Exit Counseling
Federal Direct Loans
Exit Counseling Folder

- Personalized federal student loan balances
- Letter from our office and bookmark
- Loan Servicer information
- Loan Tips and Resources
- If you borrowed a Federal Perkins Loan:
  - You will have a Perkins repayment document
When to Complete Exit Counseling

Required when you:
● Withdraw
● Graduate
● Drop below half-time
● Transfer schools

Federal Loans Covered:
○ Direct Subsidized
○ Direct Unsubsidized
○ Direct Grad PLUS
How to Complete Exit Counseling

studentaid.gov

- Sign in using FSA ID
- Click “Manage Loans”
- Select “Complete Exit Counseling”
Exit Counseling **Not Required**

**Parent PLUS Loans**
Parent can locate Loan Servicer by logging in to studentaid.gov with parent FSA ID.

**Private Education Loans**
Contact lender for repayment information.
Federal Loan Servicer
Federal Loan Servicer Changes

Discontinued Loan Servicers

Cornerstone ➔ Fedloan Servicing ➔ Mohela

Fedloan Servicing ➔ Mohela

Granite State ➔ EdFinancial

Navient ➔ Aidvantage
# Federal Loan Servicers

Collects student loan payments and answers questions

<table>
<thead>
<tr>
<th>Loan Servicer</th>
<th>Website</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nelnet</td>
<td>nelnet.com/welcome</td>
<td>1-888-486-4722</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>mygreatlakes.org</td>
<td>1-800-236-4300</td>
</tr>
<tr>
<td>Navient</td>
<td>navient.com</td>
<td>1-800-722-1300</td>
</tr>
<tr>
<td>FedLoan Servicing</td>
<td>myfedloan.org</td>
<td>1-800-699-2908</td>
</tr>
<tr>
<td>MOHELA</td>
<td>mohela.com</td>
<td>1-888-866-4352</td>
</tr>
<tr>
<td>EdFinancial</td>
<td>edfinancial.com</td>
<td>1-800-337-6884</td>
</tr>
<tr>
<td>OSLA</td>
<td>public.osla.org</td>
<td>1-866-264-9762</td>
</tr>
<tr>
<td>Granite State</td>
<td>gsmr.org</td>
<td>1-888-556-0022</td>
</tr>
</tbody>
</table>

## Locate Loan Servicer information:

- Go to studentaid.gov
- Log in with FSA ID

★ CHANGES
Federal Loan Repayment
Federal Loan Repayment

- **6 month grace period after graduating or dropping below half-time**
  - If you’ve already used your grace period, repayment begins immediately!

- **Create online account with Loan Servicer**
  - They will contact you with payment schedules
  - Keep your info up-to-date (name, address, email, phone, etc.)

Sign up for auto pay for a 0.25% reduction on your interest rate!
Graduate School Deferment

Continuing on to graduate school?

- Loans will be deferred if you are enrolled at least half-time
- Automatic process, but double-check with loan servicer!

University of Northern Iowa
Office of Financial Aid & Scholarships
Time-Driven Repayment Plans
Standard Repayment Plan

Automatically placed in this plan unless you change it!

- Fixed monthly payment of at least $50
- Max timeframe: 10 years
- Best option
  - Less interest = save money!
  - Monthly payments will be higher
### Standard Plan Example

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount Borrowed:</td>
<td>$27,000</td>
</tr>
<tr>
<td>Months in Repayment</td>
<td>120</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$273.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$5,819.00</td>
</tr>
<tr>
<td>Total Loan Paid</td>
<td>$32,819.00</td>
</tr>
</tbody>
</table>

*(17.7% is interest)*
Extended Fixed Plan

Available to new Direct Loan Borrowers starting Oct. 7, 1998 with more than $30,000 in Direct Loans

- Fixed monthly payments
- Max timeframe: 25 years (300 payments)
## Extended Fixed Example

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$35,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>300</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$183.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$19,845.00</td>
</tr>
<tr>
<td>Total Loan Paid</td>
<td>$54,845</td>
</tr>
<tr>
<td></td>
<td>(36.2% is interest)</td>
</tr>
</tbody>
</table>
**Standard Plan Example**

For Comparison

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$35,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>120</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$353.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$7,324.00</td>
</tr>
<tr>
<td><strong>Total Loan Paid</strong></td>
<td><strong>$42,324</strong> <em>(17.3% is interest)</em></td>
</tr>
</tbody>
</table>
Graduated Repayment Plan

Payments start lower and increase every 2 years

- Max timeframe: 10 years
- Minimum payments must cover accumulated interest
Graduated Plan Example

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly Payment</th>
<th>Amount Borrowed: $27,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>$152.00</td>
<td></td>
</tr>
<tr>
<td>3-4</td>
<td>$201.00</td>
<td></td>
</tr>
<tr>
<td>5-6</td>
<td>$264.00</td>
<td></td>
</tr>
<tr>
<td>7-8</td>
<td>$348.00</td>
<td></td>
</tr>
<tr>
<td>9-10</td>
<td>$457.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$7,121.00</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$34,121</td>
<td></td>
</tr>
</tbody>
</table>
Extended Graduated Plan

Available to new Direct Loan Borrowers starting Oct. 7, 1998 with more than $30,000 in Direct Loans

- Payments start lower and increase every 2 years
- Max timeframe: 25 years (300 payments)
Extended Graduated Example

**Amount Borrowed:** $35,000

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly Payment</th>
<th>Year</th>
<th>Monthly Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>$115.00</td>
<td>15-16</td>
<td>$208.00</td>
</tr>
<tr>
<td>3-4</td>
<td>$125.00</td>
<td>17-18</td>
<td>$227.00</td>
</tr>
<tr>
<td>5-6</td>
<td>$136.00</td>
<td>19-20</td>
<td>$247.00</td>
</tr>
<tr>
<td>7-8</td>
<td>$148.00</td>
<td>21-22</td>
<td>$269.00</td>
</tr>
<tr>
<td>9-10</td>
<td>$161.00</td>
<td>23-24</td>
<td>$294.00</td>
</tr>
<tr>
<td>11-12</td>
<td>$176.00</td>
<td>25</td>
<td>$320.00</td>
</tr>
<tr>
<td>13-14</td>
<td>$191.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Months in Repayment:** 300

**Total Interest Paid:** $23,822.00

**Total Loan Paid:** $58,822

*(40.5% is interest)*
Income-Driven Repayment Plans
Income-Driven Plans

- Must apply for these plans at studentaid.gov
- Recertify income EVERY YEAR
- Provide income documentation
- Recommend using Data Retrieval Tool (DTR)
Loan Forgiveness for Income-Driven Plans

Outstanding balance will be forgiven if you haven’t repaid your loans in full after:

- **20 years** if all loans were taken for undergraduate program
- **25 years** if any loans were taken out for graduate or professional study
Income-Contingent Plan

Must apply online at studentaid.gov and must update tax information and family size each year

Monthly payment lesser of:
○ 20% of discretionary income, or
○ Amount paid for 12 year fixed monthly payment plan
### Income Contingent Plan ($33,000)

**Example**

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$27,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>216 (18 years)</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$172.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$11,837.00</td>
</tr>
<tr>
<td>Total Loan Paid</td>
<td>$38,837 (30.5% is interest)</td>
</tr>
</tbody>
</table>

*University of Northern Iowa*

Office of Financial Aid & Scholarships
## Income Contingent Plan ($40,000)

### Example

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$27,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>198 (16 yrs. 6 mo.)</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$192.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$9,731.00</td>
</tr>
<tr>
<td><strong>Total Loan Paid</strong></td>
<td><strong>$36,731</strong></td>
</tr>
<tr>
<td></td>
<td><em>(26.5% is interest)</em></td>
</tr>
</tbody>
</table>
Income-Based (IBR) Plan

Must apply online at studentaid.gov and must update tax information and family size each year

Monthly payment lesser of:
- 15% of discretionary income, or
- Standard Plan amount

Must qualify for partial financial hardship
- High debt to income ratio

Maximum repayment period may exceed 10 years
### Income-Based Plan ($33,000)

**Example**

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$27,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>240</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$114.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$**</td>
</tr>
<tr>
<td><strong>Total Loan Paid</strong></td>
<td><strong>$25,560</strong> (20,374 forgiven)</td>
</tr>
</tbody>
</table>

**ESSENTIALLY PAYING INTEREST FOR 20 years and then getting it forgiven.**
### Income-Based Plan ($40,000)

**Example**

<table>
<thead>
<tr>
<th>Amount Borrowed:</th>
<th>$27,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Months in Repayment</td>
<td>218 (18 yrs. 2 mo.)</td>
</tr>
<tr>
<td>Monthly Payment</td>
<td>$172.00</td>
</tr>
<tr>
<td>Total Interest Paid</td>
<td>$11,047.00</td>
</tr>
<tr>
<td>Total Loan Paid</td>
<td>$38,047</td>
</tr>
<tr>
<td></td>
<td>(28.9% is interest)</td>
</tr>
</tbody>
</table>
Pay As You Earn (PAYE)

Must apply online at studentaid.gov and must update tax information and family size each year

Monthly payment lesser of:
○ 10% of discretionary income, or
○ Standard Plan amount

Must qualify for partial financial hardship
○ High debt to income ratio

Must be new borrower as of 10/01/2007 and have a loan disbursed after 10/01/2011
Revised Pay As You Earn (REPAYE)

Monthly payment:
- 10% of discretionary income
- High debt to income ratio

Must qualify for partial financial hardship

Must be new borrower as of 10/01/2007 and have a loan disbursed after 10/01/2011

Must apply online at studentaid.gov and must update tax information and family size each year
## Income-Driven Review

<table>
<thead>
<tr>
<th>Plan</th>
<th>Payment Based on Income</th>
<th>Payment Based on Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICR</td>
<td>20% of discretionary income</td>
<td>12-year standard amount adjusted based on income</td>
</tr>
<tr>
<td>IBR</td>
<td>15% of discretionary income</td>
<td>10-year standard amount</td>
</tr>
<tr>
<td>PAYE</td>
<td>10% of discretionary income</td>
<td>10-year standard amount</td>
</tr>
<tr>
<td>REPAYE</td>
<td>10% of discretionary income</td>
<td>None</td>
</tr>
</tbody>
</table>
Eligible Borrowers

- Eligible Loan
- Show Need
- Recent Borrower

ICR  IBR  PAYE  REPAYE
Eligible Loan Type

Direct Loans

FFELP

Perkins
Eligible Loan Type

- **Student loan**
- **Parent loan**
- **Consolidation** (no parent loans)
- **Consolidation** (parent loans)

Available Repayment Plans:
- ICR
- IBR
- PAYE
- REPAYE
Repayment Suggestions

- If you borrowed $15,000 or less and have a job right out of college:
  - Standard Plan may be the best option

- If you borrowed more than $15,000 and your income is low:
  - Graduated or Income-Driven plan may be the best option
  - NOTE: You will end up paying more in interest!

- You can switch repayment plans!

It’s ok to pay more than the minimum amount due!
Delinquency & Default
Delinquency Vs. Default

Delinquency:
Your monthly payment is not received by the due date

Default:
When you become 270 days delinquent in making payments

Not getting a bill does NOT mean you don’t have to pay!
Consequences of Default

- Entire unpaid amount becomes due and payable
- Account sent to collection agency
- Reported to credit bureaus - negatively impacts credit
- May be sued and forced to make payments, including collection fees and costs
- All or part of tax refund may be withheld
- Wages may be garnished
  - Employer required to send payments to Direct Loans as part of your salary
- Lose eligibility for federal student aid and loan deferment
Deferment

- Temporary postponement of payment on a loan
- Interest generally does NOT accrue on Direct Subsidized Loans. All other federal student loans that are deferred will continue to accrue interest.
- Perkins Loans are with a different servicer - reach out to both when requesting deferment

Contact Loan Servicer(s) for questions and assistance!
Forbearance

- Monthly loan payments are temporarily suspended or reduced
- Interest continues to accrue on ALL loans
- Unpaid interest will be added (capitalized) to the principal balance of your loan(s)

Contact Loan Servicer(s) for questions and assistance!
Loan Consolidation
Federal Loan Consolidation

- Allows you to consolidate multiple federal loans into one loan
- For more information, visit studentaid.gov
  - Complete application and select repayment plan

You should NEVER pay to consolidate! It’s FREE!
Potential Benefits of Loan Consolidation

● **Interest Rate**: Fixed, weighted average (no cap)
● **One bill per month** (most have this anyway)
● **May have lower monthly payment due to increased time to repay** (up to 30 years)
Disadvantages of Loan Consolidation

- Possibly pay more in interest
- Lose borrower benefits (interest rate discounts, some loan cancellation benefits)
- Any outstanding interest becomes part of the principle balance
Loan Forgiveness
Teacher Loan Forgiveness

Up to $5,000 forgiven if:
- Teach full-time for 5 consecutive years as highly qualified teacher
- In low-income elementary or secondary school OR low-income educational service agency

Up to $17,500 forgiven if meet above criteria AND:
- Full-time math or science teacher at secondary level, OR
- Teacher with a primary responsibility to provide special education
- Must be certified by Chief Administrative Officer

Visit studentaid.gov for more information!
Public Service Loan Forgiveness (PSLF)

Forgives remaining balance on eligible direct loans after:

○ 120 on-time payments (*doesn’t need to be consecutive*)

○ Under a qualifying repayment plan (*income-driven or standard plan*)

○ While working full-time for a qualifying employer
PSLF Qualifying Employment

Qualifying employers:

○ Government organization at any level
○ Not-for-profit organizations that are tax-exempt
○ Other types of not-for-profit organizations, if primary purpose is public service (this is rare)
○ Serving as a full-time AmeriCorps or Peace Corps volunteer also counts as qualifying employment
Public Service Loan Forgiveness Help Tool

studentaid.gov/pslf

- Learn more about PSLF
- Search for a qualifying employer
Final Notes
Loan Servicer

- Create online account with your Loan Servicer
- Stay in contact with your Loan Servicer!
  - If they don’t know you are struggling, they can’t help!
- Notify them of changes:
  - Address
  - Phone number
  - Email
  - Employment status or changes in income
Default Rates and Indebtedness

UNI’s Default Rate: 2.8%
State Default Rate: 9.5%
National Default Rate: 9.7%

Average UNI Indebtedness: $22,769
Don’t Forget to Complete Exit Counseling Online!

Federal Loans: studentaid.gov
Perkins Loans: uasconnect.com

Questions?
Kaili Benham
kaili.benham@uni.edu
319-273-2354
Federal Perkins Loan
Federal Perkins Loan

- Managed by the Office of Business Operations
  - obo.uni.edu/perkins-loan

- Payments are made to the school or their servicer

- For Perkins Loans received at UNI:
  - Loan Servicer: University Accounting Services
  - Exit Counseling: uasconnect.com

9 Month Grace Period for Perkins Loans
Perkins Loan Forgiveness

- If eligible, a percentage is forgiven each year of qualifying employment
- **Apply for deferment:** Complete Request for Deferment Prior to Cancellation
- **To receive cancellation benefits:** File a Request for Cancellation form at the end of your eligible year
- **See handout and visit:**
  - studentaid.gov/understand-aid/types/loans/perkins
  - studentaid.gov/manage-loans/forgiveness-cancellation/perkins