



UNIVERSITY OF WISCONSIN-MADISON
OFFICE OF STUDENT FINANCIAL AID

MANAGE YOUR STUDENT LOANS

# MANAGE YOUR STUDENT LOANS

A guide for Undergraduate Advisors

- WHAT STUDENTS SHOULD EXPECT WHEN BORROWING
  - MPN & Entrance Counseling
  - Loan Types, Fees, & Interest Rates
  - Refunds and Enrollment
- STUDENT LOAN MANAGEMENT
  - Monitor student loan debt
  - Make payments while in school
- STUDENT LOAN REPAYMENT BASICS
  - Step-By-Step Start Repaying
  - Repayment Plan Overview

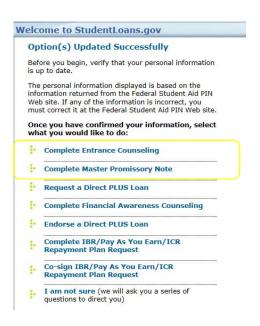
Office of Student Financial Aid, Federal Direct & Private Loans Individual Repayment Counseling offered by appointment (phone or in-person) 608-262-4987, directloans@finaid.wisc.edu, finaid.wisc.edu/direct-loans.htm





# WHAT TO EXPECT

## www.studentloans.gov



- Master Promissory Note (MPN)
- Entrance Counseling



• These forms need to be done once in the student's academic career unless there is a 12 month break in borrowing. Then another MPN will be required.



# **NEED-BASED VS. NON NEED-BASED**

### **NEED-BASED LOAN**

- Awarded based on income information on the FAFSA
- Does not accrue interest while in school
- Typically a lower interest rate



### NON NEED-BASED LOAN

- Entitlement loan based on remaining budget
- Accrues interest while in school
- Higher interest rate



# **BORROW WHAT YOU MUST**

# Only borrow WHAT YOU HAVE TO

- Students should know they do not have to borrow everything they are offered
  - Reduce your loan in your MYUW student center after it is accepted.
- Refund checks can be returned
  - The student should contact the Federal Direct & Private Loan Office to reduce the loan and return the refund check or a personal check to the Bursars office.

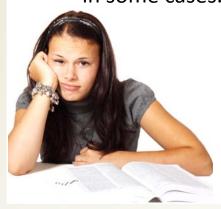




# **DROPPING CLASSES**

### Falling below ½ time enrollment

- Automatically enter grace period followed by repayment.
- Students runs into this problem when they decrease enrollment for a semester.
- By graduation the grace period is used up, and the student goes into repayment.
- Interest starts accruing on need-based loans during the grace period in some cases.





# WHAT TO EXPECT

### **NEED-BASED LOANS**

#### Institutional Loans & Perkins Loans

Origination Fee: 0%

Interest Rate: 5% fixed

 Interest Accrual: No accrual while enrolled half-time or higher or while in grace

Monitor Balances: ECSI.net

 Grace Period: 9 months after dropping below ½ enrollment.

### Federal Direct Subsidized loans (UGRDs)

Origination Fee: 1%

Interest Rate: 6.8% fixed

• Interest Accrual: No accrual while enrolled half-time or higher.

Monitor Balances: NSLDS.ed.gov

 Grace Period: 6 months after dropping below ½ enrollment.

### **NON NEED-BASED LOANS**

#### Federal Direct Unsubsidized Loans

Origination Fee: 1%

Interest Rate: 6.8% fixed

 Interest Accrual: Accrues throughout the life of the loan. Pay the interest so it doesn't increase debt.

Monitor Balances: NSLDS.ed.gov

 Grace Period: 6 months after dropping below ½ enrollment.

#### Private Student Loans

- Origination Fee, Interest Rate, & Grace Period:
   Depends on loan product.
- Interest Accrual: Accrues throughout the life of the loan. Pay on the interest so your debt does not increase.
- Monitor Balances: On lender's website (annualcreditreport.com if lender is unknown)



# LOAN MANAGEMENT

# Monitor balances and make interest payments!

### **NEED-BASED LOANS**

- Institutional Loans & Perkins Loans
  - Monitor Balances: ECSI.net
  - Exit Counseling: ECSI.net
  - Repayment/Servicer: UW-Madison, but pay at ECSI.net
  - Lender: UW-Madison

### Federal Direct Subsidized loans

- Monitor Balances: NSLDS.ed.gov to find federal servicer.
- Exit Counseling: NSLDS.ed.gov
- Repayment/Servicer: Federal contract hired by the Department of Education
- Lender: Department of Education

### **NON NEED-BASED LOANS**

- Federal Direct Unsubsidized Loans
  - Monitor Balances: NSLDS.ed.gov to find federal servicer.
  - Exit Counseling: NSLDS.ed.gov
  - Repayment/Servicer: Federal contract hired by the Department of Education
  - Lender: Department of Education
- Private Student Loans
  - Monitor Balances: on lender's website
  - Repayment/Servicer: Private lender, pay on lender's website.



# REPAYMENT BASICS

- 1. Monitor balances while in school and keep track of who your servicer(s) are at www.nslds.ed.gov
- 2. Register for online bill pay capability on your servicer's websites.
- Choose a repayment plan for each of 3. your loans on your servicer's websites.
- Setup auto-debit after choosing your 4. repayment plan - 0.25% decrease in monthly interest accrual for federal loans.
- 5. Trouble making payments? Change repayment plans!

#### **Federal Servicers**

Aspire Resources Inc. Great Lakes Ed Loan Services, Inc.

888/902-6077 888/686-6919 www.mygreatlakes.org

www.AspireResourcesInc.com

CornerStone **KSA Servicing** 877/336-7397 877/292-5227 www.ksa.myedloan.com

www.MyCornerStoneLoan.org

ACS MOHELA 888/866-4353

888/877-7658 www.mohela.com/schools

www.myedaccount.com/schools

**EdManage** 866/463-5638

800/470-5961 www.nelnetloanservicing.com

Nelnet

www.EdManage.MyEdLoan.com

**OSLA Servicing** ESA/Edfinancial 866/264-9762 855/845-1001 www.osla.org

www.edfinancial.com/DLSchools

Sallie Mae FedLoan Servicing (PHEAA) 888/272-4665

800/655-3813 www.SallieMae.com/EDServicing

www.myfedloan.org

**Granite State - GSMR** 

888/307-8722 800/303-8353

www.gsmr.org

**VSAC Federal Loans** 

www.VSACFederalLoans.org



| Repayment Plan                           | Eligible Loans   | Monthly Payment and Time Frame  |
|--|--|---|
| <u>Standard Repayment</u><br><u>Plan</u> | <ul> <li>Direct Subsidized and<br/>Unsubsidized Loans</li> <li>Subsidized and<br/>Unsubsidized Federal<br/>Stafford Loans</li> <li>all PLUS loans</li> </ul> | Payments are a fixed amount of at least \$50 per month.  Up to 10 years                 |
| Graduated Repayment Plan                 | <ul> <li>Direct Subsidized and<br/>Unsubsidized Loans</li> <li>Subsidized and<br/>Unsubsidized Federal<br/>Stafford Loans</li> <li>all PLUS loans</li> </ul> | Payments are lower at first and then increase, usually every two years.  Up to 10 years |
| Extended Repayment<br>Plan               | <ul> <li>Direct Subsidized and<br/>Unsubsidized Loans</li> <li>Subsidized and<br/>Unsubsidized Federal<br/>Stafford Loans</li> <li>all PLUS loans</li> </ul> | Payments may be fixed or graduated.  Up to 25 years                                     |







### Repayment Plan

### **Eligible Loans**

### **Monthly Payment and**

#### **Time Frame**

# Income-Based Repayment Plan (IBR)

- Direct Subsidized and Unsubsidized Loans
- Subsidized and Unsubsidized Federal Stafford Loans
- all PLUS loans made to students
- Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents
- Your maximum monthly payments will be 15 percent 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 (other conditions apply).
- Your payments change as your income changes.

Up to 25 years







### **Monthly Payment and** Repayment Plan **Eligible Loans Time Frame**

### Pay As You Earn Repayment Plan

- 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

- Your maximum monthly payments will be 10 percent 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 (other conditions apply).
- · Your payments change as your income changes.

Up to 20 years







| Repayment Plan                     | Eligible Loans   | Monthly Payment and Time Frame   |
|------------------------------------|--|--|
| Income-Contingent Repayment Plan   | <ul> <li>Direct Subsidized and<br/>Unsubsidized Loans</li> <li>Direct PLUS Loans<br/>made to students</li> <li>Direct Consolidation<br/>Loans</li> </ul> | <ul> <li>Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans.</li> <li>Your payments change as your income changes.</li> <li>Up to 25 years</li> </ul> |
| Income-Sensitive<br>Repayment Plan | <ul> <li>Subsidized and<br/>Unsubsidized Federal<br/>Stafford Loans</li> <li>FFEL PLUS Loans</li> <li>FFEL Consolidation<br/>Loans</li> </ul>            | <ul> <li>Your monthly payment is based on annual income.</li> <li>Your payments change as your income changes.</li> </ul>  |







# Questions?

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