THE POSITIVES OF BORROWING STUDENT LOANS

- If you work in certain jobs, you may be eligible to have a **portion of your loans forgiven**
- **Flexible repayment** plans with possible loan forgiveness in certain situations.
- **Repaying starts after you graduate** or if you drop below a part-time student
- Loans actually help you **build credit**
- You can qualify to **have the government pay your interest on certain loans** while in school if you have high financial need
- **Competitive interest rates** that won't change unless you consolidate.

HOW MUCH CAN I BORROW?

The maximum amount you can borrow each school year depends on your grade level and other factors. For Direct Subsidized and Direct Unsubsidized Loans (see "Loan Types & Definitions"), the amount ranges from a **maximum of $5,500 per year for a dependent freshman to a maximum of $20,500 per year for a graduate or professional degree student**. The actual amount you are eligible to borrow each year is determined by your school and may be less than the maximum amount. There are also limits on the total amount of your loan debt.

Remember, you can borrow less than your school offers you. You should only borrow what you need.

WHEN WILL I BEGIN REPAYMENT OF MY LOAN?

For most student loans, there is a set period of time after you graduate, leave school, or drop below half-time enrollment before you must begin making payments. Depending on the type of loan you have, this period is called a grace or deferment period—it may last six months. The repayment period begins the day after your grace period ends. Your loan servicer will let you know when your first payment is due. You are responsible for making your payments on time even if you don't receive this information.

Understanding how to repay your federal student loans can save you a lot of time and money.

WHAT ARE THE DIFFERENT REPAYMENT PLAN OPTIONS?

Standard plans: saves you money over time. Monthly payments may be slightly higher than other plans, but you will pay off your loan in the shortest time.

Extended plans: great if you need to make lower monthly payments over a longer period of time.

Graduated plans: if you start with a low income, but expect it to increase steadily over time.

Income-Driven plans: plans are specifically designed to make your student loan debt more manageable by reducing the monthly payment amount.

Income-Sensitive plans: available to low-income borrowers who have a Federal Family Education Loan (FFEL).

For more information on student loans please visit studentaid.gov

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LOAN TYPES & DEFINITIONS

Direct Subsidized Loans: are loans made to eligible undergraduate students who demonstrate financial need to help cover the costs of higher education at a college or career school.

Direct Unsubsidized Loans: are loans made to eligible undergraduate, graduate, and professional students, but in this case, the student does not have to demonstrate financial need to be eligible for the loan.

Direct PLUS Loans: are loans made to graduate or professional students and parents of dependent undergraduate students to help pay for education expenses not covered by other financial aid.

Direct Consolidation Loans: allow you to combine all of your eligible federal student loans into a single loan with a single loan servicer.

Principal: the total sum of money borrowed plus any interest that has been capitalized.

Capitalization: the addition of unpaid interest to the principal balance of a loan.

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