LOAN REPAYMENT AND DEFAULT PREVENTION

Financial Aid and Scholarship Office
TOPICS TO BE COVERED

- Exit Counseling
- Loan Consolidation
- Repayment Options
- Deferment and Forbearance
- Discharge and Forgiveness
- Default Prevention
EXIT COUNSELING

• Required to be completed at https://studentloans.gov when a student
  – Graduates
  – Leaves NIU (whether attending elsewhere or not)
  – Drops below half-time enrollment

• Reminder will be sent if not completed after 30 days
LOAN CONSOLIDATION

+ Combines federal student loans into one loan
+ Single monthly payment
+ Extends repayment period
+ Results in lower monthly payment
- More interest paid
• There is a six month grace period once a student goes into repayment

  – Subsidized loans prior to 7/1/2012 – no interest accrues during grace period.

  – Subsidized loans after 7/1/2012 – interest begins to accrue during grace period.
• During and toward the end of the grace period is the best time to make your selection of repayment plan
• If a plan is not selected you are automatically assigned the standard repayment plan
• Repayment plan can be changed at any time
• Repayment begins
LOAN SERVICERS

• Companies that handle the billing and other services on your federal student loan(s).

• Servicer is assigned by the U.S. Department of Education after loan is fully disbursed.

• It is important to know who your servicer is, and to keep your contact info up to date.

  – Helpful info can be found at:

  http://studentaid.ed.gov/repay-loans/understand/servicers
LOAN SERVICERS

- Nelnet
- Great Lakes
- Sallie Mae
- FedLoan Servicing
- MOHELA
- ESA/Edfinancial
- CornerStone
- Aspire Resources Inc.
- Granite State-GSMR
- OSLA Servicing
- VSAC Federal Loans
REPAYMENT OPTIONS

• Standard
• Graduated
• Extended
• Income Based
• Pay as You Earn
• Income Contingent
STANDARD REPAYMENT PLAN

• Fixed monthly payment ≥ $50
• Up to 10 years to repay
• Lowest total interest paid due to shortest repayment period
GRADUATED REPAYMENT PLAN

• Payments start out low and increase every two years
• Repayment period is 10 years
• No payment is more than three times greater than any other payment
• Potential to pay more interest
• Eligible borrower:
  – New borrower on or after 10-7-98
  – Direct Loan debt > $30,000
EXTENDED REPAYMENT PLAN

• Maximum repayment period is 25 years

• Payments may be fixed or graduated

• Smaller payments

• More interest paid
INCOME BASED REPAYMENT PLAN

• Monthly payments are 15% of discretionary income during any period when you have a partial financial hardship (PFH)
• If not fully repaid after 25 years the unpaid portion is forgiven but may be taxed
• Can include PLUS loans made to students
PAY AS YOU EARN REPAYMENT PLAN

• Monthly payment is 10% of discretionary income during any period when you have a partial financial hardship (PFH)

• Must be new borrower on or after 10/1/2007 and received Direct Loan disbursement on or after 10/1/2011
• Loan repayment period is 20 years

• If not fully repaid after 20 years the unpaid portion is forgiven but may be taxed

• Can include Direct PLUS loans made to students
• Each year monthly payments are calculated on basis of:

  – Adjusted Gross Income (both if married)
  – Family size
  – Total Direct loan debt
INCOME CONTINGENT REPAYMENT PLAN

• Maximum repayment period is 25 years

• If not fully repaid after 25 years the unpaid portion is forgiven (may be taxed)

• Can include Direct PLUS loans made to students
DEFERMENT

Postponement of payment while:

– Enrolled at least half-time in an eligible postsecondary school
– Studying full-time in a graduate fellowship program or disability rehabilitation program
– Unemployed or meet rules for economic hardship
– Qualifying active duty service in US Armed Forces or National Guard
• If unable to make loan payments but do not qualify for deferment
  – Illness
  – Financial hardship
  – Serving medical or dental internship or residency
FORBEARANCE

• Allows student to temporarily
  – Stop making payments
  – Make smaller payments
  – Or extend repayment period
DIFFERENCES

• Deferment: No interest accrues on Sub. loans
• Forbearance: Interest is capitalized
• Accrued Interest: Accumulates to be repaid
• Capitalized Interest: Gets added to loan principle
DISCHARGE/FORGIVENESS CONDITIONS

• Teacher Service
• Public Service
• School-related Discharges
• Disability, Bankruptcy, or Death
TEACHER SERVICE CRITERIA

• Full-time teacher
  — Low-income elementary or secondary school
  — For five consecutive years
• Must be new borrower after 10/1/98
• Up to $17,500 of Stafford Loan (subsidized or unsubsidized) may be forgiven
PUBLIC SERVICE CRITERIA

• Employed full-time in certain public service jobs
  – AmeriCorps or Peace Corps
  – Local, State, Federal or Tribal government
  – Other Public Service Organization

• Have made 120 monthly payments (under certain repayment plans) after 10/01/2007

• Remaining balance may be forgiven
• Closed School

• False Certification because of identity theft

• Unpaid Refund after withdrawal
• Total and Permanent Disability (determination by a physician)
• Inclusion of loan in bankruptcy (requires proof that repaying loan would cause undue hardship)
• Death of student
CONSEQUENCES OF DEFAULT

Including, but not limited to:

- Damaged credit rating
- Wage garnishment
- Seizure of tax refunds
- Title IV ineligible
- Difficulty obtaining loans
- Potentially impacts employment possibilities
• Be proactive: If you encounter problems making payments, contact the Loan Servicer to discuss available options.

• Default occurs once loan is 270 days delinquent.

• Defaulting has many serious consequences which may continue to negatively impact your life for years to come.
• NIU Repayment Information
http://www.niu.edu/fa/types/repayment.shtml
• Direct Loan Repayment Options
http://www2.ed.gov/offices/OSFAP/DirectLoan/
  RepayCalc/dlindex2.html
• NSLDS
http://www.nslds.ed.gov/nslds_SA/
• Repayment Plans and Calculators
http://studentaid.ed.gov/PORTALSWebApp/
  students/english/OtherFormsOfRepay.jsp
National Student Loan Data System (NSLDS) for Students

Aid Summary for

Your enrollment status is FULL TIME, effective 08/27/2007.

Click here for Grant Information

Loans

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Type of Loan</th>
<th>Loan Amount</th>
<th>Loan Date</th>
<th>Disbursed Amount</th>
<th>Canceled Amount</th>
<th>Outstanding Principal</th>
<th>Outstanding Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$2,000</td>
<td>09/07/2009</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$1,000</td>
<td>$99</td>
</tr>
<tr>
<td>2  DIRECT STAFFORD SUBSIDIZED</td>
<td>$4,500</td>
<td>09/07/2009</td>
<td>$4,500</td>
<td>$0</td>
<td>$4,500</td>
<td>$0</td>
</tr>
<tr>
<td>3  FEDERAL PERKINS</td>
<td>$1,800</td>
<td>09/07/2008</td>
<td>$1,800</td>
<td>$0</td>
<td>$1,800</td>
<td>$0</td>
</tr>
<tr>
<td>4  DIRECT STAFFORD UNSUBSIDIZED</td>
<td>$2,000</td>
<td>09/07/2008</td>
<td>$2,000</td>
<td>$0</td>
<td>$2,000</td>
<td>$307</td>
</tr>
<tr>
<td>5  DIRECT STAFFORD SUBSIDIZED</td>
<td>$4,500</td>
<td>09/07/2008</td>
<td>$4,500</td>
<td>$0</td>
<td>$4,500</td>
<td>$0</td>
</tr>
<tr>
<td>6  STAFFORD SUBSIDIZED</td>
<td>$3,500</td>
<td>08/09/2007</td>
<td>$3,500</td>
<td>$0</td>
<td>$3,500</td>
<td>$0</td>
</tr>
</tbody>
</table>

Total DIRECT STAFFORD UNSUBSIDIZED $3,000 $406
Total DIRECT STAFFORD SUBSIDIZED $9,000 $0
Total FEDERAL PERKINS $1,800 $0
Total STAFFORD SUBSIDIZED $3,500 $0
Total All Loans $17,300 $406
### Grants

**Pell Lifetime Eligibility Used:** 300.000%

Please click on number in first column to see details

<table>
<thead>
<tr>
<th>Award Year</th>
<th>Type Of Grant</th>
<th>School</th>
<th>Scheduled Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2010 - 2011</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$3,100</td>
</tr>
<tr>
<td>2 2009 - 2010</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$2,200</td>
</tr>
<tr>
<td>3 2008 - 2009</td>
<td>FEDERAL PELL GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$3,381</td>
</tr>
<tr>
<td>4 2008 - 2009</td>
<td>ACADEMIC COMPETITIVENESS GRANT</td>
<td>NORTHERN ILLINOIS UNIVERSITY</td>
<td>$1,300</td>
</tr>
<tr>
<td><strong>Total All Grants</strong></td>
<td></td>
<td></td>
<td><strong>$9,981</strong></td>
</tr>
</tbody>
</table>