



Wilkes University

What to do with your loans after graduation?

April 16, 2024

A Better Student Loan Experience.

collegeave.com

Congratulations!

To achieve your education, you may have borrowed loans. This session will help you understand your next steps in managing the repayment of these loans. We will cover the following:

1. Your basic rights and responsibilities as a borrower
2. The consequences of default
3. Tracking your student loans
4. How and when to contact your lender
5. Repayment and repayment strategies
6. Try the calculators!



Note: This presentation is offered in addition to your federal loan exit counseling requirement.

The Basics: Rights and Responsibilities, Consequences of Default

Rights and Responsibilities



- Student loans **must be repaid**, with interest, just like car loans or mortgages.
- You must read and understand your entire promissory note, including the **specific terms and conditions of each loan**. If you no longer have your promissory note, contact your lender or loan servicer and request a copy for your records. You may be able to obtain a copy online.
- You must make all required payments, **regardless of whether you get a bill**, payment notice, coupon or other such notice.
- It is your responsibility to **stay in touch with your student loan servicer** to keep your address and contact information current. Notify your servicer within 10 days of any changes to your name, address, email or other contact information.
- Even if you don't get a job in your field, your **loans are not forgiven or cancelled**.
- You must **open and read your mail** – this includes paper mail, email, texts or other notices from your lender or servicer. They may contain critical information.

The Consequences of Federal Loan Default

What happens if you don't pay your federal loan?

- Payment is **1 day late**: Your account becomes delinquent, and the servicer can charge you a late fee.
- For a loan made under the William D. Ford Federal Direct Loan Program or the Federal Family Education Loan Program, **you're considered to be in default if you don't make your scheduled student loan payments for at least 270 days**.
- For a loan made under the Federal Perkins Loan Program, the holder of the loan may declare the loan to be in default if you don't make your scheduled payment by the due date.

Source: <https://studentaid.gov/manage-loans/default>

The Consequences of Federal Loan Default

Some of the Consequences of Federal Loan Default:

- **Damage to your credit score**
- **Impact on your credit report** for many years
- **Loan acceleration:** the entire unpaid balance of your loan and any interest you owe becomes due immediately.
- **Possible wage garnishment:** This means your employer may be required to withhold a portion of your pay and send it to your loan holder to repay your defaulted loan.
- You can **no longer receive a deferment or forbearance** on the loan.
- You may not be able to purchase or sell assets such as real estate.
- Your loan holder **can take you to court**.
- And more—so please avoid this!

Source: <https://studentaid.gov/manage-loans/default>

The Consequences of Private Loan Default

What happens if you don't pay your private loan?

- If the payment is **30 days (about 1 month) late**: While it takes 270 days to default on a federal loan, you could enter into private student loan default in as few as 30 days. The lender will report the default to the credit bureaus and take other measures to recoup its money. Your account may be sent to collections at this time, but it will depend on each lender's policies.
- Payment is **120 days (about 4 months) late**: The lender will typically send your account to collections, where they will reach out to collect the outstanding amount.

Consequences of Default:

- **Damage to your credit score**
- Long-lasting **impact on your credit report**
- **Loan acceleration**: the lender may ask for immediate full payment of outstanding principal, interest and late fees.
- **Wage garnishment**: requires a court order for private loans. The maximum wage garnishment is 25% of your wages.
- **Debt collection**: your account will be transferred to a debt collector that can pursue collection aggressively, and you may be responsible for collection fees and other costs.
- **Lien on property**: If a lender sues you and wins a lawsuit, they can place a lien on your property, such as your house.

Source: College Ave Blog 'What Happens If You Don't Pay Your Student Loans?', December 27, 2022

Managing and Tracking your Federal and/or Private Student Loans

Know Who You Owe

College Ave Student Loans (Private Loans)

<https://collegeaveservicing.com>

844-803-0736

Email: servicing@collegeave.com

Download mobile app:

College Ave

Payment Address:

College Ave

c/o University Accounting
Services

P.O. Box 5863

Carol Stream, IL 60197-5863

Federal Student Loan Servicer(s)

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Find out which servicer is
assigned to your loans and
how to pay:

<https://studentaid.gov/manage-loans/repayment/prepare-payments-restart>

<https://studentaid.gov/manage-loans/make-payment>

Other Private Loan Servicer(s)



You may owe one or more
private loans back or you may
not have any.

Get organized and start
tracking to know which
private loans you have.

Sample Loan Tracker

College Loan Calculator

Estimated Annual Salary After Graduation: **\$70,000**

It's suggested that your total monthly student loan repayments do not exceed 8% of your first year annual salary.

Your combined current monthly payment is: **\$106.07**

Your combined scheduled monthly payment: **\$106.07**

Percentage of current monthly income: **1.82%**

Percentage of scheduled monthly income: **1.53%**

GENERAL LOAN DETAILS			
Loan No.	Lender	Loan Amount	Annual Interest Rate
10998M88	Woodgrove Bank	\$10,000.00	5.00%
20987N87	Ducat Bank	\$8,000.00	5.00%
Totals		\$18,000.00	
Averages		\$9,000.00	5.00%

LOAN PAYBACK DATA		
Beginning Date	Length (Yrs)	Ending Date
2/3/22	10	2/3/32
5/1/23	10	5/1/33

PAYMENT DETAILS	
Current Monthly Payment	Total Interest
\$106.07	\$2,727.86
	\$2,182.29
\$106.07	\$4,910.15
	\$2,455.08

Total consolidated loan payback:

\$22,910.15

TIP: This is one of the most important items to document. You can confirm these with your servicer(s); be sure to include dates for your graduation and the end of your grace period.

Source: <https://templates.office.com/en-us/college-loan-calculator-tm00000035>

Keep Good Records – To Do List

1. Get all loan documents together
 - Promissory notes
 - Disclosure statements
 - Award letters
2. Exit interview information
3. Open and read student loan mail
4. Bookmark loan servicer's websites
5. Notify your lender of name & address changes
6. Document calls to servicer: date/time of call & person who handled the call
7. Keep important numbers available
8. Consider using an interactive tracking/budgeting tool:
 - Rocket Money (<https://www.rocketmoney.com/>)
 - Marcus: by Goldman Sachs (<https://www.marcus.com/us/en/insights>)
 - Goodbudget (<https://goodbudget.com/>)
 - Nerd Wallet (<https://www.nerdwallet.com/p/mobile-app>)



Source: College Ave Blog – ‘How to Pay for Medical School’, April 15, 2020

National Credit Bureau Agencies

Equifax

- 800-685-1111
- Equifax.com

Experian

- 888-397-3742
- Experian.com

TransUnion

- 800-916-8800
- TransUnion.com

Source: <https://www.annualcreditreport.com/index.action>

Repayment

Grace Period

Grace Period: The time period after a borrower graduates or leaves school before monthly payment of principal and interest begins.



- **Gives you time** to find employment and/or organize your finances before full loan repayment begins.
- The grace period varies according to loan:
 - **Common grace period lengths are 6 months or 9 months**
 - **Check with your servicer(s) and lender(s)** to confirm the grace period and repayment terms during grace period
- Private loans continue to accrue interest during the grace period unless you are paying the interest monthly.
- Taking advantage of a grace period will increase the overall cost of the loan.

Helpful Tip: **Be proactive during your grace period** and use that extra time to secure your situation, establish a budget, and build good financial habits.

Source: College Ave Blog – ‘What is a Grace Period?’, October 20, 2022

Deferment and Forbearance

Deferment: A temporary period when you don't need to make student loan payments.

- Most common reasons are attending school at least half-time or during military service.
- Interest continues to accrue.

Forbearance: Temporarily suspends monthly payments during periods of financial hardship

- Eligibility criteria is broader, but for shorter periods of time (usually 3- or 6-month increments)
- Interest continues to accrue.
- May require a forbearance fee.

Common Reasons for Deferment or Forbearance:

- ✓ In-School
- ✓ Economic Hardship
- ✓ Unemployment
- ✓ Military
- ✓ Emergency Disaster
- ✓ Fellowship/Residency/Internship

Source: College Ave Blog – 'The Difference Between Student Deferment and Forbearance', February 13, 2020

Note: Federal loan information about deferments and forbearance: <https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief>

When to Contact Your Lender/Service

1. Your contact information has changed.
2. If you are using auto-debit and your bank account information changes.
3. You want to make extra or reduced payments.
4. You want to apply your payments in a specific way.
5. You don't understand your billing statement, or the way previous payments were applied.
6. You have fallen behind on your payments.
7. You want to understand borrower benefits.
8. You want to align your payment dates.
9. You return to school at least half-time.
10. You are deployed for the military.
11. You become permanently disabled.
12. You have any additional questions.



Federal Loan Repayment – The Payment Pause Ended 9/1/23

- Interest wasn't accruing for over 3 years (since March 2020)
 - Your Direct Subsidized Loans weren't accruing interest during school (regardless of the payment pause)
 - Your Direct Unsubsidized Loans and Direct PLUS Loans were not accruing interest during the payment pause
 - Interest has been accruing after the payment pause ended
 - You should pay required interest during your grace period after you graduate
- You are not required to make principal payments until your grace period ends
- If you previously had auto-debit set up to pay your interest payments before the payment pause, you have to set it up again now.

Repayment Strategies

Use the Federal Loan Simulator

- <https://studentaid.gov/loan-simulator/>

Which of the following apply to you? [Why do we ask this?](#)

(Select each tile that applies.)

Note: Some tiles require information from a paystub and the use of a calculator. If you have a tax return, you can select “Skip Guided Questions,” and enter your adjusted gross income in the Personal Information section.



I have a job or plan to get one soon.



I filed taxes in the last two years.



I'm married (or will be soon).



I have children or other dependents.



I save for retirement but will pay tax on it later.



I have additional taxable income.



I pay/will pay health insurance premiums through my paycheck.



I contribute to a health savings account or a flexible spending account.

☐ None of these apply to me.



I Want to Find the Best Student Loan Repayment Strategy

[Log In and Start](#)

[Or Start From Scratch](#)

- See how you can lower your student loan payment.
- See how you can pay off your student loans faster.
- Decide whether to consolidate your student loans.

The SAVE Repayment Plan (New August 2023)

- Saving on a Valuable Education Plan (SAVE)
- **Eligible loans:** Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans for grad/professional students, some Direct Consolidation Loans (made to students)
 - **Not eligible:** Direct PLUS Loans for parents and some Direct Consolidation Loans (parents)
- Monthly payment based on income and family size
- You may not even owe any monthly payments
- Adjusted Gross Income (AGI) minus 225% of poverty guidelines for your family size
- Saves interest from accruing over your required monthly payment
- Spouses don't need to cosign your application
- Recertification date of your income can be done automatically if you consent to sharing tax data
- July 2024—required payments will be reduced even further

Source: <https://studentaid.gov/announcements-events/save-plan>

Other Repayment Plans Still Available

1. Standard Repayment Plan
2. Graduated Repayment Plan
3. Extended Repayment Plan
4. Pay As You Earn Repayment Plan (PAYE)
5. Income-Based Repayment Plan (IBR)
6. Income-Contingent Repayment Plan (ICR)
7. Income-Sensitive Repayment Plan
8. *Note: REPAYE Plan replaced with SAVE Plan*

Source: <https://studentaid.gov/manage-loans/repayment/plans>

Public Student Loan Forgiveness (PSLF)

- After 120 payments, your loans can be forgiven
- <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>
- Employed by government or non-profit organization
- **Eligible loans:** Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, Direct Consolidation Loans
 - Not eligible: Federal Perkins Loans, FFEL Loans (older loan program), private loans
- Note: Teacher Loan Forgiveness program also available for Direct Subsidized and Unsubsidized Loans (<https://studentaid.gov/manage-loans/forgiveness-cancellation/teacher>)

Reducing the Total Cost of Your Loan

Loan payments are typically applied first toward fees, then interest, and finally principal – check the promissory notes for additional information. Most education loans can be prepaid without penalty. Consider the following approaches to reducing the total you end up paying:

1. Pay *interest during your grace period* to avoid or reduce capitalization costs.
2. Many private lenders offer a *0.25% interest rate discount for making automatic payments*.
3. Make *bi-weekly payments* instead of monthly payments. This will save you interest over time.
4. *Pay more than the minimum* to reduce loan balance more quickly
5. Possibly refinance.



Source: College Ave Blog – ‘How to Pay Off Student Loans Fast’, January 30, 2020

Repayment Methods for Paying Off Loans

Debt Avalanche Repayment Method

- Prioritize paying off the student loan with the *highest interest rate first* while making minimum payments on all other loans
- Once the first loan is paid in full, focus on the loan with the second highest rate
- Continue this process until the debt is eliminated
- This approach will save you the most money over time.

Debt Snowball Method:

- Prioritize paying off the loan with the *smallest balance first* while making minimum payments on all other loans
- Once the first loan is paid in full, focus on the loan with the next lowest balance
- Continue this process until the debt is eliminated
- This approach isn't as fast as the Debt Avalanche Method, but by reducing the total number of loans outstanding faster, you will feel a sense of accomplishment.

Source: College Ave Blog – 'How to Pay Off Student Loans Fast', January 30, 2020

Impact of Interest capitalization

Interest capitalization occurs when unpaid interest is added to the principal amount of your student loan.

- This usually happens when you enter repayment on your private loan but can vary from lender to lender.
- Capitalization increases your loan's principal balance, and interest is charged on the new, larger balance.
- Your monthly payments may also increase.

Simple Capitalization Example:

Amount Borrowed	\$40,000	
Interest Rate	9.0%	
Academic Program Length	4 years	
Grace Period	6 months	
Full deferment (including grace) Period	60 months	
Total Capitalized Interest	\$18,000	
Monthly Payment	\$735	\$507
Interest Cost (after repayment begins)	\$30,166	\$20,804
Total Interest Paid	\$48,166	\$38,804
Total Cost of Loan	\$88,166	\$78,804

Savings by
paying interest
prior to
capitalization

Calculator: <https://www.hesc.ny.gov/pay-for-college/smart-borrowing/understanding-interest-rates-fees-and-interest-capitalization/interest-capitalization-estimator.html>

Consolidation and Refinancing

What are the Differences?



Consolidation (federal program)

- Combine **multiple federal loans** into one loan with a fixed interest rate that is a weighted average of the underlying loans.
- Not available for private loans.
- **Convenience of one payment.**
- Can lower your monthly payment.
- Longer repayment period.
- More interest.
- May have loss of certain borrower benefits, but access to other repayment and forgiveness options.

Refinancing (federal + private loans)

- Lender buys **one or more of your current student loans (federal and/or private)** and issues a new loan to pay them off.
- New interest rate based on your current credit profile. This may or may not save you money.
- **Convenience of one payment.**
- If including federal loans, will lose all federal loan program benefits. **Please note this if you are looking to qualify for the federal loan forgiveness programs.**
- New loan will come with new terms and benefits. Check with each lender to see which loans they'll cover and how their program works.

Refinancing: Things to Consider



1. Pre-qualify, if available
2. Will you lose any current student loan benefits, such as repayment options? Are these benefits important to you?
3. Is your credit score, income, and debt-to-income sufficient for a lender to approve you for a refinance loan?
 - Will the rate you are offered be lower or higher than your current loans?
 - How does the monthly loan payment compare to your current loans?
4. Will your new loan be considered a student loan or a personal loan? If it's not a student loan, will there be any tax consequences?
5. Will you have to pay any service fees to refinance your student loan?
6. Will you lose any discounts that you've had with your original loans?

Paying More Than the Monthly Payment Saves \$\$\$

	Monthly Payment	Monthly Payment + \$35	Monthly Payment + \$50	Monthly Payment + \$100
Payment Amount	\$307	\$342	\$357	\$407
Time to Repay	10 Years	8 Years, 10 Months	8 Years, 4 Months	7 Years, 2 Months
Total Repaid	\$36,877	\$35,989	\$35,674	\$34,828
Savings	N/A	\$888	\$1,203	\$2,049

Source: <https://www.collegeavestudentloans.com/blog/can-you-refinance-federal-student-loans/> (April 26, 2022)

Final Tips for Managing Your Loans and Finances



Make payments automatically

You won't forget to make your payment and you may reduce your interest rate.



Make payments each and every month

Resist putting off your payments as this will cost you money.



Pay a little extra each month

Extra payments can help you pay off your loan faster.



Create a budget

Track your monthly expenses to help cut out unnecessary items and pay down your debt even faster.



If you fall behind, get help

Call your loan servicer to discuss your options. Changes to your payment plan may provide the flexibility you need.



Build an emergency fund

Aim to save \$500 to \$1,000 to cover unexpected expenses.



Beware of scams

Do your homework. If it sounds too good to be true, it could be a scam.



Don't miss important information

Keep your loan servicers updated with your contact information so that they can keep in touch with you.

Congratulations and Best of Luck!



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College Ave Website

<https://www.collegeave.com>

Payce Cash Back Rewards Program

<https://paycepays.com/collegeave>

Borrower Services

844-422-7502

Online chat: collegeave.com

studentloans@collegeave.com

For Help Servicing or Repaying a Loan

844-803-0736

Online chat: collegeaveservicing.com

servicing@collegeave.com

This presentation is for informational purposes only. It is not intended to be, nor is it fully comprehensive. It does not constitute an offer.

The student loan industry is subject to constant change, and therefore this presentation should serve only as general, background information in summary form and does not purport to be complete.

You are encouraged to further study the subject matter and the factual circumstances specific to you or your institution. Estimates, examples, and forecasts are believed to be reasonable, however it is impossible to accurately forecast the outcome of future events, so while believed to be reasonable, actual results may vary from those contained in this presentation in a materially positive or materially negative manner. Nothing in this presentation constitutes or is designed to constitute financial, tax, accounting or legal advice.

Appendix: Use Available Calculators

<https://www.collegeavestudentloans.com/tools/calculator/refinance-loan-calculator/>

Student Loan Refinance Calculator

Use our refinance calculator¹ to see how much you could save by refinancing your student loan.

YOUR CURRENT LOAN

[Calculate Multiple Loans](#)

Refi Loan Type

Undergrad/Grad

Loan Amount

\$15K \$150K

Remaining Years

10 years 30 years

Current Monthly Payment

\$250

UPDATE CURRENT LOAN

CUSTOMIZE YOUR NEW LOAN

I Want to Reduce My

Monthly Payment ☒ Total Loan Cost

Loan Term (in years)

Lower monthly payments require a longer term

5 years 15 years

Loan Interest Rate Type ⓘ

Variable ☒ Fixed

12.10%

YOUR LOAN BREAKDOWN

Est. Monthly Savings

\$69.01

• Est. new monthly payment • Est. monthly savings

Original Cost with Interest	Original Monthly Payment
\$29,999.93	\$250.00
Est. New Cost with Interest	Est. New Monthly Payment
\$32,578.45	\$180.99

Ready to get started?

CHECK YOUR RATE IN 1 MINUTE →