Bear Down on Student Loan Debt
Options and Strategies for Repayment

TAKE CHARGE AMERICA®
NONPROFIT FINANCIAL EDUCATION
“You need to apply for student loans so you can go to college and get a good job to pay off your student loans.”
Who We Are

Mission Statement:
Take Charge America provides financial education and services to improve the lives of individuals and families.

About Us:
- Established in 1987
- Nonprofit 501(c)(3) organization
- Credit Card, Housing, and Student Loan Counseling Services
- Helped repay more than $6 billion in personal debts
- Initiated the Take Charge America Institute at the University of Arizona in 2003
Get to Know Take Charge America
National Student Loan Crisis

By the Numbers:

- **$1.48 trillion** in U.S. student loan debt
- **44.2 million** Americans with student loan debt
- **$37,172** average student loan debt per borrower for class of 2016
- **4.3 million** borrowers defaulted in the Federal Direct Loan Program

Source: [https://studentloanhero.com/student-loan-debt-statistics/](https://studentloanhero.com/student-loan-debt-statistics/), [federalreserve.gov](http://federalreserve.gov), [WSJ](http://WSJ), [newyorkfed.org](http://newyorkfed.org) [here](http://here), [here](http://here) and [here](http://here) and [clevelandfed.org](http://clevelandfed.org) [here](http://here)
By the Numbers:

- **$278 million** in loans in 2015-16
- **47%** of graduates have student loan debt
- **$22,532** average undergraduate student loan debt
- **6%** default rate 3 years after entering repayment

Federal Loan Borrowers

Get Started:

Gather Your Data

- Personal information
  - Income
  - Family Size
  - Tax-Filing Status
  - Employment Information

- Loan Information
  - Loan Type
  - Balance
  - Monthly Payment
  - Loan Status

- Spouse's Loan Information
  - Loan Type
  - Balance
  - Monthly Payment
  - Loan Status
Navigating Federal Loan Sites:

**Step 1**

Create an FSA ID at [FSAID.ed.gov](http://FSAID.ed.gov)

This is the username and password you’ll need to log in to certain U.S. Department of Education (ED) websites.

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The FSA ID replaced the Federal Student Aid PIN on May 10, 2015. If you haven’t logged into a Federal Student Aid website (such as fafsa.gov or StudentLoans.gov) since May 10, 2015, you will need to create an FSA ID before you can log on in the future.
Federal Loan Borrowers

Navigating Federal Loan Sites:

Step 2
Download your student loan file at NSDLS.ed.gov

Your student loan file lets you view a history of any federal student aid you have received, along with your loan servicer's contact information.

Once you have your student loan file, you can determine:

- Your current repayment plan
- How much deferment and/or forbearance time you’ve used
- Any past due loans and amounts
- Your payment history
- Your interest rate
Step 3
Adjusted gross income (AGI), family size, filing status
If you don’t know your AGI or filing status you can reference your tax return from the previous year.

Step 4
Social Security number and date of birth
You need your personal information to verify your identity when requesting information about your loans.
Federal Loan Borrowers

Determine your Repayment Options:

Step 5
Estimate your payments with a Payment Calculator
Learn your eligibility for various repayment plans and the pros and cons of each.

It’s important to define your goal before selecting and enrolling in a repayment plan. For example:

• I want to postpone repayment
• I want the convenience of one monthly payment
• I want to reduce my monthly payment
• I want to know if I qualify for loan forgiveness
Federal Loan Borrowers

What Kind of Help is Available?

✓ Repayment Options
✓ Consolidation
✓ Postponement
✓ Loan Forgiveness
✓ Discharge
# Federal Loan Borrowers

## Repayment Options:

<table>
<thead>
<tr>
<th>Standard</th>
<th>Graduated</th>
<th>Extended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowers make monthly payments of at least $50 for up to 10 years. All borrowers are automatically enrolled in this plan upon graduation.</td>
<td>Payments start lower then increase every two years for up to 10 years.</td>
<td>Payments may be fixed or graduated for up to 25 years.</td>
</tr>
</tbody>
</table>

### Loan Qualifications:
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Stafford Loans
- All PLUS loans

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*If a Direct Consolidation Loan or FFEL Consolidation Loan, the length of the repayment period will depend on the amount of the total loan amount.*

### Loan Qualifications:
- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Stafford Loans
- All PLUS loans
- Direct Loan borrower, must have more than $30K in Direct Loans
- FFEL borrower, must have more than $30K in FFEL loans
- Must also be a "new borrower" as of Oct. 7, 1998

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Federal Loan Borrowers

Income Driven Repayment Options:

<table>
<thead>
<tr>
<th>Income-Contingent</th>
<th>Income-Based</th>
</tr>
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<tbody>
<tr>
<td>Payments will be no more than 20% of discretionary income or what you would pay under a fixed 12 year plan.</td>
<td>Maximum monthly payments will be 15% of discretionary income and family size. Payments change as income changes; up to 25 years to pay in full.</td>
</tr>
</tbody>
</table>

**Loan Qualifications:**
- Direct Subsidized and Unsubsidized Loans
- Direct PLUS Loans made to students
- Direct Consolidation Loans

**Loan Qualifications:**
- Direct or Federal Stafford Subsidized and Unsubsidized Loans
- All PLUS loans made to students
- Consolidation Loans that do not include PLUS loans made to parents
- Must have a partial financial hardship
## Income Driven Repayment Options:

<table>
<thead>
<tr>
<th>Pay-as-you-Earn</th>
<th>Revised Pay As You Earn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your maximum monthly payments will be 10% of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence. Your payments change as your income changes; you have up to 20 years to pay in full.</td>
<td>Generally 10% of discretionary income and family size.</td>
</tr>
</tbody>
</table>

### Loan Qualifications:

- Direct Subsidized and Unsubsidized Loans
- Direct PLUS loans made to students
- Direct Consolidation Loans that do not include (Direct or FFEL) PLUS loans made to parents
- You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011
- You must have a partial financial hardship

### Loan Qualifications:

- Direct Subsidized and Unsubsidized Loans
- All Subsidized and Unsubsidized Federal Stafford Loans if consolidated
- PLUS loans made to students
- Direct Consolidation Loans that do not include Direct or FFEL PLUS loans made to parents
Consolidation:
A Direct Consolidation Loan allows you to combine multiple federal student loans into one loan.
Quick Comparison

Benefits:
• Single monthly payment instead of multiple payments
• Allows up to 30 years to repay loans
• Allows you to change the loan type (FFEL → Direct)

Drawbacks:
• Pay more in interest over the life of the loan
• Lose special benefits attached to the original loans. For instance, Perkins loans have cancellation benefits and subsidy benefits that are lost if consolidated.

One Monthly Payment
Deferment vs. Forbearance:
A benefit of federal student loans that allows you to temporarily stop making payments.

<table>
<thead>
<tr>
<th>Feature</th>
<th>Deferment</th>
<th>Forbearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postpones loan payments</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Accrues interest</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Applies to students going back to school</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Easiest to qualify for</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Automatic approval criteria</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Borrower pays more money in long run</td>
<td></td>
<td>✓</td>
</tr>
</tbody>
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Forgiveness

IDR Forgiveness:
After making all required IDR payments, any remaining balance is forgiven and taxed as income.

Public Service Loan Forgiveness:
This program provides an opportunity for you to get out of debt within ten years if you work in a public service job. You must meet a specific set of criteria to qualify.

Teacher Loan Forgiveness:
• Title 1 school
• 5 years consecutive employment
• $5,000 - $17,500
Loan discharge generally occurs in situations where the borrower can’t repay the debt (death, disability, and bankruptcy) or rejects the debt (fraud, identity theft, false certification, or unpaid refund).

The main types of discharge include:

- Death Discharge
- Total and Permanent Disability Discharge
- Bankruptcy Discharge
- Closed School Discharge
- Unpaid Refund Discharge
- Borrower's Defense Discharge
- False Certification Discharge
  - Student Eligibility/Ability to Benefit
  - Disqualifying Status
  - Unauthorized Signature
  - Unauthorized Payment
  - Identity Theft
Background:
Kim is a teacher. She is married with a family size of four. Her adjusted gross income is $85,000. She has 12 student loans that total $101,000 with a monthly payment of $989.

Actions Taken:
• Consolidated 12 loans into one Direct Loan resulting in one monthly payment
• Enrolled in the Income-Based Repayment Plan
• Completed the paperwork to start Public Service Loan Forgiveness

Outcomes:
• New student loan payment: $615
• Monthly savings: $374
• Eligible to have more than $15,990 of federal loans forgiven (non-taxable)*

*Based on current payment amount and 120 qualified payments
Case Study

Background:

Melissa works in public service. She is married with a family size of two. Melissa’s total household income is $50,150. She has 10 student loans that total $49,758; they are 220 days past due.

Actions Taken:

• Consolidated 10 loans into one Direct Loan resulting in one monthly payment
• Enrolled in the Pay-as-you-Earn Program
• Completed the paperwork to start Public Service Loan Forgiveness
• With the help of TCA, obtained a forbearance to bring her loans current and avoid default

Outcomes:

• Monthly savings: $298
• Avoided default and possible garnishment

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What is Student Loan Counseling?

If you’re struggling to repay student loans or concerned about the impact of student loans on your overall financial outlook, you can find answers with student loan counseling.

Managing student loans can be complicated, especially if you don’t know where to start. If you have additional questions about your student loans, our counselors can help you identify the right solution and guide you through numerous repayment options, step-by-step.

We’ve got your back!
How We Can Help

Student Loan Counseling includes:

We have created a six-step counseling process to help you find solutions as quickly as possible – the first two steps are free! We’ll help you:

1. Assess your goals
2. Identify your loan types
3. Recommend best repayment plan
4. Assist you with enrollment forms
5. Conduct conference calls with you and your loan servicer(s)
6. Develop a personalized action plan
Testimonials

⭐⭐⭐⭐⭐
“My counselor was extremely helpful on a conference call with my loan servicer to get my loan consolidation expedited. It was a great relief to negotiate payments that are manageable for my income.” – Kasima F

⭐⭐⭐⭐⭐
“The counselor was excellent! I appreciated the honest appraisal of my student loan situation. She was courteous, professional, and extremely competent. She was straight-forward and laid out my options in a precise manner. I am extremely impressed by the service that TCA offers.” – Monica H.

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“I’m so happy with this, I am so thrilled this is taken off my back. I can’t tell you how much I appreciate guys like you, I have a PHD and I am so intimidated by this process.” – Kimberly M.
Questions?

Call 877.784.2008 or visit TakeChargeAmerica.org