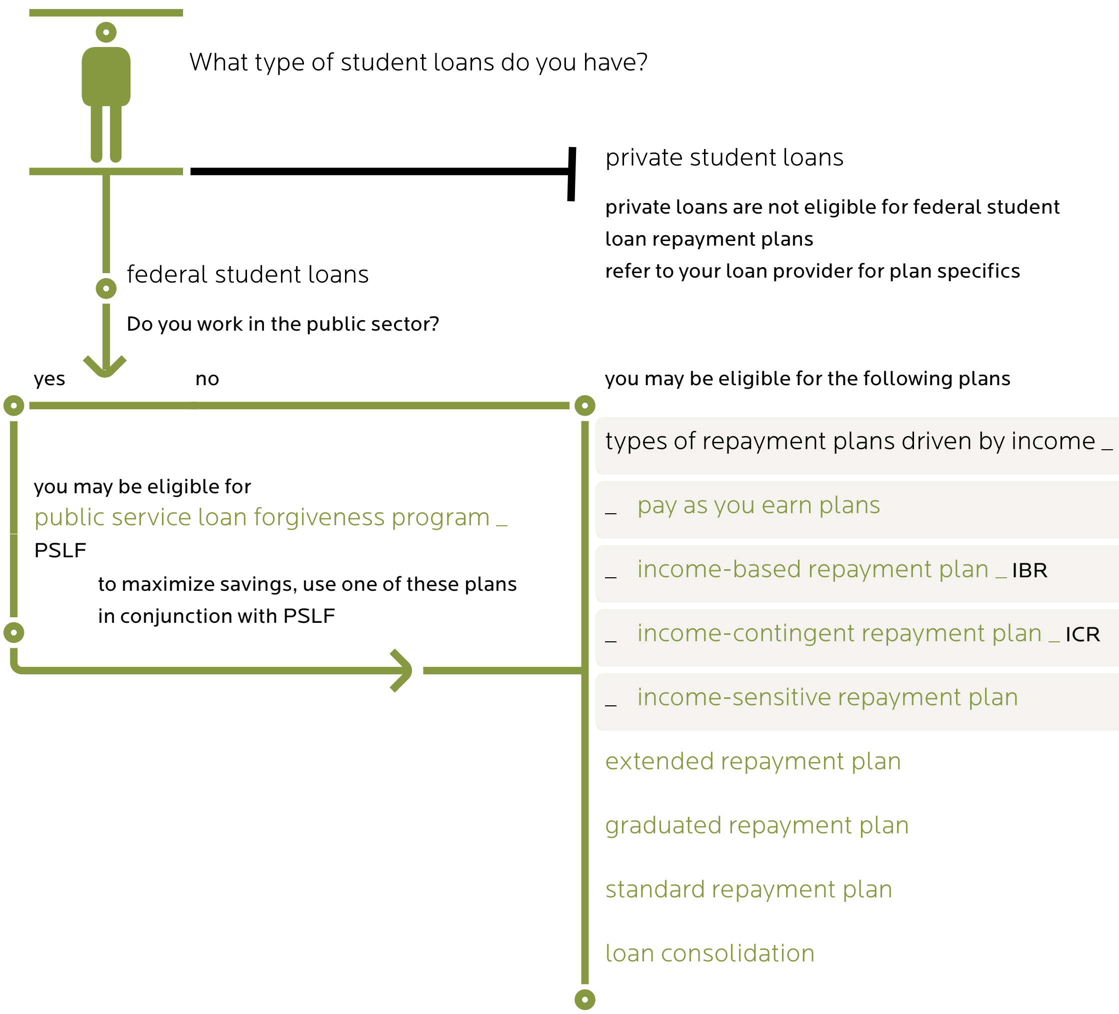
smart

Student loans _ repayment

If you owe student loans, you may qualify for a repayment plan that better fits your income, goals, and ability to pay. Call your student loan provider to determine your eligibility for a more favorable repayment plan, and consider all your options in order to make a smart financial decision. Abacus recommends working through the following decision tree to learn about repayment plans for which you may be eligible:



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private student loans _

Private loans are not eligible for income-driven repayment plans or loan consolidation. Private loans differ amongst custodian, so it is important to refer to the loan's specific regulations.

public service loan forgiveness program _ PSLF

Any Direct Loan, or FFEL loans if consolidated into a Direct Consolidation Loan

Under this repayment plan, the remaining balance on your Direct loans will be forgiven after making 120 qualified monthly payments (10 years) under a qualified repayment plan. The following types of organizations qualify for the Public Service Loan Forgiveness Program: Government organization (e.g., federal, state, local, tribal), non-profit organizations that register as 501(c)(3) organizations, other non-profits that provide qualifying public services, and working full-time in the AmeriCorps or Peace Corps. Know that these 120 payments do not need to be consecutive.

"Qualifying" monthly payments mean the payment has to be made in full, and on time. Failure to comply will result in disqualification from the program. Consider setting up automatic payments to avoid missing a deadline. Also, be aware that you can receive credit for only one payment per month, so paying extra will not benefit you by having your loans forgiven faster. After your 120th qualifying monthly payment, you must submit the Public Service Loans Forgiveness Application to receive loan forgiveness. AmeriCorps and Peace Corps volunteers are an exception in that they are permitted to make a single lump sum payment to cover up to 12 qualifying payments.

note

Consolidating existing Direct loans with ineligible loans will result in losing credit for any qualifying payments made on your Direct loan before consolidation. Consider leaving existing Direct loans out of any consolidation plans if you want to take advantage of the Public Service Loan Forgiveness program.

"Qualified repayment plan" includes the 10-year Standard Repayment plan and any of the repayment plans driven by income.

repayment plans driven by income _

These plans aim to reduce your monthly payment amount. You will generally qualify if your loan is a significant portion (or higher than) your annual discretionary income. Under an Income-Driven Repayment plan, any remaining loan balance at the end of the repayment period is forgiven. Know that you will owe income tax on any forgiven amount, which can potentially result in thousands of dollars of taxes owed.

note

If you are making payments under a repayment plan driven by income and qualify for the Public Service Loan Forgiveness Program [PSLF], you may qualify for your remaining loan balance to be forgiven at the end of 10 years instead of 20 or 25.

how marriage plays a part _

For repayment plans driven by income, the payment is recalculated every year. If, upon marriage, you have a higher income, the payments owed will increase.

Income increases or decreases during the time of repayment for Income-based and Pay as You Earn plans:

increase +

Your repayment plan will remain the same [e.g., Income-based, Pay as You Earn, etc.], but your new payment will be the amount you would have paid under the 10-year Standard Repayment plan based upon your original loan amount. The monthly payment you owe will never be more than the Standard Repayment amount, although your monthly payment may decrease again, based upon family or income changes.

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how marriage plays a part _

decrease -
Your payments will decrease in relation to your income.

Income increases or decreases during the time of repayment for Income-contingent repayment plans:

increase +
Your payment may increase to higher than the amount you would have paid under the 10-year Standard Repayment plan.

decrease -
Your payments will decrease in relation to your income.

types of repayment plans driven by income

pay as you earn plans _

Direct Loan programs and Federal Family Education Loan [FFEL program]

Payments are approximately 10% of your discretionary income, and never more than the 10-year Standard Repayment plan amount. These payments continue for up to 20 years. Additional qualifications for the Pay as You Earn plan include being a new borrower as of October 1, 2007, and having received a "disbursement" (payout of Direct loan funds to the borrower) on, or prior to, October 1, 2011.

income-based repayment plan _ IBR

Direct Loan programs and Federal Family Education Loan [FFEL program]

borrowers before July 1, 2014 _

Payments are approximately 15% of your discretionary income, and never more than the 10-year Standard Repayment plan amount. These payments continue for up to 20 years.

new borrowers on or after July 1, 2014 _

Payments are approximately 10% of discretionary income, and never more than the 10-year Standard Repayment plan amount. These payments continue for up to 20 years.

income-contingent repayment plan _ ICR

Direct Loan programs and Federal Family Education Loan [FFEL program]

Payments are the lesser of 20% of your discretionary income or your calculated payment based on a 12 year fixed-payment schedule adjusted for your income. These payments continue for up to 25 years. Know that payments under this plan are typically higher than payments under the other income-driven repayment plans and could be higher than the payment amount you would pay under the 10-year standard repayment plan.

income-sensitive repayment plan _

Available to low-income borrowers who have Federal Family Education Loan [FFEL] program loans

Income-sensitive repayment plans offer payments which increase (or decrease) based on your income, and are made for up to 10 years.

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smart

Student loans _ repayment

extended repayment plan _

Direct Loan programs and Federal Family Education Loan [FFEL program]

Extended repayment plans allow you to pay lower monthly payments over a longer time period than the Standard Repayment plan. To be eligible, you must have at least $30,000 in outstanding Direct or FFEL program loans. Under this plan, payments are either fixed or graduated, and are made for up to 25 years.

graduated repayment plan _

Direct Loan programs and Federal Family Education Loan [FFEL program]

The Graduated Repayment plan has low initial payments which increase every two years. This plan may be appropriate for you if you have low income currently, but expect your earnings to increase steadily. Under this plan, payments are made for up to 10 years and will never be more than 3 times greater than any of your other payments.

standard repayment plan _

Direct Loan programs and Federal Family Education Loan [FFEL program]

Unless you have chosen another Repayment plan, you will be automatically enrolled in the Standard Repayment plan in which payments are fixed and made for up to 10 years. Payments under this plan are at least $50 each month, and are typically higher than under other plans, however may ultimately result in less time spent in debt.

loan consolidation _

Direct Consolidation Loan or FFEL Consolidation Loan

Loan consolidation simplifies your payments by combining your payments into one monthly bill with a fixed interest rate. Consolidation can also lower monthly payments by extending the term of your loan up to 30 years. Be aware that extending the term of your loan will result in additional payments and interest charges. Compare your current monthly payments and what your monthly payments would be after consolidation to see what will be better financially over the long run. Know that once your loans are combined into a Direct Consolidated loan, they cannot be separated. Also consider any “borrower benefits” you may lose upon consolidation, such as interest rate discounts, principal rebates, or loan cancellation benefits.