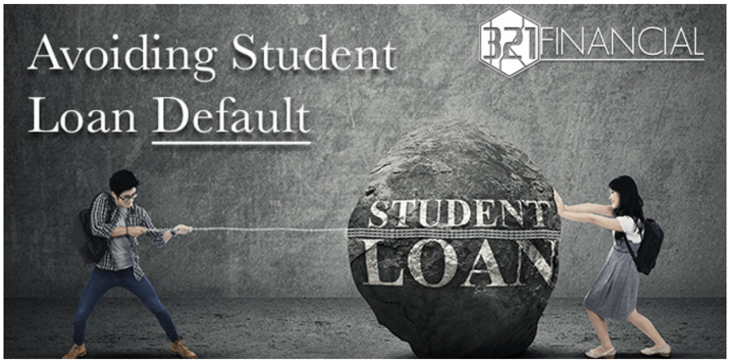


18 May In News Student Loans

Avoiding Student Loan Default

Defining

Defaulting on a student loan means you failed to comply with your loan repayment terms. Delinquency occurs the day you are late on the payment and loan servicers will report delinquencies of 90 days or more to the three major credit bureaus. According to Federal Student Aid, if you are making payments on a federal student loan, it is considered in **default** after you are late 270 days. Communicating with your lenders can keep you from ruining your credit.

Check out these tips to avoiding student loan default:

Prevention

Avoiding student loan default is feasible for those who communicate with the loan servicer. Take the time and ask the necessary questions to understand your loan agreement and the type of loan you are receiving, along with costs and repayment terms.

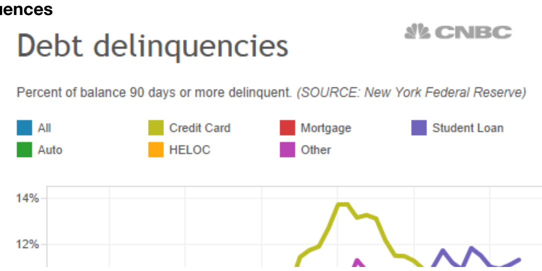
Don't borrow more than you need, as you will be responsible for repaying it. Create a budget to determine your education expenses. Even if you don't complete your education, you are liable for the loan.

Keep records and files of all important loan documents including financial aid award letters, your promissory note, amount owed on all student loans, payment schedules, deferment and forbearance paperwork and a record of the payments you have made. Track your federal student loans by logging into StudentAid.gov/login.

If you can't make the monthly payments:

- Switch repayment plans
- Change your payment due date
- Check eligibility for loan forgiveness
- Apply for a deferment or forbearance
- Consolidate loans into one payment

Consequences



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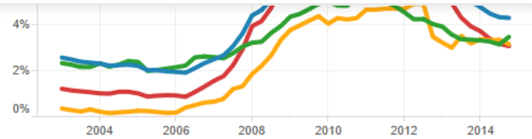

Defaulting on your federal student loan can have devastating results:

- The unpaid loan balance is suddenly due in full, including interest.
- Loss of eligibility for deferment, forbearance and repayment plans.
- Loss of eligibility for additional federal student aid.
- The loan is sent to a collection agency.
- The delinquent loan will be reported to credit bureaus, impacting your credit score.
- Federal and state taxes may be withheld through a tax offset.
- The total student loan debt will increase due to late fees, added interest, collection fees, court fees and attorney fees.
- The federal government can request that your employer garnish your wages to pay off the loan.

Actions

If you are currently dealing with student loans that are in default, there are options.

You can pay the defaulted loan in full or you can apply for loan rehabilitation with your Direct Loan or FFEL Program loan. In this process, you must agree on a reasonable and affordable payment plan. Once your loan is rehabilitated, you may regain eligibility for benefits that were available on your loan before you defaulted.

Other benefits of loan rehabilitation include the removal of:

- Default status on your defaulted loan
- Default status reported to the national credit bureaus
- Wage garnishment
- Any withholding of your income tax refund

Remember in most case student loans are not dismissed in bankruptcy and a defaulted student loan will impact your credit, your financial future and your life.

Readers Rating

Rated 0 stars ★★★★★
0 / 5 (0 Reviewers)

Your Rating

0 Stars!

Miriam Cronkhite On May 18, 2015

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28 May In News Student Loans

How Will You Pay Back Student Loans ?

Struggling to pay back student loans is a concern for Americans nationwide as student loan debt has exceeded a trillion dollars and even surpassed credit card debt.

Federal student loans have a number of repayment options, while private student loans tend to be more limited in terms of repayment plans that adjust the payment. In this article, we will discuss **different types of student loans and options for repayment.** Part two of this article will touch on **affordability and savings throughout the life of the loan.**

Student loan lenders, servicers and collectors must follow the same fair collection practices as other lenders. The Fair Debt Collection Practices Act and the Fair Credit Reporting Act protects the consumer from unsavory means to collect debt. However, after 270 days without a monthly payment, your student loan will be placed in a default status. It is much easier to manage the debt before it goes into default.

Before you try to alter your payment plan, know which type of loan you have. Student loans offer various repayment programs based on the type of loan. For instance, in subsidized federal loans, the government pays the daily interest that accrues and in a Direct Unsubsidized Loan you are not required to show financial need.

Even if a private company services your loan, it might be a federal loan. If you are not sure if your loan is federal or private, discover who your loan servicer is via the National Student Loan Data System, NSLDS(R). Click on “Financial Aid Review,” and then provide your FSA ID username and password. Your loan servicer handles all billing and you make payments to them.

The chart below outlines repayment options available for different loans, categorizing each as a Direct Loan or Federal Family Education Loan.

FDLP – under the Direct Loan program, the government lends directly to students using federal funds provided to it by the U.S. Treasury.

FFELP – under the Federal Family Education Loan, private lenders made federally guaranteed student loans to parents and students. The government guarantees a large portion of the loans, insuring private lenders against default. Because the government was reimbursing defaulted loans, the Health Care and Education Reconciliation Act of 2010 eliminated new lending under the Federal Family Education Loan Program (FFELP). Loans disbursed prior to July 1, 2010, are still serviced under the terms of the FFELP master promissory note.

FDLP (Federal Direct Loan Program) Loans

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Loan Type	Standard	Graduated	Extended (Fixed or Graduated)	Pay As You Earn	Income-Based (IBR)	Income-Contingent (ICR)	Income Sensitive
• Stafford Subsidized • Stafford Unsubsidized • Consolidation • Student PLUS	X	X	X	X	X	X	
• Parent PLUS • PLUS Consolidation	X	X	X				
• Consolidation that includes a parent PLUS Loan	X	X	X			X	

FFELP (Federal Family Education Loan Program) Loans

Loan Type	Standard	Graduated	Extended (Fixed or Graduated)	Pay As You Earn	Income-Based (IBR)	Income-Contingent (ICR)	Income Sensitive
• Stafford Subsidized • Stafford Unsubsidized • Consolidation • Student PLUS	X	X	X		X		X
• Parent PLUS • Consolidation that includes a parent PLUS Loan	X	X	X				X

U.S. Department of Education
Information about your federal student loan

If you don't know, ask about:

- Name of the lender and contact information
- Type of loan
- Loan amount
- Interest rate – fixed or variable
- Loan terms

Examine your financial situation carefully to make sure you are using the repayment option that best meets your ability to pay.

The following repayment plans are available for federal loans:

FEDERAL STUDENT LOANS REPAYMENT OPTIONS

	INCOME DRIVEN	EXTENDED REPAYMENT PERIODS	LOAN FORGIVENESS AVAILABLE
Pay as you Earn	YES	YES	YES
Income-Based Repayment (IBR)	YES	YES	YES
Income-Contingent Repayment (ICR)	YES	YES	YES
Standard Repayment	NO	NO	NO
Graduated Repayment	NO	NO	NO
Extended Fixed Repayment	NO	NO	NO
Extended Graduated Repayment	NO	NO	NO
Income Sensitive Repayment	YES	NO	NO

- Standard – same throughout the life of the loan (minimum = $50)
- Graduated – payments start out low and increase every two years
- Pay As You Earn – based on adjusted gross income, family size and state of residence, direct loans only
- Income-Based (IBR) – based on your income, family size and eligible loan debt
- Income-Contingent Repayment (ICR) – based on adjusted gross income and family size, direct loans only
- Income Sensitive – based on your income
- 25-year Extended Fixed – reduced payments, longer payment period
- 25-year Extended Graduated – lower payments that increase over time, longer payment period

Note that certain repayment plans are even eligible for loan forgiveness. According to Federal Student Aid, IBR plans mean your monthly payment amount will be 15 percent of your discretionary income, will never be more than the amount you would be required to pay under the Standard Repayment Plan and may be less than under other repayment plans. If you make payments under IBR for 25 years and meet all the criteria, any remaining balance will also be cancelled. Federal Student Aid offers a repayment estimator for those who are exploring repayment options based on income.

See part two of this article, coming soon, for more information on the impact that consolidation, deferment, forbearance, interest rates, defaulting, forgiveness, cancellation and discharge will have on the life of your student loans.

Miriam Cronkhite On May 28, 2015

education, repayment, student loan debt, student loans

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29 May In News Student Loans

Options in Paying Back Student Loans

In part one of this article, we reviewed varying types of student loans and repayment options. Now we will discuss the life of the loan, including outcomes resulting from delayed payments, loan forgiveness and consolidation.

Hardships happen. There may be times when you just can't afford to make a student loan payment, so how do you keep your credit from being negatively impacted by delinquent payments?

The answer is fairly simple…communicate. Contact your service loan provider before your payment is overdue. The National Student Loan Data System is an online tool from the U.S. Department of Education that stores all of your federal student aid information in one place. Find out what options are available. Don't let your student loan fall into a default status.

You may qualify for some financial relief with these options:

- Grace Period – federal loans are eligible for one grace period, which usually lasts 6 months and accrues interest
- Deferment – subsidized loans will not collect additional interest during this time and unsubsidized loans will accrue interest
- Forbearance – interest continues to accrue during forbearance no matter what type of loan you have, a temporary solution for those who expect to be able to return to payments within a few months
- Cancellation/Discharge/Forgiveness – in some cases all or a percentage of the loan is discharged

You might even be an applicant for loan discharge, forgiveness or cancellation if you meet the following criteria:

- Death or permanent disability

Extending the life of the student loan generally means additional accrued interest that will be added to the principal balance on the loan. Those who have loans that are in a grace period, deferment, forbearance or in-school status will receive an interest notice instead of a bill. Even though payments are not due, paying interest during these times will minimize the amount of interest added to your loan. This can result in lower monthly payments when you begin repaying the loan. Keep in mind, the interest rates for federal student loans are determined by federal law and categorized by disbursement dates.

pay back student loans 6

Source – Federal Student Aid All interest rates shown in the chart above are fixed rates for the life of the loan.

Rates before 7/1/14

Other options may be more feasible or beneficial. Loan consolidation allows you to combine all your student loans into one, resulting in one single payment that may not save you money, but will make it easier to manage the loan. Even a simple request to change your due date can make a difference in a late or on-time payment.

No matter what your financial situation is, know your options when applying for student loans, while attending school and post-graduation. When paying back student loans, manage the debt by making multiple payments during a month, paying interest during forbearance, reevaluating repayment options yearly, taking advantage of any discounts and applying for forgiveness options.

21 Aug In Credit Student Loans

Should College Kids get Student Credit Cards?

Going into college, most students have no credit at all. Is this the best time to start building credit?

In the past, student credit cards were offered all over every campus tempting students to easily apply and receive student credit cards. The Credit CARD Act of 2009 forbids financial institutions from offering a credit card to anyone under 21 unless they can prove they have income or a co-signer.

In credit score terminology, this is just as debilitating as bad credit. Having no credit means lenders have nothing for which to base a credit approval or denial. So, is it wise to begin building credit history with student credit cards?

Let's weight the benefits and pitfalls of student credit cards:

Benefits

- Students will learn the value of maintaining good credit at an early age.
- A credit card can teach responsible money management.
- This allows time to build credit history, before jumping into the real world.
- It will offer security in case of emergencies for students who are away from home for the first time.
- The card can earn cash back or rewards when used regularly.
- Online transactions with credit cards are more secure than debit card transactions.

Pitfalls

- Student credit cards must be used in order to impact credit, so start with small purchases.
- Misuse of a credit card will hurt one's credit score.
- Irresponsible spending can quickly spiral out of control.
- Many student credit cards have high interest rates that can add up to significant debt.

Students who have reached a certain maturity level will be better candidates for responsible management of student credit cards, but what if you don't qualify for credit approval? How can you begin building credit history?

- To see how a student handles money management, start off with a debit card since it doesn't impact a credit score.
- It may be easier to get approval if you start with a small credit line.
- If your parents have good credit, becoming an authorized user on their account will boost your own credit score, whereas bad credit history on the account can hurt your credit rating.
- Have your parents co-sign for a credit card. Again, both users' credit reports are

impacted by the good for poor management of the account.
- Getting a secured credit card can help build credit history. This means you deposit money to be used on the card, therefore there is low risk to lenders.

Why is building good credit history so important?

- Good credit saves consumers money by qualifying for lower interest rates when:
- Leasing or buying a car
- Renting or buying a home
- Getting quoted for car insurance rates
- Applying for a credit line of any kind

What should you look for when shopping for student credit cards?

In order avoid extra fees and higher rates, shop for the best credit card to suit your needs. Once someone is able to qualify for student credit cards on his or her own, look at fees, interest rates, reward points and special bonuses for students.

For example, Discover offer student credit cards at a 0% intro APR for six months on purchases and 10.99% intro APR on balance transfers. The standard variable purchase APR is 12.99%-21.99%. There is no annual fee, no overlimit fee, and no foreign transaction fee. Additionally, the first late payment will not incur a late fee or increase the APR. Students also receive $20 cash back each school year the GPA is 3.0 or higher for the next five years.

Citi offers student credit cards with 0% intro APR for seven months, with a standard variable APR of 13.99% – 23.99%. Cardholders can earn 2500 bonus after spending $500 within the first three months of card membership. Points can be earned for dining at restaurants and spending on entertainment.

So, should college kids have student credit cards?

Students, who take the time to learn about responsible credit management and apply that knowledge, will benefit from the opportunity to build positive credit history at an early age in order to save money in the future.

Miriam Cronkhite On August 21, 2015

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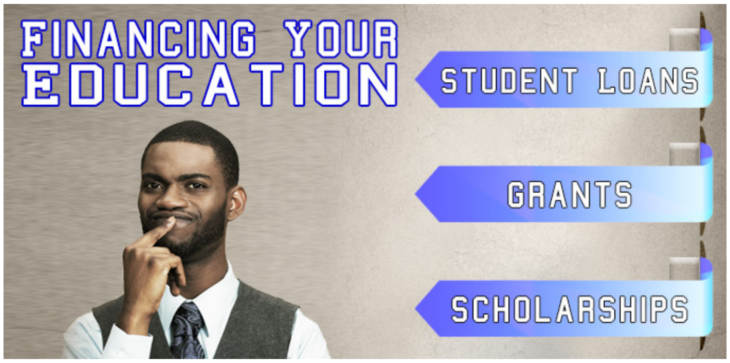

04 May In News Student Loans

What is the difference between loans, grants and scholarships?

U.S. student loan debt has exceeded $1.2 trillion and millions are in default. Financing a higher education can mean a lifetime of debt, but being aware of options for educational funding can save you thousands.

Various avenues for money and lending are available to every student of higher education. Often students are not financially savvy enough to fully understand the long-term impact that these financial decisions will have on the future.

Do you know the difference between loans, grants and scholarships?

	STUDENT LOANS	GRANTS	SCHOLARSHIPS
MONEY FOR HIGHER EDUCATION AND RELATED EXPENSES	✓	✓	✓
MUST BE A STUDENT	✓	✓	✓
MONEY MUST BE PAID BACK	✓		
MONEY AWARDED BASED MAINLY ON FINANCIAL NEEDS		✓	
AWARDED BASED MAINLY ON MERITS			✓
SOURCE: FEDERAL, PRIVATE, STATE	✓	✓	✓

Before taking out multiple student loans, consider these questions:

Have you applied for all the grants that fit your profile?

Grants are free monetary awards that are usually based on financial need. Some grants, such as Pell Grants, are offered without service requirements. Some are tied to research requirements, the case with most graduate students who receive a grant. Funds can come from federal, state, colleges, private or nonprofit organizations.

The U.S. Department of Education offers a variety of federal grants to students attending four-year colleges, universities, community colleges and career schools.

Federal Pell Grants are funds provided by the government to pay for college. The amount of aid you receive is calculated based on financial need, cost of attendance, full or part-time student status and whether or not a student plans to attend school for a full academic year or less.

Federal Supplemental Educational Opportunity Grants (FSEOG) is a grant for

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undergraduate students with exceptional financial need.

Teacher Education Assistance for College and Higher Education (TEACH) Grants provide up to $4,000 a year to students who are completing or plan to complete course work needed to begin a career in teaching. As a condition for receiving a TEACH Grant, an agreement to serve must be signed.

Iraq and Afghanistan Service Grants are for students whose parent or guardian were a member of the U.S. armed forces and died as a result of military service performed in Iraq or Afghanistan after the events of 9/11. Qualifications dictate the student must be under 24 years old or enrolled in college at least part-time at the time of the death.

Apply for any grant for which you may be eligible. Start by submitting a free application for Federal Student Aid (FAFSA) and be sure to meet any application deadlines. Grants and scholarships are often coined “gift aid” because the money doesn’t require payback. While grants are need-based, scholarships can be based on financial need, but are usually merit-based.

Have you pursued any scholarship opportunities that match your abilities and skill sets?

Scholarships are awards that may be awarded based on merit, talent, major, ethnicity or other factors. There are thousands of scholarships available from a multitude of sources including schools, employers, individuals, private companies, professional and social organizations, nonprofits, communities and religious groups.

Merit-based scholarships are given for achieving certain criteria set by the scholarship-giver. Many scholarships require you to be part of a certain group such as the military or a company employee. For an extensive list, visit the U.S. Department of Labor’s scholarship search tool. Apps such as Scholly matches students with appropriate scholarships and keeps track of application deadlines.

Have you examined the difference between private and federal student loans?

Grants and scholarships are gifts, but student loans require repayment with interest. Low-interest student loans can be hard to resist when struggling in college. However, it is vital that you understand the type of loan you are receiving and the terms that accompany it.

Federal student loans have more flexible repayment options, lower fixed interest rates, offer subsidized loans, have no credit requirements and the interest is tax deductible. Repayment options on Federal student loans include opportunities to defer payments, make income-based repayments and enroll in loan forgiveness programs.

Private student loans are non-federal loans, made by a lender such as a bank, credit union, state agency or school. Student loans from private sources offer lower interest rates than standard non-student loans. For those who have exhausted other financing options, private loans can be fairly easy to obtain and can fund the remaining costs of school.

Don’t get buried in student debt. Ask about the terms of the loan before you agree to them. Don’t let free money slip through your hands; apply for many grants and scholarships. Be cautious of taking out student loans that you don’t really need. Protect your financial future by making smart decisions today.

Miriam Cronkhite On May 4, 2015

grants, loans, scholarships, student loans

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2 Comments

Arthur M. July 26, 2015 at 9:14 am Reply

Has anybody tried this service? I am wondering if it's worth it for me to essentially pay money in order to save time.

If anyone has tried this service, is it true that they will fully refund your purchase price if you get any amount of funding from any of the programs on their site? There are a lot of success stories listed but how can I be sure these are legitimate stories? Would it be weird to try to contact one of the entrepreneurs listed on their success stories to see if it's a legitimate business?

Any info would be great, thanks.

Miriam July 27, 2015 at 12:38 pm Reply

Thanks for your response to our informative post about loans, grants and scholarships. We do not deal in student loan repayments, but there are a lot of companies that will manage repayment for you. Get more information on repayment plan options at https://studentloans.gov/myDirectLoan/index.action. Also, when dealing with a third party, verify legitimacy before agreeing to any terms of repayment and get everything in writing.
Contact your loan servicer for information about: Loan Repayment, Deferment and Forbearance. https://studentloans.gov/myDirectLoan/additionalInformation.action

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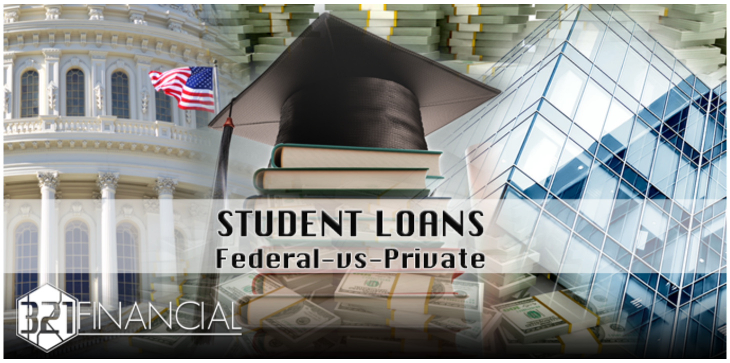

27 Mar In News Student Loans

Student Loans: Federal vs. Private

With higher education comes the burden of the irresistible, accumulated, low-interest student loans.

When in school, students often only work part-time or not at all, focusing on their education instead. When you apply for Federal Student Aid, you can also see the student loans for which you are qualified. Do you understand the differences between types of student loans?

Student Loans: Federal vs. Private…

Federal student loans are Direct Subsidized Loans and Direct Unsubsidized Loans; Direct PLUS Loans (for graduate and professional students or parents); and Federal Perkins Loans. The federal government funds these loans.

Private student loans are nonfederal loans, made by a lender such as a bank, credit union, state agency or school.

What are the differences between federal and private student loans?

See the chart from Federal Student Aid:

Federal Student Loans	Private Student Loans
You will not have to start repaying your federal student loans until you graduate, leave school, or change your **enrollment status** to less than half-time.	Many private student loans require payments while you are still in school.
The **interest rate** is fixed and is often lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student loans.	Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.
Undergraduate students with **financial need** will likely qualify for a **subsidized loan** where the government pays the interest while you are in school on at least a half-time basis.	Private student loans are not subsidized. No one pays the interest on your loan but you.
You don't need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.	Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.
You won't need a cosigner to get a **federal student loan** in most cases.	You may need a cosigner.
Interest may be tax deductible.	Interest may not be tax deductible.
Loans can be consolidated into a **Direct Consolidation Loan**. Learn about your consolidation options.	Private student loans cannot be consolidated into a Direct Consolidation Loan.
If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.	Private student loans may not offer **forbearance** or **deferment** options.

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There are several repayment plans, including an option to tie your monthly payment to your income.	You should check with your lender to find out about your repayment options.
There is no prepayment penalty fee.	You need to make sure there are no prepayment penalty fees.
You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs.	It is unlikely that your lender will offer a loan forgiveness program.
Free help is available at 1-800-4-FED-AID and on our websites.	The Consumer Financial Protection Bureau's private student loan ombudsman may be able to assist you if you have concerns about your private student loan.

There are significant advantages when choosing federal lending over private student loans. Federal loans have more flexible repayment options, lower fixed interest rates, offer subsidized loans, have no credit requirements and the interest is tax deductible. Repayment options on Federal student loans include opportunities to defer payments, make income-based repayments and enroll in loan forgiveness programs.

If you have several federal student loans, consider consolidating them. This can simplify loan repayments and lower the monthly total due for student loans. When managing your student loans, weigh all the options and outcomes that impact your present and future.

Miriam Cronkhite On March 27, 2015

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