

## Manage Your Student Loan

### Determine the Total Cost of Your Loan

Not all loans are the same. Federal student loans are generally cheaper, while a private loans may offer more flexible repayment terms. Some factors that will help you figure out what sort of loan is best for you include:

**Interest rate:** Is the rate variable or fixed? If variable, when will the rate increase? You may qualify for an interest rebate if you make your loan payments on time and over a period of time.

**Fees:** A low interest rate offsets high processing fees (like origination and guarantee fees), and vice versa. Generally, 4% in fees is equal to about 1% in interest.

**Repayment terms:** The time you take to pay back a loan can affect the final cost. Make sure to read the information on loan

**Repayment Options**, on the right-hand side of the page.

### Should I Consolidate My Loans?

If you have multiple student loans with varying interest rates and repayment plans, it may be a good idea to consolidate your loans. Here are some pros and cons to loan consolidation:

- + It will combine all of your debt into one loan with a fixed interest rate and one monthly payment.
- + Most of the time, the consolidated interest rate and monthly payment will be lower than if you do not consolidate.
- Although you may lower your monthly payment, your loan terms may be extended upon consolidation.
- Your monthly payment is lower, but you will pay MORE overall. With longer terms, there is more time for interest to accrue, and the total amount you pay on the loan will be more.

### Problem Paying Back Your Loan? Get Help!

Loan default is when you fail to make regular payments over a 270-day period. Consequences are **serious** and can include:

**Lost eligibility for further federal aid:** Defaulting on your current loan may jeopardize your eligibility to receive future aid (such as for graduate or law school).

**Collection agency involvement:** Your loan balance will be due in full and you will have to pay additional interest and fees as well as collection costs (up to 18.5% of the balance).

**Damaged credit rating:** Your default will remain on your credit report for up to seven years and will negatively impact your chances of being approved for a credit card, car or home loan. *It can even affect your ability to rent an apartment or get a job!*

**If you're having trouble making payments, don't wait! Get help from your loan holder or servicer immediately.**

**FastTip:** To learn more about loans, consolidation and repayment plans, visit the FinAid page at: [www.finaid.org/loans/](http://www.finaid.org/loans/)

*The site features free calculators that help you analyze cost, explore repayment plans and understand consolidation.*

### Repayment Options

Many repayment options are flexible, but can depend on the type of loan and the amount that you borrowed.

#### Standard Repayment Plan

Monthly payment = Total loan amount ÷ number of months in repayment plan. Maximum is 120 months (10 yrs).

**Advantages:** Economical and predictable. Able to budget more easily as monthly payments stay the same.

**Disadvantages:** No major disadvantages, however, other options may be more customized to fit you.

#### Extended Repayment Plan

Monthly payment = Same as Standard Plan, but maximum is up to 360 months (30 years).

**Advantages:** Lower monthly payments than Standard Plan.

**Disadvantages:** You'll pay more over time as interest accrues.

#### Graduated Repayment Plan

Monthly payment = Same as Extended Plan, but with increases every two years until the loan is paid off.

**Advantages:** Monthly payments will be easier to manage at first; initial payments will be lower than the Standard Plan.

**Disadvantage:** You will end up paying more in interest over the life of the loan. Also, without an increasing income, you may have trouble as the monthly payments rise over time.

#### Income Contingent Plan

Monthly payment = adjusted annually, based on your income, family size, interest rate and loan amount. Your payments will rise and fall through the repayment plan.

**Advantages:** Up to 25 years to repay. Any portion of the loan amount that has not been repaid up to this time is forgiven.

**Disadvantages:** After 25 years, the forgiven loan balance will be counted as income and is taxable. Parent loans not eligible.

**FastTip:** Trouble working with your loan servicer?

Visit the Federal Student Aid Ombudsman site:

<http://www.ombudsman.ed.gov/>

to find tips and steps to solve your loan problems.

*Additionally, the FSA Ombudsman resolves disputes and recommends solutions on federal loans should you not be able to resolve issues on your own.*

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## Make the Most of Your Summer: Plan Ahead

### Prepare for Next Year

The summer months provide a great opportunity for you to get involved in activities that can help you prepare for next year:

#### Lock in financial aid for next year:

Renew your current scholarships and search for new ones on FastWeb: [www.fastweb.com](http://www.fastweb.com). If you haven't done so, submit your FAFSA! It's not too late to qualify for federal aid. If you've received your SAR, make sure it is correct. Contact your school's financial aid office or visit [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Use the "Live Help" tool on the FAFSA steps for additional help.

#### Get a summer job and save money:

Some faculty members hire students to help with research projects. Ask professors if you can apply to be their research assistant for the summer. Do you prefer to work outdoors? Park districts often look for students to hire for camp counselor and lifeguard positions. Match your interests to your job hunt!

#### Volunteer:

Use the skills and knowledge you have learned in the classroom to make a positive impact in your community. Volunteering is both fulfilling and fun, and can build your resume and supply great material for scholarship essays.

#### Take a summer class:

Complete a required course so you can take more classes in your major throughout the year. Check with your Financial Aid office to see what's available to help you cover summer tuition.

#### Arrange housing:

Moving into an apartment in the fall? Is there a deposit that you need to pay at the end of this year? If your lease is up, make arrangements to receive your security deposit back.

#### Register for fall classes:

Do you know which courses you need to complete your academic major? Meet with your faculty advisor before the end of the year to help you make smart class selections.

**FastTip:** *Away for the summer? Moving? Don't forget to change your address with your school's registrar & financial aid office!*

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### Year-by-Year Summer Guide

#### College Freshman/Sophomore

- Check out opportunities on campus. Apply to be an RA or lead campus tours for visitors. Does your college counseling center offer time management and study skills workshops?
- Keep reading! Ask your professors to recommend texts that can help you prepare for next year's academic course load.
- Update your resume and draft cover letters for internship and work opportunities. Visit your school's career center to explore internship opportunities. You can also search for internships on FastWeb: [www.fastweb.com](http://www.fastweb.com).
- Thinking about studying abroad? Research countries and programs this summer and ask your parents for advice. Explore funding opportunities at your school's study abroad office.

#### College Junior

- Check with your school's career center for internship and job listings. Update your resume and cover letters.
- Attend career/job fairs and hand out copies of your resume. You will make valuable networking contacts that will help you narrow down possible career paths for next year.
- Thinking about grad school? Begin studying for the required standardized test (MCAT, LSAT, GRE, GMAT). Try to enroll in a prep course or an independent study with your favorite professor to help you better prepare for graduate study.

#### Graduating Seniors

- ▶ Looking for a job? Visit your school's career center. Find out if they are sponsoring any upcoming career/job fairs and ask them to look over and edit your resume and cover letters.
- ▶ Browse online job sites like MonsterTrak, a great resource that helps college students find their first job: [www.monstertrak.monster.com](http://www.monstertrak.monster.com).
- ▶ If you are going to graduate, medical or law school in the fall, apply for financial aid. File your FAFSA, check your SAR for errors and look for additional scholarships on FastWeb: [www.fastweb.com](http://www.fastweb.com).
- ▶ Pay outstanding college fees (return library books, pay computer printing fees, resolve outstanding parking tickets, etc.). Problems or holds on your student account may prevent you from receiving your degree and/or transcripts.
- ▶ Start thinking about a new budget for yourself. Will you be moving back home with your parents or renting an apartment with friends? Do you own a suit for job interviews? When will you need to start paying off your student loan?

**FastTip:** *Take time now to plan for next year to increase your chances for success in the year ahead!*