Exit Counseling

Student Financial Assistance
Why do I need to do exit counseling?

- Federal regulations require all federal student loan borrowers to complete an exit loan counseling session shortly before graduating.
  - Failure to complete exit counseling can result in a hold on records.
- Exit counseling provides information on how to effectively manage student loan repayment.
- There are 5 parts to Federal Student Aid exit counseling:
  - **Understand Your Loans** - displays your loan balance.
  - **Plan to Repay** - tools to handle repayment.
  - **Avoid Default** - understand how to avoid delinquency and default.
  - **Finances: A Priority** - how to develop a sound financial plan.
  - **Repayment Information** - collects info about you, references, and preferred repayment plan.
NSLDS is a federal website that utilizes your FSA ID (FAFSA login information) to display all your federal student loan information.

- NSLDS does not display information about private student loans. For that information you will need to contact your private loan lender.
- Parent PLUS loan information will appear in your parents' NSLDS account, not yours.

How to navigate NSLDS:

- Visit [nslds.ed.gov](http://nslds.ed.gov) and click on the “Financial Aid Review” box. Click “Accept”
- Log on using your FSA ID
- Under your profile, you may click on the number to the left of each loan to view the details associated with each loan
- You can view the “Current Servicer” of your loan by clicking on an individual loan
Know Who Your Servicer Is

- A loan servicer is a company that handles the billing and other services on your federal student loan
  - It’s possible your student loan could be sold to a different servicer (ex. Nelnet recently acquired Great Lakes)

- Contact your servicer when you:
  - Need to update your contact information
  - Have questions about your loan
  - Want to change repayment plans
  - Have trouble making your monthly federal student loan payment

- When you complete exit counseling online, your contact information will automatically be provided to your loan servicer
  - You are required to notify your loan servicer of any changes to your contact information (address, email, phone number) after you leave school

- For information on loan servicers, including their contact information, visit StudentAid.gov/servicer
Important Terms

- **Subsidized Direct Loan**
  - Available to undergraduate students with financial need
  - The U.S. Department of Education pays the interest while in school

- **Unsubsidized Direct Loan**
  - There is no requirement to demonstrate financial need
  - Borrower is responsible for the interest while in school

- **Principal**
  - The total sum of money borrowed plus any interest that has been capitalized

- **Accrued Interest**
  - Interest that has accumulated
  - Interest on Direct Loans accrues daily

- **Capitalized Interest**
  - The addition of unpaid interest to the principal balance of a loan

- **Grace Period**
  - Period of time after you graduate when you are not required to make payments
  - You can make payments during your grace period to reduce the amount of capitalized interest before you enter repayment
Repayment options

- When am I required to begin making payments?
  - 6 months after you graduate for most federal student loans

- Sign up for automatic payments - you might even receive an interest rate deduction on your loan!

- Know whether you are eligible for loan forgiveness based on your employer or your job

- One size does not fit all! Find a repayment plan that fits your needs by using the “Repayment Estimator” on StudentLoans.gov
  - Standard
  - Graduated
  - Pay As You Earn
  - Revised Pay As You Earn
  - Income-Based Repayment (IBR)
  - Extended (Fixed or Graduated)
  - Income-Contingent Repayment

- Remember, you can change your repayment plan at any time by contacting your loan servicer
Federal Student Loans: Choose the best repayment option

**Basic Repayment Plans**
- **Standard Repayment Plan**
  - 10 years
  - By default, many grad students are placed into this plan. You’ll pay a fixed amount of at least $50 a month.
  - **Pro**: You’ll pay off your loan faster.
  - **Con**: Your monthly payment might be high.

- **Graduated Repayment Plan**
  - 10 years
  - Monthly payments are lower initially and increase every two years.
  - **Pro**: You’ll pay less per month to start.
  - **Con**: Your loan payments will increase, even if your income doesn’t.

- **Extended Repayment Plan**
  - 25 years
  - Monthly payments are lower, over a longer period of time. They can be fixed or graduated.
  - **Pro**: You’ll pay less per month.
  - **Con**: You’ll pay more in interest. It will take longer to pay off your loans.

**Income-Driven Plans**
- **Income-BasedPay As You Earn Income-Contingent**
  - 20-25 years
  - Depending on the selected plan, you’ll pay between 10% and 20% of your discretionary income toward your loans each month.
  - **Pro**: It simplifies your monthly payment.
  - **Con**: You may pay more in interest over time.

**Other Options**
- **Consolidation**
  - Combines multiple federal loans into one. Your new interest rate is an average of your prior loans’ rates.
  - **Pro**: Most grads with federal loans can consolidate. It simplifies your monthly payment.
  - **Con**: Can’t be undone. If you extend your repayment term, you may pay more in interest over time.

- **Refinancing**
  - Replaces your separate loans with a new loan and interest rate.
  - **Pro**: If you qualify, it could lower your monthly payment and interest rate.
  - **Con**: Not everyone is eligible. If you ‘re-fi’ your loans with a private party, you’ll lose the option to enroll in the plans at left.

Planning on working in public service? Enroll in Public Service Loan Forgiveness, using standard or income-driven repayment, and your remaining loan balance will be forgiven after 10 years.
Managing Your Money

Do you have a budget?
- Following a budget helps you weigh your income with your expenses
- Tips on how to stick with a budget:
  - Learn to say “no”
  - Avoid overspending on food
  - Be smart with credit cards

Are you responsible with credit cards?
- Avoid credit card debt at all costs
- Do not use all your available credit
  - You want to keep your “credit utilization” low
- Pay your balance in full every month
Simple steps to create a budget

- Know how much money you have coming in
- Track your expenses for one month
  - Figure out the necessities versus things you want
  - **Prioritize your spending**
    - Groceries versus Starbucks
    - Rent versus new shoes
- Adjust spending as needed
- Be realistic and give it time
- Don’t forget to include savings and retirement contributions

### Budget Guidelines

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charitable Gifts</td>
<td>10-15%</td>
</tr>
<tr>
<td>Saving</td>
<td>5-10%</td>
</tr>
<tr>
<td>Housing</td>
<td>25-35%</td>
</tr>
<tr>
<td>Utilities</td>
<td>5-10%</td>
</tr>
<tr>
<td>Food</td>
<td>5-15%</td>
</tr>
<tr>
<td>Transportation</td>
<td>10-15%</td>
</tr>
<tr>
<td>Clothing</td>
<td>2-7%</td>
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<tr>
<td>Medical/Health</td>
<td>5-10%</td>
</tr>
<tr>
<td>Personal</td>
<td>5-10%</td>
</tr>
<tr>
<td>Recreation</td>
<td>5-10%</td>
</tr>
<tr>
<td>Debts</td>
<td>5-10%</td>
</tr>
</tbody>
</table>
Budgeting in the palm of your hand

Mvelopes
- Sync to accounts
- Budget first
- Envelope second

Pocket Expense
- Visual spending report
- Add multiple accounts

The Birdy
- Reply to email
- Pie chart
Budgeting in the palm of your hand

BillGuard
- Track spending habits
- Fraud protection
- Swipe right

Mint.com
- Spending & saving
- Budget & earnings
- 401(k), IRA, savings
What is a credit score/report?

- Your credit score is what lenders use to determine whether or not to extend credit to you
  - Think of your credit score like your GPA

- Your credit report summarizes your existing and past lines of credit
  - Think of your credit report like your transcript

- Have you checked your credit report?
  - Everyone can check their credit report once every 12 months, free of charge at Annualcreditreport.com
  - Don’t request all 3 at the same time

- Tips for improving your credit score:
  - Pay your bills on time and pay off debt
  - Keep credit card balances low and don’t sign up for any more
Ways Student Loans Impact Credit

- Student loans are reported within 90 days of disbursement to the 3 major credit bureaus
  - Until the borrower goes into repayment, the status is reported as “open/in good standing” on your credit report
  - Once a borrower enters repayment, the monthly payment amount is reported
- Late payments can negatively impact credit
- A student loan is considered delinquent 30 days after the due date
  - Delinquent status will remain on your credit report for 7 years
  - Loan servicers do not wait around for the borrower to reach out to them
- Your credit report indicates your repayment period and should include all your education loans
Having a difficult time making payments?

- Avoid delinquency- contact your loan servicer BEFORE you miss a payment on your federal student loan
  - You will **default** if you have not made a payment in 270 days (which can result in serious legal consequences)

1. Consider switching repayment plans
   - Don’t forget to ask about plans based on your income or loan forgiveness options

2. Consolidation- the result is a single monthly payment instead of multiple payments to different servicers
   - This could lower your payments but increase the period of time you have to repay (costing more in the long run)

3. Request a deferment or forbearance to temporarily postpone your payments
   - **Deferment**= interest does not accrue
   - **Forbearance**= interest will continue to accrue

Deferments and forbearance **do not** negatively impact your credit report
Loan Forgiveness Options

- Public Service Loan Forgiveness (PSLF)
  - May qualify after making 120 qualifying monthly payments while working full time for a qualifying employer
    - Government organization
    - Peace Corps or AmeriCorps
    - A not-for-profit, tax exempt organization
    - A private, not-for-profit organization

- Teacher Loan Forgiveness
  - Teach full-time for 5 complete, consecutive years in certain schools/agencies that serve low-income families

- Loan Supplements and Educational Awards
  - AmeriCorps
  - Peace Corps
  - TEACH for America
What do I need in order to complete exit counseling?

- Go to StudentLoans.gov to complete exit counseling
- It will take 20-30 minutes and must be completed in a single session
- Know the following information in order to complete exit counseling:
  - FSA ID (FAFSA login)
  - Social Security Number
  - Driver’s License number
  - Contact information for next of kin (nearest relative)
  - Contact information for at least two references
  - Future employer address/phone

Note: You may not list the same person as both your Next of Kin and a Reference