



# GUIDE TO SUCCESSFUL STUDENT LOAN REPAYMENT



Oklahoma Guaranteed Student Loan Program  
*A division of the Oklahoma State Regents for Higher Education*

# REPAYING YOUR STUDENT LOAN

is an important responsibility. To help you manage repayment, this guide provides useful information about your rights and responsibilities, your repayment options and tips for successful repayment. The information in this brochure and more will be explained in detail during your exit counseling session.



## RIGHTS & RESPONSIBILITIES\*

You have the right to:

- Prepay your loan at any time or make payment in full without penalty.
- Request a deferment or forbearance during your repayment period.
- A grace period prior to your initial start of repayment.
- Written information about your loans and a copy of your Master Promissory Note (MPN), which includes your rights and responsibilities.
- Receive a disclosure statement before you begin repayment that outlines information about your loan interest rate(s), fees, balance(s) and number of payments.
- Receive documentation that your loan is paid in full.





## RIGHTS & RESPONSIBILITIES\*

It's your responsibility to:

- Complete exit counseling before you graduate or drop below half-time enrollment.
- Notify your school's financial aid office if you:
  - Reduce enrollment status to less than half-time.
  - Withdraw from school.
  - Stop attending classes.
  - Fail to re-enroll at the end of a term.
  - Change your name, local or permanent address, or e-mail address while enrolled.
- Make on-time, monthly loan payments.
- Repay the total amount of your loan, including any interest that accrues, even if you:
  - Don't complete your education.
  - Are dissatisfied with your education.
  - Don't find a job in your field.
- Notify your loan holder if you:
  - Change your address, phone number or e-mail address.
  - Change your name (for example, maiden name to married name).
  - Fail to enroll at least half-time for the loan period certified or at the school that certified your MPN.
  - Withdraw from school or attend less than half-time.
  - Transfer to another school.
  - Graduate.
  - Change employers, employment address or status.
  - Experience any change that affects your ability to repay your student loan.

*\*Refer to your Master Promissory Note (MPN) and attend an exit counseling session provided by your school for a complete list of your rights and responsibilities.*



## SUCCESSFUL REPAYMENT TIPS

A student loan is the first credit management experience for many people. To protect your credit history, you must take proactive steps to successfully repay your student loan.

- **START THINKING ABOUT REPAYMENT BEFORE IT BEGINS.** Developing a budget - also known as a spending plan - helps you decide where to spend your money. If you already have a budget, adapt your current plan to include your monthly student loan payment before the grace period or post-enrollment deferment period ends. For information about budgeting and money management, visit [OklahomaMoneyMatters.org](http://OklahomaMoneyMatters.org).
- **RECOGNIZE THAT YOUR STUDENT LOAN PAYMENT IS A FIXED EXPENSE.** Repaying your student loan is not optional, even if you withdraw from school. Remember, your monthly student loan payments are just as important as your rent, car payment or any other fixed monthly expense.
- **MAKE YOUR LOAN PAYMENTS ON TIME!** If you know your payment will be late, contact your loan holder immediately. Most loan holders offer a variety of repayment options to address your needs. Also, if you need more flexibility due to economic hardship, unemployment or other unforeseen circumstances, there are several options to help you keep your account current. Remember to continue making payments until you get confirmation that your deferment or forbearance request has been approved.
- **COMMUNICATE WITH YOUR LOAN HOLDER REGULARLY.** Remember to share any changes in your name, address or ability to repay.
- **KEEP COPIES OF ALL LOAN CORRESPONDENCE.** Carefully read all of your student loan-related correspondence and create a “my student loan” file to hold statements, notices, promissory notes (MPNs) and other important loan documents.



## SUCCESSFUL REPAYMENT TIPS

- **TAKE NOTES.** When talking to your loan holder or servicer, write down the date of the conversation, the name of the representative who assisted you and a brief description of the conversation.
- **RESEARCH OPTIONS TO REDUCE THE TOTAL AMOUNT REPAYED ON YOUR STUDENT LOAN.**
  - Ask if your loan holder offers benefits for automatic payments debited directly from your bank account.
  - Consider making payments during your grace period or post-enrollment deferment period, which will save you interest expenses.
  - If possible, pay more than the required monthly payment. Any additional amount you pay will reduce your outstanding principal balance, resulting in earlier payoff and lower interest costs.
- **ASK QUESTIONS!** This is your money we're talking about. Don't be afraid to ask for help or for more information when you just don't get it.

## WHAT KIND OF LOANS DO I HAVE?

You can access your federal student loan information by visiting the National Student Loan Data System's (NSLDS) website at [NSLDS.ed.gov](https://www.nsls.ed.gov). The system will tell you who services your loans and what types of loans you have. To review your loan information, you'll need your Social Security number, date of birth and your PIN from the FAFSA process.

Once you've logged in, you can see what type(s) of loans you have by clicking on the number to the left of each loan. Any loan that lists the Department of Education as the current guaranty agency is a Direct Loan. Loans listed with other guaranty agencies are Federal Family Education Loan Program (FFELP) loans.



# REPAYMENT PROCESS

## FFELP AND DIRECT STAFFORD LOANS

After you graduate or drop to less than half-time enrollment, you'll receive a six-month grace period before the first loan payment is due.



## GRAD PLUS LOANS

Your first payment is due within 60 days after the loan is fully disbursed. You may receive an in-school deferment on your loan while enrolled at least half-time at an eligible school. For Grad PLUS loans disbursed on or after July 1, 2008, the post-enrollment deferment allows you to defer your loan for the six-month period immediately following the date on which you ceased to be enrolled at least half-time at an eligible school.

Before your first payment is due, you'll receive a repayment schedule\* which includes a description of:

- Available repayment options.
- Outstanding loan balance(s).
- Interest rate(s).
- Fees.

*\*Contact your loan holder if you don't receive this information.*



# REPAYMENT OPTIONS

Loan holders offer several repayment options to accommodate your needs.

## 1. STANDARD REPAYMENT

- Most financially effective way to pay off your loan while minimizing interest costs.
- Payments are due monthly, excluding periods of deferment or forbearance.
- 10-year repayment term.

## 2. GRADUATED REPAYMENT

- Ideal if you expect higher earnings in the future; however, total interest costs are typically higher.
- Monthly payments are lower at the beginning of the repayment period and increase over time.
- 10-year repayment term.

## 3. EXTENDED REPAYMENT

- Only available if you have loans totaling more than \$30,000.
- Choose either the standard to graduated repayment option.
- Repayment term up to 25 years.



## 4. INCOME-SENSITIVE REPAYMENT

- Only available for FFELP loans.
- Appropriate if your income fluctuates, you have substantial loan balances or you need smaller monthly payments; however, total interest costs are typically higher.
- Monthly payments are adjusted based on gross monthly income.
- Payments must cover accruing interest.
- Must be renewed annually.



## 5. INCOME-BASED REPAYMENT

- Appropriate if you're experiencing financial hardship and need to make smaller monthly payments; however, total interest costs are typically higher.
- Monthly payments are adjusted based on gross monthly income and family size and may be adjusted annually.
- If your payment doesn't cover the accrued monthly interest, the U.S. Department of Education will pay the remainder for up to three years.
- Any outstanding loan balance after 25 years of repayment is forgiven.

## 6. INCOME-CONTINGENT REPAYMENT

- Only available for Direct Loans from the U.S. Department of Education.
- Monthly payments are based on annual income, family size and the total amount of loan(s) and may change as income changes.
- Any outstanding loan balance after 25 years of repayment is forgiven; the amount forgiven may be taxable as income.

## 7. LOAN CONSOLIDATION

- Allows you to combine all federal education loans into one loan from a single lender with one monthly payment.
- May extend repayment period up to 30 years.
- Several repayment options available, including standard, graduated and income-sensitive.

*Note: Consolidation loans aren't for everyone. Research the advantages and disadvantages to determine if a consolidation loan is best for you.*



## UNABLE TO MAKE A PAYMENT?

If you experience a temporary situation that affects your ability to make payments, contact your loan holder. You may be eligible for deferment or forbearance.

### DEFERMENT

You may postpone repayment if you submit a deferment request to your lender with evidence that verifies your eligibility. Your loan holder or servicer can provide deferment applications, as well as lists of deferment types and eligibility requirements. Common deferments are made for individuals who are:

- Attending an eligible school at least half-time.
- Conscientiously seeking but unable to find full-time employment.
- Suffering economic hardship as defined by federal regulations.

You're responsible for interest on your **unsubsidized** loans throughout the deferment period, but you're not responsible for interest on your **subsidized** loans.

### FORBEARANCE

Forbearance is another option for people having difficulty making a payment. You may request forbearance to stop making your loan payments for a short period of time, extend your repayment schedule or make lower payments on your loan for a period of time. The Direct Loan Program can grant forbearance in intervals of up to 12 months at a time for up to three years. FFELP loan servicers may grant forbearance for different intervals of time, and the total amount of time allowed in forbearance varies. Ask your loan servicer(s) how much forbearance time is available to you.

You're still responsible for the interest that accrues on your loan(s) during forbearance.



### LOAN CANCELLATION AND FORGIVENESS

Your student loan debt may be forgiven under certain programs or circumstances.

- **Teacher Loan Forgiveness (TLF) Program.** You must have a specific type of student loan, teach certain high-demand subjects for five consecutive complete years, and meet all other participation requirements to have all or a portion of your Stafford loan debt forgiven.
- **Disability.** Your student loan debt may be canceled after a conditional discharge if you become totally and permanently disabled.
- **Bankruptcy.** In general, bankruptcy doesn't discharge student loans. However, in rare cases, loans may be canceled if a petition for relief is filed under the Bankruptcy Code.
- **Discharge.** Some loans may be canceled if you were unable to complete a course of study because the institution closed or if your loan eligibility was falsely certified. Also, part of your loan may be canceled if the school fails to pay a refund that was due on your loan.
- **Death.** If you pass away before completing repayment, your loan debt will be canceled when documentation of your death is submitted to your lender.

### LOAN DEFAULT

If your student loan is more than 270 days delinquent, your loan holder has the right to consider your loan defaulted. Upon default, the remaining balance becomes immediately due and payable. Not only can a defaulted loan negatively affect your credit rating and ability to borrow in the future, default can also result in:

- Loss of eligibility for deferments and forbearances.
- Assessment of collection charges, including attorney fees.
- Wage garnishment.
- Legal action.
- Loss of federal and state income tax refunds.





## WHO DO I CONTACT ABOUT MY LOANS?

Remember, you can access your federal student loan information by visiting the NSLDS website at [www.nsls.gov](http://www.nsls.gov). Click on the number to the left of each loan listing to see who services your loan(s) and what type of loan(s) you have. Questions about your loan(s) can be directed to your lender(s) or servicer(s).

If you have Direct Loan(s), contact the U.S. Department of Education at:

<i>Direct Loan Servicing Center</i>	<i>800.848.0979 (toll-free)</i>
<i>P.O. Box 5609</i>	<i>800.848.0983 (TTY)</i>
<i>Greenville, TX 75403-5609</i>	<i><a href="http://dl.ed.gov">dl.ed.gov</a></i>

If you have FFELP loan(s), you can contact OGSLP at:

<i>Default Prevention Department</i>	<i>800.358.5460 (toll-free)</i>
<i>P.O. Box 3000</i>	<i>405.234.4352</i>
<i>Oklahoma City, OK 73101-3000</i>	<i><a href="http://ogslp.org">ogslp.org</a></i>

### ADDITIONAL CONTACTS

For help with FFELP loan problems that can't be resolved by working with your loan holder, contact our Ombudsman Office at:

<i>OGSLP Ombudsman</i>	<i>800.442.8642 (toll-free)</i>
<i>P.O. Box 3000</i>	<i>405.234.4300</i>
<i>Oklahoma City, OK 73101-3000</i>	<i><a href="mailto:pct@ogslp.org">pct@ogslp.org</a></i>

For help with loan problems that can't be resolved by working with your loan holder or loan guarantor, contact the U.S. Department of Education's Ombudsman Office at:

*FSA Ombudsman/U.S. Department of Education*  
*830 First Street NE, Fourth Floor*  
*Washington, D.C. 20202-5144*

<i>877.557.2575 (toll-free)</i>	<i><a href="http://ombudsman.ed.gov">ombudsman.ed.gov</a></i>
<i>202.377.3800</i>	<i><a href="mailto:fsaombudsmanoffice@ed.gov">fsaombudsmanoffice@ed.gov</a></i>



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