SU College of Law Graduating 3L Loan Repayment Questions and Answers

Do You Know What You Owe?  Who Do You Owe?
- The best information about your federal student loans can be found on the National Student Loan Data System (NSLDS) website www.nslds.ed.gov.
- Log onto the “Financial Aid Review” on NSLDS and click on the number associated with each of your federal loans. The current servicer’s name and contact information will be listed on that detailed loan summary.
- Check annualcreditreport.com for non-federal student loan debt.

When Does Loan Repayment Begin?
Many federal loans have a 6-month grace period following graduation (ex. loans borrowed at SU Law, Grad PLUS Loans borrowed after 7/1/08, undergraduate federal loans that did not go into repayment prior to law school). Loans that do not have a 6-month grace period following graduation include: Federal Consolidation Loans, Federal Student Loan debt that was in repayment prior to the student attending law school, and Graduate PLUS Loans borrowed prior to July 1, 2008. For those loans, repayment begins immediately after graduation.

Common Loan Deferments
Deferments are an entitlement if you meet the requirements as specified in the promissory note and provide the necessary documentation to the loan holder/servicer.
- In school (enrolled at least ½ time in a degree program)
- Post Enrollment (Graduate PLUS)
- Full-time enrollment in an eligible graduate fellowship program
- Serving on active duty in the military

Common Loan Forbearances
Forbearance is an agreement between you and your loan holder/servicer that allows for a temporary postponement or reduction of payments.
- Loan Debt Burden (loan payment is 20% or more than your total monthly gross income)
- National Service position (Americorps)
- National Guard
- Hardship or reduced payment may be available (contact servicer for approval)

Should I Consolidate my Federal Student Loans?
Once borrowers leave their “In-School” status, they may combine multiple federal student loans into one new loan with a fixed interest rate (based on the weighted average interest rate of the loans that are being consolidated).
- Borrowers with multiple lenders and/or multiple loan servicers may elect to consolidate for the convenience of making a single payment to a single servicer.
- Borrowers with FFEL debt who plan to pursue public interest jobs must consolidate eligible loans into a Direct Consolidation Loan in order to make qualifying payments for Public Service Loan Forgiveness.
- Federal student loan consolidation is available through the William D. Ford Direct Loan program.
- Apply online at https://studentloans.gov
- Borrowers must select which agency will service their Federal Consolidation Loan (from one of the four Federal Loan Servicers) FedLoan Servicing (PHEAA), Great Lakes Educational Loan Services, Inc., Nelnet, Sallie Mae.
- It could take the federal processor several months to finalize a borrower’s Direct Federal Consolidation Loan Application. Borrowers may apply any time after they leave school and, to avoid forfeiting existing grace periods, select the “Consolidation Hold Option” on the online application.
- Consolidation is not the best choice for every borrower. It is a “forever” decision that can’t be reversed! So, if you have questions about whether or not to consolidate, please contact the College of Law Financial Aid Office at 315-443-1963 or financialaid@law.syr.edu to discuss your options.
What is the Income Based Repayment (IBR) Plan?

The Income Based Repayment (IBR) option may be a solution for people who are having difficulty making their standard monthly loan payment. All federal student loans are eligible and there are no employment restrictions. To qualify, borrowers must demonstrate a Partial Financial Hardship (PFH), based on their household’s adjusted gross income (AGI), household size, the federal poverty guideline, and the state of residence.

- Payments are 15% of discretionary income and could change annually (as a borrower’s AGI increases, the monthly loan repayment amount will increase).
- Payments are applied to interest first and principal last, so negative amortization could occur.
- After 25 years, borrowers may receive loan forgiveness (amount forgiven may be subject to income tax liability).

What is the Pay As You Earn Repayment (PAYE) Plan?

Effective December 21, 2012, this repayment plan is for new Direct Loan borrowers after 10/1/07 and with disbursements on or after 10/1/11. This plan may be a solution for people who are having difficulty making their standard monthly loan payment. Only federal direct loans are eligible and there are no employment restrictions. To qualify, borrowers must demonstrate a Partial Financial Hardship (PFH), based on their household’s adjusted gross income (AGI), household size, the federal poverty guideline, and the state of residence.

- Payments are 10% of discretionary income and could change annually (as a borrower’s AGI increases, the monthly loan repayment amount will increase).
- Payments are applied to interest first and principal last, so negative amortization could occur.
- After 20 years, borrowers may receive loan forgiveness (amount forgiven may be subject to income tax liability).

What is Public Service Loan Forgiveness (PSLF)?

The PSLF Program was developed to encourage borrowers to enter into full-time public service employment. Eligible loans may be forgiven after 120 months of qualifying payments while the borrower works in an eligible public service position.

- Only Federal Direct Loans are eligible (including Federal Direct Consolidation Loans).
- Qualifying payments must be made under a Standard, Income-Contingent (ICR/PAYE), or IBR Plan.
- Eligible employers include: non-profit, tax exempt 501 (c) (3) organizations; federal, state, local, or tribal government; law enforcement, military, public interest law services (including prosecution or public defense or legal advocacy in low-income communities at a non-profit organization); public education, etc.
- The 120 qualifying payments do not need to be made consecutively.

What Tax Benefits are Available to Borrowers?

You may be eligible to deduct a portion of the student loan interest you pay on your federal income tax return. Student loan interest is interest you paid during the year on a qualified student loan. Eligibility for the student loan interest deduction is based on your adjusted gross income. The student loan interest deduction is taken as an adjustment to income, meaning, you are not required to itemize deductions on Form 1040’s Schedule A. Please go to the IRS website for more information on Tax Benefits for Education.

Can my Federal Student Loans be Discharged?

Federal student loans may be discharged if you become totally and permanently disabled or if you die. Discharge will also occur if a loan was falsely certified in your name as a result of identity theft.