



#ShowMeYourPlan

GRADUATE'S QUICK GUIDE FOR THE TRANSITION FROM BORROWING TO REPAYMENT

Congratulations!

It is time to celebrate your educational success!

After the celebration, it is important to take some time and make decisions that can help you achieve financial independence.

Use the information in this guide to help you ease the transition from borrowing to repayment.

STUDENT LOAN REPAYMENT TIMELINE

EVENT	Graduation	Grace Period	Making Payments
WHEN IT BEGINS	Now	After Graduation	After grace period
WHEN IT ENDS		Usually 6 months	Your balance = zero

The grace period kicks in when you “separate” from college or career school. Separation includes graduation, withdrawal, or dropping below half-time status (usually 6 credits per term). Separated before graduation? Contact your servicer to see if you used your grace period already. If so, your first payment may be due earlier.

The grace period is the time to get ready for repayment.

Use this time to come up with a plan.



WHAT WILL REPAYMENT LOOK LIKE FOR YOU?

Sample debt balance: _____ **\$30,000**

What this looks like in repayment: _____ **\$311 PER MONTH**

This example uses the Standard Repayment Plan which requires fixed monthly payments over 10 years. Can you afford this? If not, no worries. An income-driven plan may provide a much lower payment. There are several repayment plans to choose from and your loan servicer will contact you soon to ask about your choice. Exercise your right to choose a repayment plan. If you do not, you will be enrolled in the Standard Plan.

Note: *The example uses Federal/Direct Loans. If you have loans from another lender, contact the lender for your repayment options. The next steps will help you choose a plan that works for you.*

How to Develop Your Student Loan Repayment Strategy in Four Steps

1. KNOW YOUR LOAN PORTFOLIO

How many loans are in your portfolio? Are they from the U.S. Department of Education (Federal) or from a bank (private)? Use the list below to find your answers.

Federal “Direct” Loans ————— **studentaid.gov**

Private Loans (*Loans from a bank or non-federal lender*) ————— **Contact the lender**

All loans (*student loans, auto loans, credit cards, etc.*) ————— **annualcreditreport.com**

2. LOCATE APPLICABLE BENEFITS

Student loan benefits are available from many sources including government (federal, state and local) and employers. Use the resources below to learn more about common benefits, eligibility and how to apply.

Federal

SELECTED FEDERAL BENEFITS FOR FEDERAL STUDENT LOAN BORROWERS		NOTES
FORGIVENESS	Public Service Loan Forgiveness	It is not automatic. Both programs require (1) work in the field and (2) documentation to obtain forgiveness.
	Teacher Loan Forgiveness	
DISCHARGE	Bankruptcy	It is possible but uncommon.
	Total and Permanent Disability	Provide proper documentation and the debt will be eliminated.
	Death	If your family provides proof, then the debt will be eliminated.
TAX SAVINGS	Student Loan Interest Tax Deduction	Look for a greater benefit from this after you have made several payments within a calendar year.

State: Some states offer benefits to help borrowers repay student loans and/or receive tax credits. Visit the website for your state’s higher education office/agency to begin your search for benefits.

Service-based: Some employers offer service-based loan repayment assistance. Check out programs from the military, National Health Service Corps, and Peace Corps.

3. SET YOUR GOAL FOR REPAYMENT

The ultimate goal is a zero balance and there are many ways to get there. I like to think of repayment goals in three general categories: fast, forgiven and forever.

Repayment Goal

	FAST	FORGIVEN	FOREVER
BENEFIT	Paying the least overall	Paying some, having the rest forgiven	Paying the lowest payment each month
BE MINDFUL OF	Paying the highest monthly payment	Potential tax implications Potential to temporarily restrict your options for employment (for Public Service Loan Forgiveness) PSLF is within federal law and laws may change	Paying the most overall

4. CHOOSE YOUR REPAYMENT PLAN

Now, it is time to choose the repayment plan that matches your loans, benefits, and goals.

There are several paths to the zero balance, visit studentaid.gov, login and use the Loan Simulator to view your options. Remember, if you do not make a choice your servicer will enroll you in the Standard Plan. The Standard Plan (10-Year) often requires the highest monthly payment.

“Financial independence gives us the power to decide our futures and liberate our conception of what’s possible.” – Stacey Abrams

RESOURCES

Department of Education Loan Simulator: studentaid.gov/loan-simulator

Full list of forgiveness, cancellation and discharge options for federal student loans, visit: studentaid.gov/manage-loans/forgiveness-cancellation

contact me with your questions

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