

Student Loan Repayment

Three things you need to know

1. Types of Student Loans

- **Federal Direct Loans**
 - **Stafford Loans** come in two forms:
 - **Subsidized**- No interest accrues while the borrower is in school (half time+) or in deferment.
 - **Unsubsidized**- Interest begins to accrue as soon as the loan is taken out. If possible, borrowers should start paying off this type of loan first.
 - **Perkins**- Subsidized loan held by UCSC and repaid to ECSI. Eligible for career cancellations and consolidation. Congress did not renew Perkins (so we can't disburse any new Perkins loans).
 - **PLUS**- Loan for both parents and graduate students.
 - **University**- Subsidized loan held by UCSC (repaid to ECSI). (Can't be consolidated like Perkins can.)
 - **California Dream Loan**- Loan for students not eligible for federal funding. Repaid to UCSC/ECSI.
 - **Private Loans**- Loans from private lenders. Their terms and conditions vary widely. It should be noted that private loans are generally unsubsidized and can have a variable interest rate. They usually do not offer deferment or forbearance. Credit Unions generally provide more favorable private loans.

2. Your Student Loan Servicer

You will be making payments to your Student Loan Servicer. Direct Loans are typically handled by Nelnet, Navient, Great Lakes, EdFinancial, or FedLoan. Logging into StudentAid.ed.gov is the easiest way to find out who your Direct Loan servicer is. Perkins, University, and Dream Loans are repaid through Heartland ECSI.

3. Your options

Generally speaking, it is in your best interest to pay off your student loans as quickly as possible. If your budget is tight, Direct Loans offer income-based repayment plans. If you can't pay what is owed, call your loan servicer right away to see if you can change your repayment plan or apply for deferment or forbearance.

Repayment Plans

REPAYE Plan	10% of your <u>discretionary</u> income (which is more like 3% of your income).
PAYE Plan	10% of your discretionary income, but never more than a 10 year Standard Repayment Plan.
IBR Plan	10% of your discretionary income if you're a new borrower after July 1st, 2014, but never more than a 10 year Standard Repayment Plan.
ICR Plan	Whichever is lower: 20% of your discretionary income, or what you would pay on a fixed 12-year plan adjusted for your income.

Other Options

Loan Consolidation	Combine Direct and Perkins loans into a single loan, giving you a single monthly payment.
Deferment and Forbearance	Temporarily suspend payments. Under a deferment, borrowers may not be responsible for paying interest. Under a forbearance, borrowers are responsible for paying interest only.

Additional Info/Resources

Forgiveness and Cancellation

- **Direct Loan Forgiveness**
 - **Public Service Loan Forgiveness**- The PSLF forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments while working for a qualifying employer.
 - Qualifying employers are generally: government organizations or not-for-profit 501(c)(3) organizations (state and local government employers qualify).
 - If you think you may qualify, you will need to submit an “Employment Certification for PSLF Form”.
 - **Teacher Loan Forgiveness Program**- Up to \$17,500 in Direct Loans can be forgiven if you teach full-time for five consecutive years at a low-income school or educational service agency.
 - The school must be an Elementary, Middle, or High School, and it must be listed in the Department of Education’s “Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits”.
- **Perkins Loan Cancellation**- Eligibility is based on eligible employment/volunteer service, and applications for cancellation are made through the school’s Perkins Loan servicer.
 - **Perkins Loan Teacher Cancellation**- 100% of your Federal Perkins Loan can be cancelled if you work full-time for 5 years in a public or nonprofit elementary or secondary school system as a teacher.
 - **Other Perkins Loan Cancellation options**- You may qualify for Perkins Loan Cancellation if you work full time as a nurse, medical technologist, teacher, child and family service employee, early intervention employee, law enforcement, corrections officer, public defender, active duty military person in area of hostility, fire fighter, faculty at a Tribal College, librarian, speech pathologist, AmeriCorps VISTA member, or Peace Corps member.

Resources

- Student Loan Servicers:** <https://studentaid.ed.gov/sa/repay-loans/understand/servicers>
- Income-driven Repayment Plans:** <https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>
- Payment Deferment and Forbearance:** <https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance>
- Student Loan Forgiveness and Cancellation:** <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>
- Perkins, Dream, and University Loan Deferment and Cancellation Forms:**
https://sbs.ucsc.edu/loan-information/loan_forms.html
- Student Business Services:**

<https://sbs.ucsc.edu/>

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