

# 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 [StudentLoans.gov](http://StudentLoans.gov)
  - ❖ Use the “Repayment Estimator” on StudentLoans.gov to compare repayment plans
  - ❖ Check [annualcreditreport.com](http://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*.
  
- **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). Federal student loan consolidation is available through the William D. Ford Direct Loan program.

  - ❖ **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 315-443-1962 or [financialaid@law.syr.edu](mailto:financialaid@law.syr.edu) to discuss your options.
  - ❖ If you choose to consolidate, apply online at <https://studentloans.gov>

## Questions to ask before consolidating:

- ❖ **Do I have more than one servicer?**
  - ✓ 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.
- ❖ **Do I hope to pursue Public Service Loan Forgiveness?**
  - ✓ 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**.
- ❖ **Are my monthly payments manageable?**
  - ✓ Depending on your total debt, a consolidation loan could extend repayment up to 30 years. A longer repayment period lowers the monthly payment (but increases the grand total paid).

□ **What are the Repayment Plan Choices?**

Repayment Plan	Payment Structure	Maximum Payment Period	Additional Features
<b>Standard</b>	Fixed	10 Years	<ul style="list-style-type: none"> <li>• May be highest monthly payment</li> <li>• May be lowest total interest paid</li> <li>• No penalty for pre-payment</li> </ul>
<b>Graduated</b>	Tiered	10 Years	<ul style="list-style-type: none"> <li>• Interest-only payments initially</li> <li>• Payments increase incrementally</li> </ul>
<b>Extended</b>	Fixed or Tiered	25 Years	<ul style="list-style-type: none"> <li>• Lowest initial payment without considering income</li> <li>• DL debt must be &gt; \$30,000</li> </ul>
<b>IBR for new borrowers</b> on or after 7/1/14	10% of discretionary income	20 years	<ul style="list-style-type: none"> <li>• Payment is adjusted annually based on household income, household size, federal poverty guideline, and state of residence</li> <li>• Negative amortization is allowed</li> <li>• Payment amount won't exceed 10 year Standard Plan amount</li> <li>• Loan balance forgiven at end of repayment period</li> <li>• Amount forgiven may be subject to income tax liability</li> </ul>
<b>IBR for those who are not new borrowers</b>	15% of discretionary income	25 years	
<b>Pay As You Earn (PAYE)</b> for new borrowers as of 10/1/07 who have DL debt on or after 10/1/11	10% of discretionary income	20 years	

□ **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.