Get ready for life after college

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Let’s get started

So, there are two main types of student loans

Private and

federal loans

- *they're not the same*

So, what’s the difference?

Here's one key difference to remember—federal loans are from the government, and private loans are from a bank or lender, like Sallie Mae®.

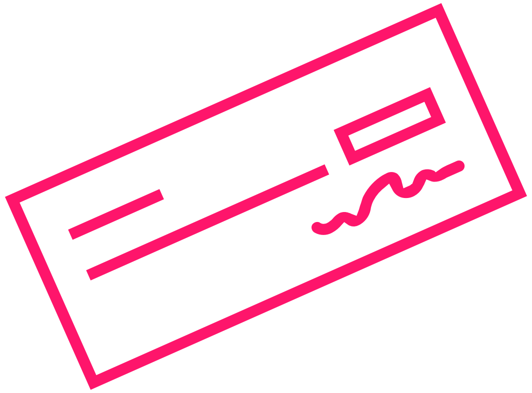
Federal vs Private loans

Federal

- Supplied by the federal government
- Fixed interest rates
- Required the FAFSA®

Private

- Supplied by a bank or lender
- Variable or fixed interest rates
- May have required a cosigner



Types of federal student loans

Direct Subsidized Loans

- Available to eligible undergraduate students with demonstrated financial need
- Interest is paid by the federal government while the student is in school at least half-time and during their six-month grace period

Direct Unsubsidized Loans

- Available to undergraduate and graduate students
- Students are not required to show financial need
- Payments are **not** required while the student is in school and during their six-month grace period, but interest does accrue

Source: https://studentaid.gov

Types of federal student loans for graduate students

Direct Unsubsidized Loans

- Available to eligible undergraduate and graduate students
- Students are not required to show financial need
- Payments are not required while the student is in school and during their six-month grace period, but <u>interest does accrue</u>

Direct Graduate PLUS Loans

- Available to graduate students
- Students are not required to show financial need
- Payments are **not** required while the student is in school and during their six-month grace period, but <u>interest does accrue</u>

Source: https://studentaid.gov

Private student loans

- A loan designed specifically for college financing
- Funded by banks or other finance companies
- Terms and costs vary by lender, so check your prom note for details or contact your loan servicer
- If your loan was cosigned, check out options for cosigner release after you've had a chance to begin successfully making payments. Your servicer can provide details on the criteria and application process.

Loan payments:

What do you pay when?

You are here

How you're paying back your loans	While you're in school	Your grace/separation period (6 months after you leave school)	After grace/separation
You deferred payments while in school	No payments due	No payments due	Make principal & interest payments until the loan is paid off
You've been making payments of a fixed amount or interest-only	Make fixed amount or interest only payments	Keep making payments	Make principal & interest payments until the loan is paid off

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Take a deep breath

- That's what your grace period is for – a time to plan before you start making principal and interest payments on your loans.

- *What's principal and interest?*
- Principal is the amount you borrowed plus any Unpaid Interest that's been added to it.

- Interest is the amount you're charged for borrowing the money. Your payments after your grace period will include both.

Key terms

Interest rate

- The rate charged to borrow money
- The higher the interest rate, the higher the total loan cost

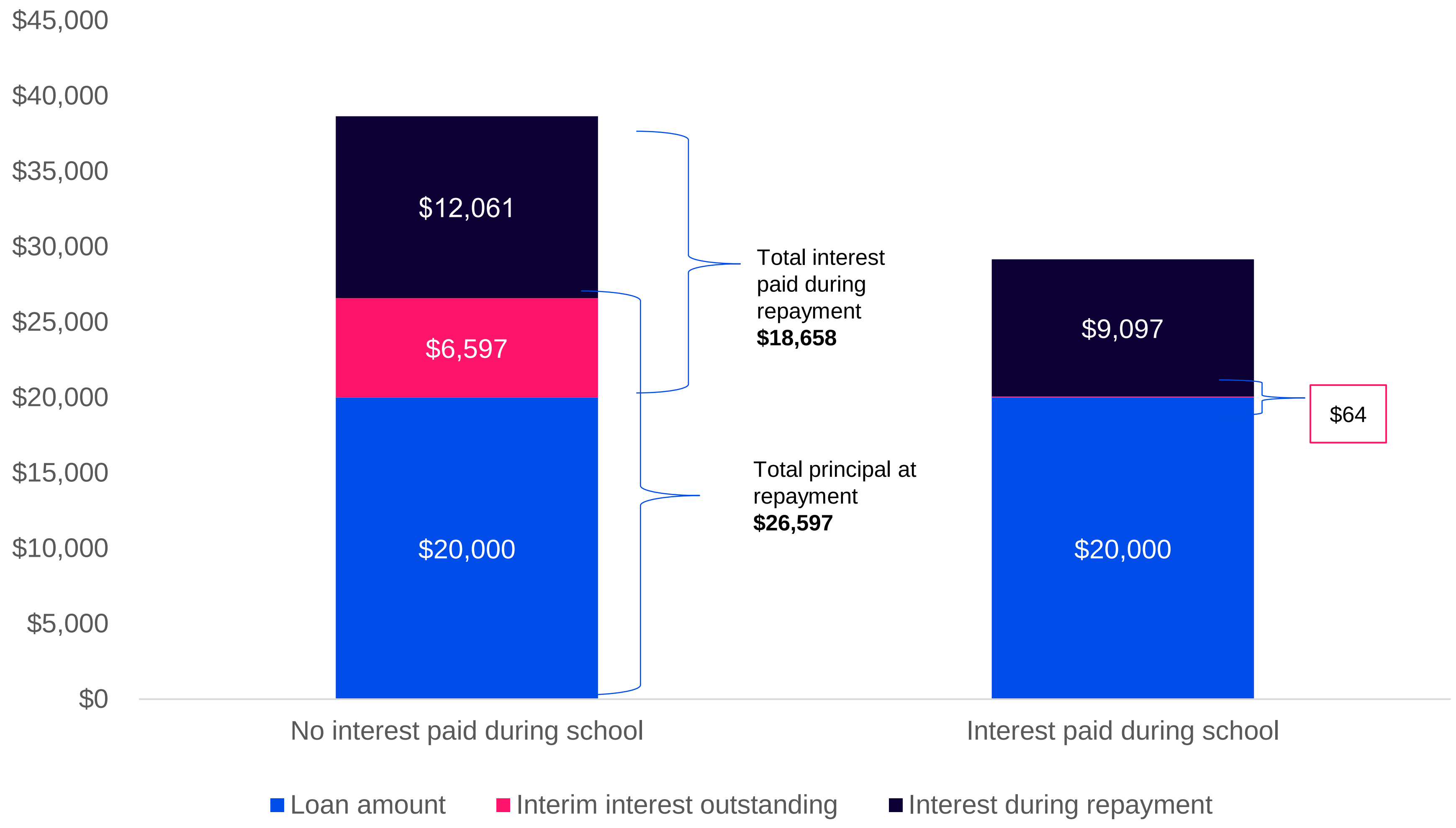
Interest capitalization

- Occurs when unpaid interest is added to the principal amount of the loan, increasing the principal amount that's left

Repayment incentives

- Interest rate reductions
- Credit to loan balance
- Some benefits and repayment incentives impose eligibility requirements

Paying interest can make a difference



$2,964
Savings over the life of the loan by making interest only payments in school.

Assumes a $20,000 loan with an interest rate of 8.00%. Payments begin after a four-year in-school period and a six- month deferment. Example assumes a 10-year repayment period.

Loan payments:
Know what you owe

Make a list of your student loans

Figure out if they’re federal or private loans

- Write down your servicers and their contact info

Gather your loan documents such as promissory notes, disclosures, statements, emails, and letters in a central location or file

Find out when your loans will enter repayment, what your monthly payment will be, and when they’re due

Finding your loans

Looking for info on your federal student loans?

Check out StudentAid.gov

Trying to find your private student loans?

Contact your private student loan provider

Check your loan documents or communications you've received

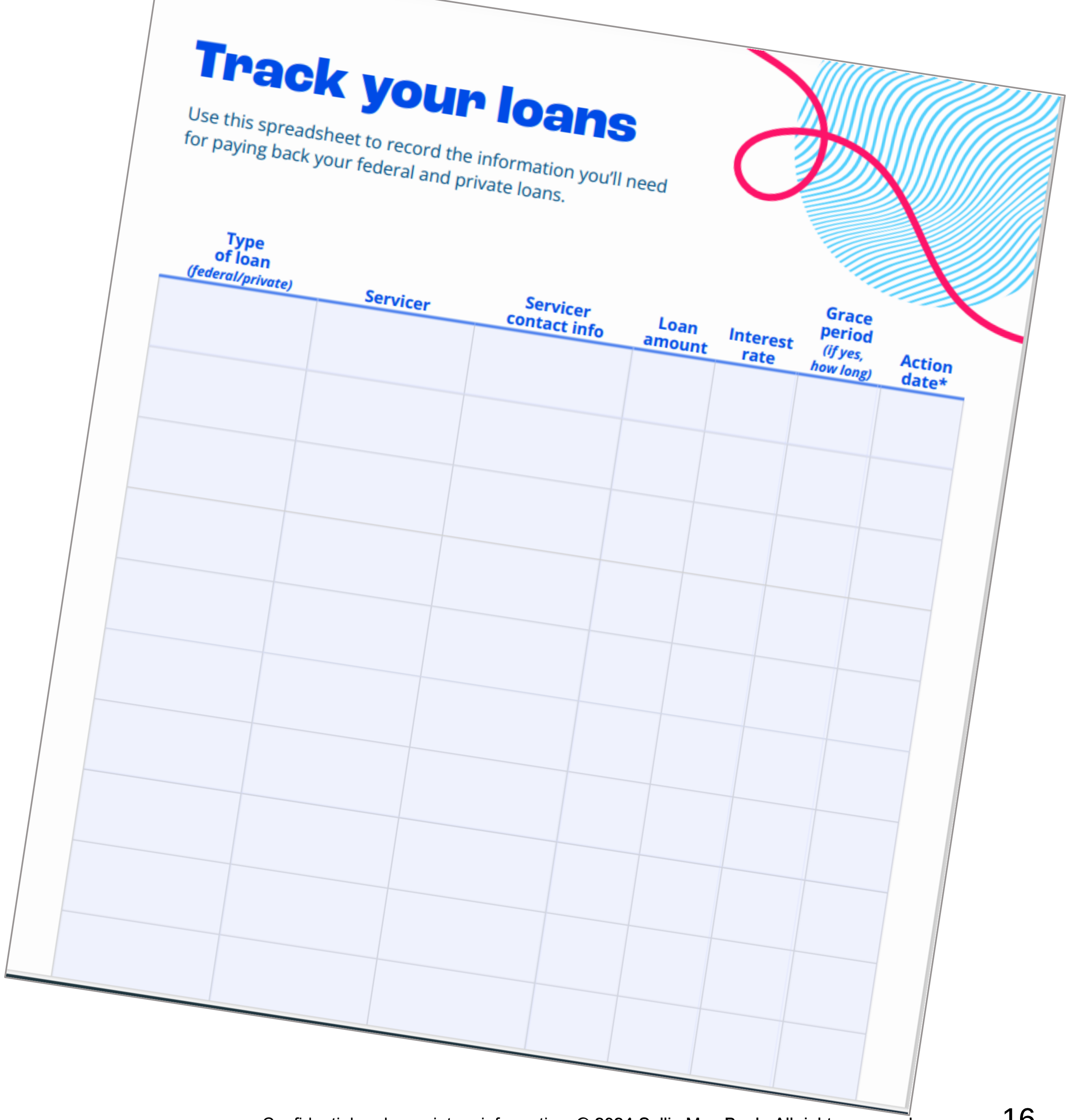
Also, can be found on your credit report

Request a copy of your credit report at AnnualCreditReport.com

Using a spreadsheet or a tracking sheet can really help

You can download ours at:

salliemae.com/studentloanchecklist



Track your loans

Use this spreadsheet to record the information you'll need for paying back your federal and private loans.

Type of loan *(federal/private)*	Servicer	Servicer contact info	Loan amount	Interest rate	Grace period *(if yes, how long)*	Action date*

Repayment options for federal loans

You have options when it comes to how you repay your federal student loans.

Some things to consider:

- Are you planning on continuing your education?
- Will you work in a field where you may qualify for Public Service Loan Forgiveness (PSLF)?
- Do you need a repayment plan that takes your income into consideration when setting your monthly payment?
- Do you want to consolidate your loans?

Whether you choose to use the standard 10-year repayment plan or want to explore income-based plans, it's important to consider the details

StudentAid.gov offers a loan simulator to explore your payment options – check it out!

Tips to organize your loans

You're all over your next moves

- Keep a file of all your loan documents
  - Promissory notes
  - Disclosure statements
  - Annual debt letters
  - Exit interview information
- Open and read student mail and email
- Bookmark student loan servicers' websites
- Notify loan servicers of name and address changes
- Keep important numbers handy

Advice from me to you...

Start with your servicer's app

It makes managing your loans easier. You can check your balances, make payments, change your contact information, and more.

So, if you haven't already done so, download it today!

*Based on available functionality of the Sallie Mae app. Features may vary based on your loan provider.

Looking to boost your money skills?

Tips on how to get started

- First add up your income
  - Calculate your salary and any side hustle earnings so you know how much you're working with
- List your expenses
  - Make a list of all of your bills – don't forget to include things like nights out and streaming services
- Needs vs wants
  - Before you hit 'add-to-cart', ask yourself if you need it

sallie mae

My monthly budget worksheet

Use this worksheet to create a budget and check how you're doing each month compared with your budget goal. The worksheet will total your numbers at the bottom so you can see if you need to make adjustments—like cutting expenses or boosting your income—to reach your goal.

Income	Budget	Actual
Monthly net salary	$	$
Other	$	$
Total income	$	$

Expenses	Budget	Actual
Debt		
Credit card payments	$	$
Student loan payments	$	$
Other	$	$
Education		
Books and supplies	$	$
Fees	$	$
Tuition	$	$
Other	$	$
Entertainment		
Concerts/movies/sporting events	$	$
Other	$	$
Health		
Doctor/dentist	$	$
Life/health insurance	$	$
Care products, prescriptions	$	$
Other	$	$
Food		
Groceries/eat in	$	$
Eat out	$	$
Housing		
Home repair	$	$
Insurance	$	$
Rent/mortgage	$	$
Taxes	$	$
Other	$	$

Expenses	Budget	Actual
Family expenses		
Babysitter	$	$
Day care	$	$
Other	$	$
Miscellaneous		
Clothing/laundry	$	$
Pet supplies	$	$
Other	$	$
Savings		
IRA	$	$
Savings/money market account	$	$
Transportation		
Car payment	$	$
Car insurance	$	$
Car maintenance/repair	$	$
Gasoline	$	$
Public transportation	$	$
Other	$	$
Utilities		
Cable/internet	$	$
Cell phone	$	$
Electricity	$	$
Gas & water	$	$
Total expenses	$	$

Totals	Budget	Actual
Total income	$	$
Total expenses	$	$
Spendable income (Income minus expenses)	$	$

Download our simple budget sheet at salliemae.com/budget or use a budgeting app

Save some money

You want to be debt-free ASAP, right?

Making extra payments may be like hitting fast forward on your student loan

Paying off loans early

- Student borrowers can always prepay federal student loans without penalty
- Some private student loans can be prepaid without penalty as well. Check with your student loan servicer for details
- After making your scheduled monthly payments, consider making additional payments toward loans that have the highest interest rates and/or most frequent capitalization to save you money
- Loan payments are typically applied to

Fees → **Interest** → **Principal**

Want to feel like you’re in control of your debt?

Choose a way to pay and stick to it

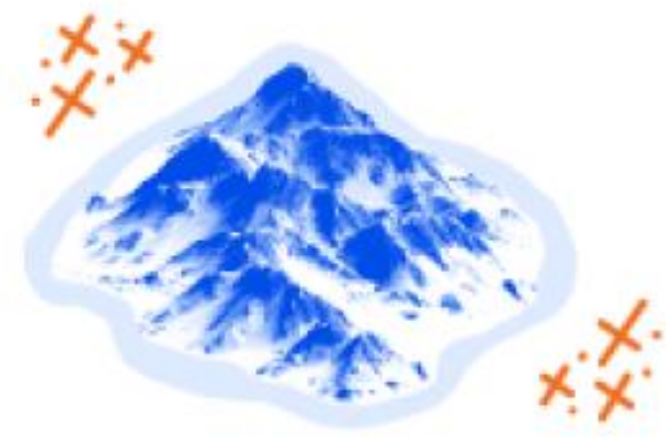
What are the ways to pay?

Snowball

- Knock out your smallest balance first, then move on to the next biggest, and so on.

Avalanche

- Prioritize your highest interest rate, then the next highest, and so on.



Check out benefits such as auto debit

Auto debit benefits

Here’s some more good stuff about it

You’ll save money

Yup- automating your payments can give you a **0.25 percentage point discount**, which is a pretty big win.

No late fees

Since payments are made on time, you’ll avoid late fees (those can add up).

You’ll save time

And effort. Say goodbye to paying bills manually every month.

Auto debit makes everything easier—and you deserve that.

Have you talked to your cosigner lately?

Cosigner conversations are key to your success

Important points to keep in mind

- Start with the basics
  - Your cosigner will need their own online account so they can check in as needed.
- Be transparent
  - Talk about your ability to pay your loan and how you will keep them updated on your progress.
- Make a plan
  - Things happen, and if either of you experience challenges paying the loan, you need to be on the same page about next steps.

Understand your federal loan deferment and forbearance options

Federal loans offer several repayment options as well as deferment and forbearance options.

- Check out studentaid.gov for details
- Take advantage of the Loan Simulator to review repayment strategies
- Contact your loan servicer to apply for deferment or forbearance
  - Remember to complete the necessary forms and return promptly to your servicer
  - Stay in the know
    - Sign up for electronic communications

Private loan repayment

- Unsubsidized for the life of the loan
- Repayment term varies by lender
- Generally, have a grace period prior to the time the student borrower is required to make principal and interest payments
- Residency and internship deferments may be available
- Forbearance and/or deferment may be available
    - Contact your loan servicer for details

Tip

Refer to your promissory note, lender, or servicer to determine your available options

Tax deductions for student loan interest

For more information, see IRS publication 970 or consult a tax advisor

- Borrowers may be eligible for income tax deductions for student loan interest
    - There are eligibility rules, including income limits
- The student must be you, your spouse, or your dependent
- Voluntary payments of interest during school, deferment, or forbearance may be eligible too

This information is not meant to provide tax advice. Consult with a tax advisor for education tax credit and deduction eligibility.

Congratulations - you've graduated!

Remember to:

Stay in contact with your lender/servicer.

Update your contact info when you move.

Read your statements. That way you always get the information you need about your loans.

Reach out to your servicer when you have questions.

Borrow responsibly
We encourage students and families to start with savings, grants, scholarships, and federal student loans to pay for college. Students and families should evaluate all anticipated monthly loan payments, and how much the student expects to earn in the future, before considering a private student loan.

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The borrower or cosigner must enroll in auto debit through Sallie Mae to receive a 0.25 percentage point interest rate reduction benefit. This benefit applies only during active repayment for as long as the Current Amount Due or Designated Amount is successfully withdrawn from the authorized bank account each month. It may be suspended during forbearance or deferment.

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This information is not meant to provide tax advice. Consult with a tax advisor for education tax credit and deduction eligibility.

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Questions

Session Description

It’s never too early to understand important considerations for managing student loan repayment. We’ll share important dates to remember, help you understand interest capitalization, and share valuable tips to help you manage loan repayment. You’ll leave this session with the knowledge, resources, and tools to set yourself up for success.