

# Student Loan Exit Counseling and Repayment Information

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**You are obligated to pay your loans back, however ...**



**There are resources available for successful repayment.**

# Loan exit counseling

One of the first steps to successful loan repayment is exit counseling. All student loan borrowers are federally required to complete loan exit counseling when they graduate, fall below half-time enrollment status, take a leave of absence, or withdraw from the Institute.

## The objective of exit counseling:

- Acts as an acknowledgement of the loan(s) and reviews your repayment obligations
- Offers important information to assist you in repaying your loans
- Advises you of your rights and responsibilities as a borrower
- Informs you of interest rates, fees, loan balances and repayment terms
- Explains default prevention and consequences
- Furnishes servicers with your new contact info for billing and correspondence
- Provides you with contact info for each servicer
- Prevents future registration if you fail to complete exit counseling

**\*\***In addition to viewing this presentation, you must also complete an online exit interview for each of your loan programs. Links to the respective websites are included at the conclusion of this presentation. **\*\***

# Types of loans

- Federal Loans
  - Direct Loans
    - Subsidized or Unsubsidized
  - PLUS Loans
    - Grad or Parent
  - Perkins Loans
- MIT Technology Loan
- Private Education Loan

Direct Loans (Subsidized/Unsubsidized/Grad Plus/Parent Plus) are serviced by the Department of Education.

Perkins and Technology Loans are serviced by MIT in partnership with Heartland ECSI.

Private loan servicers vary; check your promissory note or paperwork from your lender.

# Loan servicers

Please visit the National Student Loan Data System for Students (NSLDS) at [nslds.ed.gov](https://nslds.ed.gov) to find your servicer.

Direct Loan Servicer	Website	Phone Number
AES	<a href="https://www.aessuccess.org">https://www.aessuccess.org</a>	800-233-0557
CORNERSTONE	<a href="https://mycornerstoneloan.org/">https://mycornerstoneloan.org/</a>	800-663-1662
ESA/EDFINANCIAL	<a href="https://edfinancial.com/DL">https://edfinancial.com/DL</a>	855-337-6884
FEDLOAN/PHEAA	<a href="https://myfedloan.org/">https://myfedloan.org/</a>	800-699-2908
GRANITE STATE-GSMR	<a href="https://gsmr.org/">https://gsmr.org/</a>	888-556-0022
GREAT LAKES	<a href="https://mygreatlakes.org/">https://mygreatlakes.org/</a>	800-236-430
MOHELA	<a href="https://www.mohela.com/">https://www.mohela.com/</a>	888-866-4352
NAVIENT	<a href="https://navient.com/">https://navient.com/</a>	800-722-1300
NELNET	<a href="https://www.nelnet.com/welcome">https://www.nelnet.com/welcome</a>	888-486-4722
OSLA	<a href="https://public.osla.org/">https://public.osla.org/</a>	866-264-9762
VSAC	<a href="https://www.vsac.org/">https://www.vsac.org/</a>	800-798-8722
Perkins and Technology Loan Servicer	Website	Phone Number
HEARTLAND ECSI	<a href="https://www.heartland.ecsi.net">https://www.heartland.ecsi.net</a>	888-549-3274

# Grace period

- A grace period is the time before you must begin repayment on your loan(s)
- The grace period begins based on your last date of attendance
  - This date may differ from your graduation date
  - Example: last date of attendance 5/22/20; graduation date 5/31/20
- Grace periods vary by loan program (see chart on next slide)
- For Direct loans, the grace period allows time to get financially ready and select a repayment plan
- Use your grace period to create a budget for your new monthly expenses
  - Be sure to include your loan payment as a monthly expense

# Loan terms

Loan Type	Interest Rate	Origination Fees	Grace Period	Repayment Plan Options
Direct Subsidized	4.53%	1.059%%	6 Months	Standard 10 years Extended 25 years income based, graduated
Direct Unsubsidized	4.53% undergrad 6.08% grad/prof	1.059%	6 Months	Standard 10 years Extended 25 years income based, graduated
Grad PLUS	7.08%	4.236%	6 Months	Standard 10 years Extended 25 years income based, graduated
Perkins	5.00%	0.00%	9 Months	Standard 10 years
MIT Tech	7.00%	0.00%	9 Months	Standard 10 years
Private	Varies	Varies	Varies	Varies



# Example monthly payments\*

Loan Type	Repayment Period	\$25,000	\$50,000	\$100,000
Federal Perkins, MIT Tech Loan, Direct Loans, Grad Plus, or Parent Plus	Standard 10 years	\$259/month (\$6,135 approx. interest paid)	\$519/month (\$12,270 approx. interest paid)	\$1,038/month (\$24,540 approx. interest paid)
Direct Loans, Grad Plus, or Parent Plus	Extended 25 years	Not eligible	\$279/month (\$33,630 approx. interest paid)	\$558/month (\$67,260 approx. interest paid)
Direct Loans, Grad Plus, or Parent Plus	Graduated 10 years	\$146 starting \$438 ending (\$7,689 approx. interest paid)	\$292 starting \$876 ending (\$15,378 approx. interest paid)	\$584 starting \$1,752 ending (\$30,756 approx. interest paid)
Direct Loans, Grad Plus, or Parent Plus	Extended Graduated 25 years	Not eligible	\$189 starting \$473 ending (\$41,432 approx. interest paid)	\$378 starting \$946 ending (\$82,870 approx. interest paid)

\*Based on Federal Direct Subsidized Stafford Loan with a 4.53% interest rate

# Income driven repayment plans

- Income-driven repayment (IDR) plans are designed to make your student loan debt more manageable by reducing your monthly payment.
- If you need to make lower monthly payments or if your outstanding federal student loan debt represents a significant portion of your annual income, one of the following income-driven plans may be right for you.
  - Revised Pay As You Earn Repayment Plan (REPAYE)
  - Pay As You Earn Repayment Plan (PAYE)
  - Income-Based Repayment Plan (IBR)
  - Income-Contingent Repayment Plan (ICR Plan)
- You cannot complete an IDR if you are in default.
- There is no application fee to apply.
- Under all IDR plans, your monthly payment amount is recalculated annually.
- If you fail to recertify income and family sizes by your given deadline, you will be removed from the plan, unpaid interest will be added to your principal balance (capitalized), and your repayment period may be shortened requiring payment in full sooner rather than later.

# Income driven repayment plans cont'd.

- Under all four plans, any remaining loan balance is forgiven if your federal student loans aren't fully repaid at the end of the repayment period.
- For any income-driven repayment plan, periods of economic hardship deferment, periods of repayment under certain other repayment plans, and periods when your required payment is zero will count toward your total repayment period.
- Whether you will have a balance left to be forgiven at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt.
- Because of these factors, you may fully repay your loan before the end of your repayment period.
- Your loan servicer will track your qualifying monthly payments and years of repayment and will notify you when you are getting close to the point when you would qualify for forgiveness of any remaining loan balance.

# IDR monthly payment amount

IDR Plan	Payment Amount	Repayment Period
REPAYE Plan	10% of discretionary income	<ul style="list-style-type: none"> <li>• 20 years undergraduate loans</li> <li>• 25 graduate or professional loans</li> <li>• Remaining balance <i>may</i> be forgiven and taxed</li> </ul>
PAYE Plan	10 % of your discretionary income, but never more than the 10-year Standard Repayment Plan amount	<ul style="list-style-type: none"> <li>• 20 Years</li> <li>• Remaining balance <i>may</i> be forgiven and taxed</li> </ul>
IBR Plan	<p>10 % of your discretionary income if you are a new borrower on or after July 1, 2014*, but never more than the 10-year Standard Repayment Plan amount.</p> <p>15 % of your discretionary income if you are not a new borrower on or after July 1, 2014, but never more than the 10-year Standard Repayment Plan amount</p>	<ul style="list-style-type: none"> <li>• 20 years if you're a new borrower on or after July 1, 2014</li> <li>• 25 years if you're not a new borrower on or after July 1, 2014</li> <li>• Remaining balance <i>may</i> be forgiven and taxed</li> </ul>
ICR Plan	20 % of your discretionary income or what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income	<ul style="list-style-type: none"> <li>• 25 Years</li> <li>• Remaining balance may be forgiven and taxed</li> </ul>

# IDR repayment example\*

Based on a family size of one with an adjusted gross income (AGI) of \$35,000. No additional federal loan debt. Assumes a 5% increase in income each year. \$50,000 in total loan debt (\$23,000 subsidized and \$27,000 unsubsidized). All loans have a 4.66% interest rate.

	REPAYE	PAYE	IBR	ICR
Initial Payment	\$143	\$143	\$217	\$370
Final Payment	\$606	\$507	\$523	\$439
Time in Repayment	22.9 years	20 years	16.8 years	14.5 years
Total Paid	\$90,779	\$71,171	\$77,191	\$69,676
Forgiven Amount	\$0	\$20,327 (may be taxable)	\$0	\$0

\*\$62,763 total paid under 10-year Standard Repayment Plan

# Prepare a budget

## Calculate expenses

- How much do you spend each month? On what? Factor in unexpected bills (car repair, doctor visits, etc.)

## Determine your income

- Salary, interest dividends, bonuses

## Set saving and debt payoff goals

- Are you saving for something or trying to pay off your loan within a certain timeframe?

## Record spending and track progress

- *Excel* or apps like *MINT* or *Pocket Guard* can be useful in seeing where your money goes.

## Be realistic

- Set attainable goals. If you get off track, getting back on track as soon as possible is key to success.

## Review annually

- As your life changes, so should your budget.

# Default

Default is failure to repay a loan outlined in the agreed promissory note. Most federal student loan default occurs when a payment isn't made for more than 270 days.

## Consequences

- Damages credit rating for 7 years
- Garnish wages
- Withhold any tax refund
- Professional accreditations not renewed
- Loss of eligibility for additional federal student aid
- Collection/legal action

## How to avoid default

- Deferments
- Forbearance
- Different types of payment plans
- Loan forgiveness
- Consolidation

# Deferment and forbearance

## Deferment

Temporary postponement of loan payments for a limited and specified period. Interest *does not accrue* on subsidized loans.

- Not automatic. You must request a deferment from each of your servicers
- Categories for deferment:
  - Pursuing at least half-time study
  - Conscientiously seeking but unable to find full-time employment
  - Experiencing economic hardship (limited)
  - Active duty military service/post active duty
  - Graduate fellowship programs

## Forbearance

Temporary postponement or reduction of loan payments for a limited and specified period. Interest *still accrues* on both subsidized and unsubsidized loans. Maximum eligibility is 3 years.

- Not automatic. You must request a forbearance from each of your servicers
- Categories for forbearances:
  - New job
  - Relocation
  - Life event (marriage, birth, etc.)
  - Any reasonable reason you are having temporary difficulty making payments



# Deferment and forbearance chart

Deferment Options	Perkins	MIT Tech	Direct Sub/Unsub	GradPlus	Parent Plus
Full time Study	Yes	Yes	Yes	Yes	Yes
At least 1/2time study	Yes	Yes	Yes	Yes	Yes
Fellowship	Yes	No	Yes	Yes	Yes
Rehabilitation Training	Yes	No	Yes	Yes	Yes
Unemployment	3 year max	3 year max	3 year max	3 year max	3 year max
Economic Hardship	3 year max	3 year max	3 year max	3 year max	3 year max
Military Service	3 year max	3 year max	3 year max	3 year max	3 year max
Forbearance Options	Perkins	MIT Tech	Direct Sub/Unsub	GradPlus	Parent Plus
Financial Difficulties	3 year max	3 year max	Yes	Yes	Yes
Medical Internship	No	No	Yes	Yes	No
Student Loan Debt Burden	3 year max	No	3 year max	3 year max	No
AmeriCorps	Yes	No	Yes	No	No
Teacher Service (PSLF)	No	No	Yes	No	No
National Guard	No	No	Yes	No	No

# Loan cancellation

- Releases you from all obligations to repay your loans
- You need to contact each loan servicer to apply for loan cancellation
- Options for cancellation:
  - **Total and permanent disability:** No longer able to work due to physical or mental impairment
  - **Death:** Acceptable documentation of proof of death must be received
  - **Closed school:** Your school closes while enrolled and you cannot complete program
  - **Borrower defense to repayment:** A school misleads or engages in other misconduct in violation of certain state laws
  - **Loan Forgiveness Programs**
    - Direct Loan Public Service Loan Forgiveness
    - Federal Perkins Forgiveness Programs
      - Teacher
      - Public Service

# Loan forgiveness programs for Direct Loans

- If you are employed full time by a government or not-for-profit organization, you may be able to receive loan forgiveness under the Public Service Loan Forgiveness (PSLF) Program.
- Qualifying employment for the PSLF Program is not about the specific job that you do but is tied directly to your employer.
- Employment with the following types of organizations qualifies for PSLF:
  - Government organizations at any level (federal, state, local, or tribal);
  - Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code;
  - Other types of not-for-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code, if their primary purpose is to provide certain types of qualifying public services;
  - Serving as a full-time AmeriCorps or Peace Corps volunteer
  - The PSLF Program forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

# Loan forgiveness organizations for Direct Loans

- Emergency management
- Military service
- Public safety
- Law enforcement
- Public interest law services
- Early childhood education
- Public service for individuals with disabilities
- Public service for the elderly
- Public education
- Public health
- Public library services
- Other school-based services

# Loan forgiveness programs for Perkins Loans

## Teacher Cancellation

- Teacher in a low-income school (Title I)
- Special Education Teacher
- Teacher in a field of expertise (math, science, foreign language)
- Early Intervention
- Head Start
- Speech-Language Pathology Service

## Public Service Cancellation

- Nurse or Medical Technician
- Child or Family Services
- Law Enforcement, Corrections Officer, Prosecuting Attorney, Public Defender
- Fire Fighter
- Tribal College/University faculty
- Librarian
- Active Military
- Volunteer Services (Peace Corps/VISTA)

# Consolidation

Consolidation allows borrowers to combine federal student loans into one loan.

## Pros

- One lender/one bill
- Fixed interest rate
- Lower payment
- Deferment/forbearance restarts
- Payment plan options previously not available
- Avoid Default

## Cons

- Loans may become unsubsidized at consolidation
- Interest rate may be higher
- Only certain loans included
- Lose remainder of grace period
- Entitlements under current loan program are forfeited at consolidation

# Rehabilitation

Rehabilitation is an opportunity to remedy a defaulted federal loan and regain eligibility for federal student aid.

- Must make 9 consecutive on-time monthly payments
- Monthly payment is calculated based on income and individual circumstances
- Benefits:
  - Delinquency eliminated
  - Default removed from credit bureau
  - Regain eligibility for Title IV financial aid (after 6 on-time payments)
  - New repayment period may extend to 10 years
- May only successfully rehabilitate one time. If you re-default, you will not be able to rehabilitate a second time.
- All Federal loans are eligible for rehabilitation. Talk to your servicer regarding private loans.

# Things to remember

- **Loans are an obligation!**
- Participate in exit counseling before leaving school
- Notify lenders of any change in your contact information
- Inform lenders of any change in your employment status if it will affect your ability to repay your loans
- Alert lenders of anything that affects your eligibility for deferment
- Designate an authorized third party contact as servicers are not allowed to discuss your account with anyone other than the borrower without permission
- Pay the loan according to the repayment schedule
- Use your grace period to prepare for repayment
- There is no penalty for pre-payment or paying more than the monthly amount
- The type of payment plan you choose will impact the amount of interest you pay over time
- Late payments or late deferment requests will impact your credit
- There are a number of options for student loan borrowers to avoid default
- **Don't ignore your lender! They are there to help!**



# Websites and resources

## Heartland ECSI <https://heartland.ecsi.net>

- Borrower website for loans serviced by MIT

## Mapping Your Future <http://mappingyourfuture.org/sgx>

- For Direct Loan and Direct PLUS combined exits

## Flywire <http://mitloans.flywire.com>

- For international/overseas loan payments to MIT

## Federal Student Aid [Studentaid.ed.gov](http://studentaid.ed.gov)

- Information on federal loan programs

## National Student Loan Data System for Students [nsls.ed.gov](http://nsls.ed.gov)

- View list of all federal loans

## Direct Consolidation Loans [Studentloans.gov](http://studentloans.gov)

- Information and application to apply for consolidation

## Repaying Your Student Loans Guide

<https://studentaid.ed.gov/sites/default/files/repaying-your-loans.pdf>

## Managing Credit

- You can get a free copy of your credit report at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com)

## Repayment Calculators

<http://www.youcanddealwithit.com/borrowers/calculators-and-resources/calculators/loan-repayment-calculator.shtml> or <https://studentaid.gov/loan-simulator/>

## Public Service Loan Forgiveness Help Tool

<https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

## Glossary Of Terms

<https://studentaid.ed.gov/sa/glossary>

# Completing the online exit interview

First, [submit the online certification form](#) to let us know that you have completed this portion of your exit counseling.

If you have multiple loan lenders, you must complete an online exit interview **with each servicer**.

- **Direct loan and/or Grad PLUS borrowers:** Visit <http://mappingyourfuture.org/sgx> to complete exit counseling
- **Federal Perkins and/or Technology loan borrowers:** Visit <https://heartland.ecsi.net> to complete exit counseling. If you have yet to register with ECSI, you will need to do so before you can complete your exit. To login/register you will need the following:
  - **School Code:** WG3
  - **Account number:** Your SSN or MIT ID#
  - **Heartland key:** Contact ECSI at 888-549-3274 to obtain your key
  - Once you have registered, view your account and look under the documents tab to begin the exit interview process.

## Questions and contact

If you have any questions or would like to discuss your specific loan account, please contact me at [loan-services@mit.edu](mailto:loan-services@mit.edu).

Thank you and congratulations!