, plus interest, even if you:
 - don't complete your educational program
 - are unable to find a job after you finish school
 - are unhappy with the education you did or did not receive

4

Don't break your promise

- If you don't make payments on your loan for 270 days, you're in...




5

Default consequences

- You may:
 - lose eligibility for future student aid
 - lose federal and state income tax refunds
 - lose your professional license
 - have your wages garnished


6

 We guarantee it.
National Student Loan Program

Default consequences

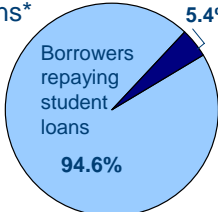
- You may:
 - lose options for deferment, forbearance, some loan forgiveness and loan discharge programs
 - receive a lower credit rating
 - have legal action taken against you
 - be subject to collections
 - be charged collection costs and attorney fees

7

 We guarantee it.
National Student Loan Program

Good news

- Nationally, borrowers are repaying their student loans*



*based on the most recently compiled data (FY 06)


8

 We guarantee it.
National Student Loan Program

Benefits of repayment

- Good credit rating
 - better interest rate on purchases
 - lower homeowner and car insurance rates
- Keep your wages, tax refunds, future financial aid, and professional license
- Save money
 - no collection/court costs, attorney fees

9


 We guarantee it™
National Student Loan Program

Repayment options

- Standard*
 - fixed payments
 - \$50 minimum
 - loan repaid in full within 10 years

** In the case of a consolidation loan, the minimum monthly payment and the maximum loan term may increase.*


10

 We guarantee it™
National Student Loan Program

Repayment options

- Graduated
 - monthly payments start low and increase over time
 - the payment will never be greater than three times the initial payment

11

 We guarantee it™
National Student Loan Program

Repayment options

- Income-sensitive
 - monthly payments are adjusted annually based on your expected gross income
 - the payment will never be greater than three times the initial payment

12

Repayment options

- Extended
 - available to new borrowers after October 7, 1998
 - only for federal student loan debt greater than \$30,000
 - may extend repayment period up to 25 years
 - may repay under the standard or graduated payment schedule

13

Positive information

- In all cases you may:
 - prepay your federal student loan without penalty
 - change annually your repayment plan
 - be eligible to deduct up to \$2,500 on your federal 1040
 - check with your tax advisor

14

Consolidation

- Combines different types of federal loans from different lenders and various interest rates into one loan
- Must be out of school
- Fixed interest rate
- Repay over 10-30 years based on loan debt

15

Consolidation

- Longer repayment term results in:
 - lower monthly payments
 - more interest paid
 - higher total costs
- You will lose remainder of grace unless you request consolidation be processed after grace

16

Consolidation

- May lose some loan benefits
 - especially if you add federal Perkins loans to the mix
 - be sure to check with your lender before consolidating
- May lose options such as:
 - loan forgiveness
 - loan cancellation
 - deferment

17

Consolidation

- Consolidation in Direct Loan Program
 - income-contingent repayment option
 - Public Service forgiveness program

Remember...

- Lender benefit programs may vary from lender to lender
- Contact your lender if you change your address
- If you have questions about your loans:
 - the financial aid office and your lender are available to answer your questions

Deferment


- Entitlement
- Postpones payments for a short period of time
- Government pays interest on subsidized loans
- May be able to temporarily suspend payments while gathering information

Forbearance*

- Postpones or reduces payments for a short period of time
- Government does not pay interest on your loans
- Continue to make payments until lender approves




* For specific information, refer to "Terms & Conditions" handout

 We guarantee it.
National Student Loan Program

Forgiveness and discharge*

- May receive full or partial loan forgiveness or discharge under certain conditions:
 - death, or total and permanent disability
 - school closes before you complete your education
 - school falsely certifies the loan
 - teach at a low-income school
 - identity theft
 - public service


* For specific information, refer to "Terms & Conditions handout" 22

 We guarantee it.
National Student Loan Program

Tax benefits

- The Taxpayer Relief Act of 1997 provides several tax benefits, including:
 - student loan interest deductions
 - your lender will provide you with the federal form 1098E to assist with this process
 - contact your tax advisor for further information and tax assistance
 - visit <http://www.irs.gov/taxtopics/tc456.html> for additional information


23

 We guarantee it.
National Student Loan Program

Loan information

- National Student Loan Data System (NSLDS)
 - www.nsls.ed.gov
 - 800-4-FEDAID (800-433-3243)

24

 We guarantee it™
National Student Loan Program

Student loan ombudsman

- Resource for unresolved student loan issues with:
 - schools
 - lenders
 - servicers
 - guarantors
- www.ombudsman.ed.gov
- 877-557-2575

25


 We guarantee it™
National Student Loan Program

Call your lender

- Deferment and forbearance
- Repayment plan changes
- Payment due date changes
- Forgiveness and discharges
- Whenever you have trouble paying your student loans




26

 We guarantee it™
National Student Loan Program

Repayment strategies

- Read your mail
- Get organized and set up a loan file
- Pay ahead on your loans
- Pay on a shorter repayment schedule
- Sign up for auto pay
- List your monthly student loan payment as a “need” in your budget


27

 We guarantee it™
National Student Loan Program


What you have learned

- The consequences of not paying back your loan
- The benefits and cost savings of repayment
- The various repayment choices
- How your lender can help you


28

 We guarantee it™
National Student Loan Program

Questions



29

 We guarantee it™
National Student Loan Program

More information

National Student Loan Program
1300 O St.
Lincoln, NE 68508 www.nslp.org
phone: 800-735-8778, ext 6300
e-mail: NSLPpolicy@nslp.org

30
