Student loan exit counseling and repayment information

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Assistant Director for Collections

Student Financial Services
Presentation overview

- Loan exit counseling
- Type of loans
- Loan servicers
- Grace period
- Loan terms
- Monthly payment examples
- Income driven repayment
- Prepare a budget
- Default

- Deferment and forbearance
- Loan cancellation
- Loan forgiveness programs
- Consolidation
- Rehabilitation
- Things to remember
- Website and resources
- Completing the online exit interview
- Questions and contact
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 loans 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.

<table>
<thead>
<tr>
<th>Direct loan servicer</th>
<th>Website</th>
<th>Phone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>AES</td>
<td>aessuccess.org</td>
<td>800-233-0557</td>
</tr>
<tr>
<td>ESA/EDFINANCIAL</td>
<td>edfinancial.com/DL</td>
<td>855-337-6884</td>
</tr>
<tr>
<td>FEDLOAN/PHEAA</td>
<td>myfedloan.org</td>
<td>800-699-2908</td>
</tr>
<tr>
<td>GRANITE STATE-GSMR</td>
<td>gsmr.org</td>
<td>888-556-0022</td>
</tr>
<tr>
<td>GREAT LAKES</td>
<td>mygreatlakes.org</td>
<td>800-236-4300</td>
</tr>
<tr>
<td>MOHELA</td>
<td>mohela.com</td>
<td>888-866-4352</td>
</tr>
<tr>
<td>NAVIENT</td>
<td>navient.com</td>
<td>800-722-1300</td>
</tr>
<tr>
<td>NELNET</td>
<td>nelnet.com/welcome</td>
<td>888-486-4722</td>
</tr>
<tr>
<td>OSLA</td>
<td>public.osla.org</td>
<td>866-264-9762</td>
</tr>
<tr>
<td>VSAC</td>
<td>vsac.org</td>
<td>800-798-8722</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Perkins and Technology loan servicer</th>
<th>Website</th>
<th>Phone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>HEARTLAND ECSI</td>
<td>heartland.ecsi.net</td>
<td>888-549-3274</td>
</tr>
</tbody>
</table>
A grace period is the time before you must begin repayment on your loans.

The grace period begins based on your last date of attendance:
- This date may differ from your graduation date.
- Example: last date of attendance 5/22/21; graduation date 6/4/21.

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

<table>
<thead>
<tr>
<th>Loan type</th>
<th>Interest rate</th>
<th>Origination fees</th>
<th>Grace period</th>
<th>Repayment plan options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Subsidized</td>
<td>2.75%</td>
<td>1.057%</td>
<td>6 Months</td>
<td>Standard 10 years Extended 25 years income based, graduated</td>
</tr>
<tr>
<td>Direct Unsubsidized</td>
<td>2.75% undergrad 4.30% grad/prof</td>
<td>1.057%</td>
<td>6 Months</td>
<td>Standard 10 years Extended 25 years income based, graduated</td>
</tr>
<tr>
<td>Grad PLUS</td>
<td>5.30%</td>
<td>4.228%</td>
<td>6 Months</td>
<td>Standard 10 years Extended 25 years income based, graduated</td>
</tr>
<tr>
<td>Perkins</td>
<td>5.00%</td>
<td>0.00%</td>
<td>9 Months</td>
<td>Standard 10 years</td>
</tr>
<tr>
<td>MIT Tech</td>
<td>7.00%</td>
<td>0.00%</td>
<td>9 Months</td>
<td>Standard 10 years</td>
</tr>
<tr>
<td>Private</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>
## Example monthly payments*

<table>
<thead>
<tr>
<th>Loan type</th>
<th>Repayment period</th>
<th>$25,000</th>
<th>$50,000</th>
<th>$100,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Perkins, MIT Tech Loan, Direct Loans, Grad Plus, or Parent Plus</td>
<td>Standard 10 years</td>
<td>$239/month ($3,623 approx. interest paid)</td>
<td>$477/month ($7,247 approx. interest paid)</td>
<td>$954/month ($14,493 approx. interest paid)</td>
</tr>
<tr>
<td>Direct Loans, Grad Plus, or Parent Plus</td>
<td>Extended 25 years</td>
<td>Not eligible</td>
<td>$231/month ($19,197 approx. interest paid)</td>
<td>$461/month ($38,393 approx. interest paid)</td>
</tr>
<tr>
<td>Direct Loans, Grad Plus, or Parent Plus</td>
<td>Graduated 10 years</td>
<td>$132 starting $395 ending ($4,479 approx. interest paid)</td>
<td>$263 starting $790 ending ($8,959 approx. interest paid)</td>
<td>$527 starting $1,580 ending ($17,918 approx. interest paid)</td>
</tr>
<tr>
<td>Direct Loans, Grad Plus, or Parent Plus</td>
<td>Extended Graduated 25 years</td>
<td>Not eligible</td>
<td>$138 starting $413 ending ($23,829 approx. interest paid)</td>
<td>$275 starting $826 ending ($47,659 approx. interest paid)</td>
</tr>
</tbody>
</table>

*Based on Direct Subsidized Loan with a 2.75% 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 continued

• 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

<table>
<thead>
<tr>
<th>IDR Plan</th>
<th>Payment Amount</th>
<th>Repayment Period</th>
</tr>
</thead>
</table>
| REPAYE Plan | 10% of discretionary income                                                   | • 20 years undergraduate loans  
• 25 graduate or professional loans  
• Remaining balance may be forgiven and taxed |
| PAYE Plan  | 10% of your discretionary income, but never more than the 10-year Standard Repayment Plan amount | • 20 Years  
• Remaining balance may be forgiven and taxed |
| IBR Plan   | 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.  
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 | • 20 years if you’re a new borrower on or after July 1, 2014  
• 25 years if you’re not a new borrower on or after July 1, 2014  
• Remaining balance may be forgiven and taxed |
| 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 | • 25 Years  
• Remaining balance may be forgiven and taxed |
IDR repayment example*

Based on a family size of one with an adjusted gross income 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 2.75% interest rate.

<table>
<thead>
<tr>
<th></th>
<th>REPAYE</th>
<th>PAYE</th>
<th>IBR</th>
<th>ICR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial Payment</td>
<td>$132</td>
<td>$137</td>
<td>$132</td>
<td>$329</td>
</tr>
<tr>
<td>Final Payment</td>
<td>$487</td>
<td>$477</td>
<td>$477</td>
<td>$388</td>
</tr>
<tr>
<td>Time in Repayment</td>
<td>19 years</td>
<td>19 years</td>
<td>19 years</td>
<td>13 years</td>
</tr>
<tr>
<td>Total Paid</td>
<td>$67,289</td>
<td>$67,173</td>
<td>$67,173</td>
<td>$60,861</td>
</tr>
<tr>
<td>Forgiven Amount</td>
<td>$2,329</td>
<td>$2,447 (may be taxable)</td>
<td>$2,447</td>
<td>$0</td>
</tr>
</tbody>
</table>

*$57,2473 total paid under 10-year Standard Repayment Plan with monthly payment of $477
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

<table>
<thead>
<tr>
<th>Deferment options</th>
<th>Perkins</th>
<th>MIT Tech</th>
<th>Direct Sub/Unsub</th>
<th>GradPlus</th>
<th>Parent Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full time study</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>At least half-time study</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Fellowship</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Rehabilitation training</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
</tr>
<tr>
<td>Economic hardship</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
</tr>
<tr>
<td>Military service</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
<td>3 year max</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Forbearance options</th>
<th>Perkins</th>
<th>MIT Tech</th>
<th>Direct Sub/Unsub</th>
<th>GradPlus</th>
<th>Parent Plus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial difficulties</td>
<td>3 year max</td>
<td>3 year max</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Medical internship</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Student loan debt burden</td>
<td>3 year max</td>
<td>No</td>
<td>3 year max</td>
<td>3 year max</td>
<td>No</td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Teacher Service (PSLF)</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>National Guard</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>
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
- Firefighter
- 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 is an opportunity to remedy a defaulted federal loan and regain eligibility for federal student aid.

- Must make nine 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 six 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 heartland.ecsi.net
• Borrower website for loans serviced by MIT

Mapping Your Future mappingyourfuture.org/sgx
• For Direct Loan and Direct PLUS combined exits

Flywire mitloans.flywire.com
• For international/overseas loan payments to MIT

Federal Student Aid Studentaid.ed.gov
• Information on federal loan programs

National Student Loan Data System for Students nslds.ed.gov
• View list of all federal loans

Direct Consolidation Loans Studentloans.gov
• Information and application to apply for consolidation

Repaying Your Student Loans Guide
studentaid.ed.gov/sites/default/files/repaying-your-loans.pdf

Managing credit
• You can get a free copy of your credit report at AnnualCreditReport.com

Repayment calculators
youcandealwithit.com/borrowers/calculators-and-resources/calculators/loan-repayment-calculator.shtml or studentaid.gov/loan-simulator/

Public Service Loan Forgiveness Help Tool
studentloans.gov/myDirectLoan/pslf

Glossary of terms
studentaid.ed.gov/sa/glossary
Completing the online exit interview

Once you finish this presentation, you will need to submit the online certification form, letting 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 mappingyourfuture.org/sgx to complete exit counseling.

- **Federal Perkins and/or Technology loan borrowers:** Visit 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 loan-services@mit.edu 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.

Thank you and congratulations!

And don’t forget to let us know let us know that you’ve completed this portion of your exit counseling.