Dear Sycamore,

Are you graduating, withdrawing from Indiana State or dropping your enrollment below half-time? As you prepare to take this next step towards your future, let's make sure you have all the information you need to begin repaying your Federal Direct Student Loans:

Did you take out any Federal Direct Student Loans to help fund your education? *If yes…*

- [ ] Have you completed Exit Counseling?

Even if you're planning to return next semester, you still must complete Exit Counseling. Exit Counseling provides important information to prepare you to repay your student loans. Access Exit Counseling in your Federal Student Aid account (studentaid.ed.gov) using your FSA ID (the same info you use to login to the FAFSA)

- [ ] Do you know how long your grace period is?

After you graduate, withdraw or your enrollment drops below half-time, your grace period is the time you have before you must begin repaying your loans. All Federal Direct Student Loans have a grace period of six-months before you must begin repayment

- [ ] Do you know who your loan servicer is?

Not every student has the same loan servicer! Login to your Federal Student Aid account to learn your loan servicer, view how much you have borrowed, and to begin repayment

- [ ] Have you selected your repayment plan?

Did you know you have multiple repayment plan options, and you can change your plan at any time…for free? Visit the Federal Student Aid website to view a full list of repayment plans, use the Repayment Estimator tool, and learn more about a Direct Consolidation Loan

- [ ] Have you made preparation to repay any private or alternative loans you borrowed?

What if I am...

- [ ] **Planning to return or transferring to another school?**

Even if you are planning to return to Indiana State or you will be transferring to another institution, you must complete Exit Counseling before grace period ends. If you re-enroll at least with half-time status, your loans will continue to be deferred while you are in school

- [ ] **Not planning to continue my education?**

If you are permanently withdrawing, you still must repay your student loans. More information can be found in the attached packet

- [ ] **Unable to make payments on my student loans due to a financial hardship?**

Under certain circumstances, you can receive a forbearance (studentaid.ed.gov) that allows you to stop making your federal student loan payments or temporarily reduce the amount you are paying. Contact your loan servicer to apply. Do not stop making payments unless your application for forbearance is approved

Review the attached packet for full loan repayment details

Loan Servicer

Loan Servicer is an entity that collects payments on a federal student loan, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a loan holder. A loan servicer performs all servicing tasks on behalf of the U.S. Department of Education. A current listing of federal loan servicers for federally held loans made through the Direct Loan Program can be found at ~~**https://StudentAid.ed.gov/sa/repay-loans/understand/servicers**~~.

You can identify the servicer for your Direct Loan(s) by going to the National Student Loan Data System (NSLDS) website at ~~**www.nslds.ed.gov/nslds**~~**_SA/**, and logging in with your FSA ID. The site will open to your Financial Aid History Page. Select one of your loans to see the loan detail. In the section labeled "Make a Payment" you'll find the loan servicer for that specific loan.

Types of Federal Student Loans
(Excluding Consolidation Loans)

	Direct and FFEL Subsidized Loans	**Direct and FFEL Unsubsidized Loans**	**Direct and FFEL PLUS Loans**
Who may receive this loan?	Undergraduate students with financial need	All students	PLUS loans are federal loans that graduate or professional student and parents of dependent undergraduate students can use to help pay for college or career school. PLUS loans can help pay for education expenses not covered by other financial aid
When does the government pay my interest?	While you are enrolled, and for 6 months after you graduate or drop below half-time enrollment. Deferment periods. During certain periods of repayment under the Income - Based Repayment, Pay As You Earn, and Revised Pay As You Earn plans	You pay all interest charged over the course of your loan term	You pay all interest charged over the course of your loan term
When must I begin making payments?	6 months after you graduate or drop below half-time enrollment	6 months after you graduate or drop below half-time enrollment	Most PLUS Loans require you to start making payments 6 months after you leave school or drop below half-time enrollment. Graduate and professional student borrowers with Direct and FFEL PLUS Loans that were disbursed on or after July 1, 2008, receive an automatic deferment while in school and a 6 month deferment after they graduate, leave school, or drop below half-time enrollment

The Master Promissory Note (MPN) is a binding document that you signed before you received your first Direct Loan. It lists the terms and conditions under which you agreed to repay the loan and explains your rights and responsibilities as a borrower. Important: You are responsible for repaying your loan even if you do not complete your academic program, are dissatisfied with the education you received, or are unable to find employment after you graduate.

Repayment

What is repayment?
Repayment is the process of satisfying your obligation to pay back the money you borrowed to help you pay for your education. For Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans as a graduate or professional student the repayment period begins when your grace period ends (see page 2). Direct PLUS Loans for parent borrowers enter repayment when they are fully disbursed (paid out), but parents may defer (postpone) making payments while their child is enrolled in school at least half-time and for an additional six months after your child graduates, leaves school or drops below half-time enrollment.

What determines the rules of my repayment?
You repay your loan according to a repayment plan that you choose through your federal loan servicer. The repayment plan you choose determines the amount you pay each month and the number of payments you must make.

When do I need to start making payments?
You are not required to make payments while you are enrolled at least half time at an eligible school or (for most loan types) during the first six months after you leave school or drop below half-time enrollment.

How long do I have to repay my loan?
The maximum time period over which you must repay your federal student loan is the repayment period. The repayment period can range from 10 years to 30 years, depending on your repayment plan and other factors. By keeping your repayment period as short as possible and by making your payments on time, you reduce the amount of interest you pay over the life of the loan.

Compare Repayment Plans Online
You can get estimates of your monthly payments for each repayment plan. Use your FSA ID to login to the Repayment Estimator at **https: //StudentAid.gov/** .

Repayment Plan Options for Direct Loans and FFEL Program Loans

Repayment Plans	Eligible Loans	Monthly Payments And Time Frame	Eligibility and Other Information
	Traditional Repayment Plans		
Standard Repayment Plan	Direct Subsidized and Unsubsidized Loans, Subsidized and Unsubsidized Federal Stafford Loans, all PLUS loans, all Consolidation Loans (Direct or FFEL)	Payments are a fixed amount that ensures your loans are paid off within 10 years (within 10 - 30 years for Consolidation Loans).	All borrowers are eligible for this plan. You'll usually pay less over time than under other plans. Standard Repayment Plan with a 10-year repayment period is not a good option for those seeking Public Service Loan Forgiveness (PSLF). Standard Repayment Plans for Consolidation Loans is not a qualifying repayment plan for PSLF
Graduated Repayment Plan	Direct Subsidized and Unsubsidized Loans, Subsidized and Unsubsidized Federal Stafford Loans, all PLUS loans, all Consolidation Loans (Direct or FFEL)	Payments are lower at first and then increase, usually every 2 years, and are for an amount that will ensure your loans are paid off within 10 years (within 10 to 30 for Consolidation Loans).	All borrowers are eligible for this plan. You'll pay more over time than under the 10-year Standard Repayment Plan. Generally not a qualifying repayment plan for PSLF.
Extended Repayment Plan	Direct Subsidized and Unsubsidized Loans, Subsidized and Unsubsidized Federal Stafford Loans, all PLUS loans, all Consolidation Loans (Direct or FFEL)	Payments may be fixed or graduated, and will ensure that your loans are paid off within 25 years	You must have more than $30,000 in outstanding Direct Loans. Your monthly payments will be lower than under the 10-year Standard Repayment Plan or the Graduated Repayment Plan. You'll pay more over time than under the 10-year Standard Repayment Plan. Not a qualifying repayment plan for PSLF.

What if I want to pay off my loan early?
You may prepay all or part of your federal student loan(s) at any time without a penalty. If you intend any additional funds you send your servicer to be used to pay down your principal, you must instruct your loan servicer of your intention or the servicer will apply the funds to future scheduled payments.

How do I change my repayment plan?
Contact your loan servicer to select or change your repayment plan. Your loan servicer can explain which repayment plans are available to you. However, if you do not select a repayment plan, your loan servicer will place you on the Standard Repayment Plan with fixed payments over a maximum of 10 years.

What are my options if my federal student loan payments are high compared to my income?
Direct Loans
If your federal student loan payments are high compared to your income, you may want to repay your loans under an income driven repayment plan (Direct Loan) or an income-sensitive plan (FFEL Program Loans). Most Direct Loans are eligible for at least one income-driven repayment plan. If your income is low enough, your payment could be as low as $0 per month.

The Direct Loan Program offers four income-driven repayment plans:

- Revised Pay As You Earn Repayment Plan (REPAYE Plan)
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income- Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

These plans are designed to make your student loan debt more manageable by reducing your monthly payment amount. If you'd like to repay your federal student loans under an income-driven plan, you need to fill out an application.

Flexible Repayment Plan Options for Direct Loans			
Repayment Plans	**Eligible Loans**	**Monthly Payments And Time Frame**	**Eligibility and Other Information**
Income-Driven Repayment Plans			
Revised Pay as You Earn Repayment Plan (REPAYE)	Direct Subsidized and Unsubsidized Loans, Direct PLUS loans made to students, Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents	Your monthly payments will be 10% of discretionary income. Payments are recalculated each year and are based on your updated income and family size. If you are married, both you and your spouse's income or loan debt will be considered, whether taxes are filed jointly or separately (with limited exceptions). Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20-25 years.	Any Direct Loan borrower with an eligible loan type may choose this plan. Your monthly payment can be more than the 10-year Standard Repayment Plan amount. You may have to pay income tax on any amount that is forgiven. A good option for those seeking Public Service Loan Forgiveness (PSLF).
Pay As You Earn Repayment Plan (PAYE)	Direct Subsidized and Unsubsidized Loans, Direct PLUS loans made to students, Direct Consolidation Loans that do not include PLUS loans (Direct or FFEL) made to parents	Your maximum monthly payments will be 10% of your discretionary income. Payments are recalculated each year and are based on your updated income and family size. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20 years.	You must be a new borrower on or after October 1, 2007, and must have received a disbursement of a Direct Loan on or after October 1, 2011. You must have a high debt relative to your income. Your monthly payment will never be more than the 10-year Standard Repayment Plan amount. You'll pay more overtime than under the 10-year Standard Repayment Plan. You may have to pay income tax on any amount that is forgiven. A good option for those seeking Public Service Loan Forgiveness (PSLF).
Income-Based Repayment Plan (IBR)	Direct Subsidized and Unsubsidized Loans, Subsidized and Unsubsidized Federal Stafford Loans, All PLUS loans made to students, Consolidation Loans (Direct or FFEL) hat do not include Direct or FFEL PLUS loans made to parent	Your monthly payments will be 10 or 15 percent of discretionary income. Payments are recalculated each year and are based on your updated income and family size. If you're married, your spouse's income or loan debt will be considered only if you file a joint tax return. Any outstanding balance on your loan will be forgiven if you haven't repaid your loan in full after 20-25 years.	You must have a high debt relative to your income. Your monthly payment will never be more than the 10-year Standard Repayment Plan amount. You'll pay more over time than under the 10-year Standard Repayment Plan. You may have to pay income tax on any amount that is forgiven. A good option for those seeking Public Service Loan Forgiveness (PSLF).
Income-Contingent Repayment Plan (ICR)	Direct Subsidized and Unsubsidized Loans, Direct PLUS Loans made to students, Direct Consolidation Loans	Your monthly payment will be the lesser of 20% of your discretionary income, or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payments are recalculated each year and are based on your updated income, family size and the total amount of your Direct Loans. If you're married your spouse's income or loan debt will be considered only if you file a joint tax return or you choose to repay your Direct Loans jointly with your spouse. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years.	Any Direct Loan borrower with an eligible loan type may choose this plan. Your monthly payment can be more than the 10-year Standard Repayment Plan amount. You may have to pay income tax on any amount that is forgiven. A good option for those seeking Public Service Loan Forgiveness (PSLF). Parent borrowers can access this plan by consolidating their Parent PLUS Loans into a Direct Consolidation Loan.
Income-Sensitive Repayment Plan	Subsidized and Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, FFEL Consolidation Loans	Your monthly payment is based on your annual income. Up to 15 years.	You'll pay more over time than under the 10-year Standard Repayment Plan. The formula for determining the monthly payment amount can very from lender to lender.

Allowing your loan to become delinquent or to go into default can have negative consequences for many areas of your life.

What are the consequences for my federal student aid?

You will lose your eligibility for loan deferments and forbearances, and your eligibility to choose from among the available repayment plans. You will not be eligible for additional federal student aid if you return to school.

What are the consequences for my career and future income?

You may be required to immediately repay the entire unpaid amount of your loan. This process is known as acceleration. You may not be eligible for certain types of employment. Your loans may be turned over to a collection agency, and you will have to pay additional charges, late fees, and collection costs. You may have part of your income withheld by the federal government. This is known as wage garnishment. Your federal and state income tax refunds may be withheld and applied to your debt. This is known as a tax offset.

What are the consequences for my credit rating?

Your credit score will be damaged. You may have difficulty qualifying for credit cards, car loans, or mortgages and will be charged much higher interest rates. You may have difficulty signing up for utilities, getting car or home owner's insurance, or getting a cell phone plan. You may have difficulty getting approval to rent an apartment (credit checks may be required).

Strategies for Avoiding Delinquency and Default

- Select a more appropriate repayment plan
- Finish your program and graduate
- Pay on time
- Stay in touch with your loan servicer
- Deferment
- Forbearance

Estimated Monthly Payments for Direct Loans and FFEL Program Loans

Non-Consolidation Borrowers

Debt When Loan Enters Repayment	Standard		Extended Fixed		Extended Graduated		Graduated	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
$5,000	$58	$6,904	N/A	N/A	N/A	N/A	$40	$7,275
$10,000	$15	$13,809	N/A	N/A	N/A	N/A	$79	$14,550
$25,000	$288	$34,524	N/A	N/A	N/A	N/A	$198	$36,375
$50,000	$575	$69,048	$347	$104,109	$284	$112,678	$396	$72,749
$100,000	$1,151	$138,096	$694	$208,217	$568	$225,344	$792	$145,498

Debt When Loan Enters Repayment	Income Contingent Income = $25,000				Income Based Income = $25,000			
	Single		Married/HOH		Single		Married/HOH	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
$5,000	$37	$8,347	$36	$11,088	N/A	N/A	$39	$8,005
$10,000	$75	$16,699	$71	$22,158	$110	$13,672	$39	$16,081
$25,000	$186	$41,748	$178	$55,440	$110	$45,014	$39	$60,754
$50,000	$247	$93,322	$189	$122,083	$110	$109,623	$39	$92,704
$100,000	$247	$187,553	$189	$170,153	$110	$118,058	$39	$97,020

Consolidation Borrowers

Debt When Loan Enters Repayment	Standard		Extended Fixed		Extended Graduated		Graduated	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
$5,000	$61	$7,359	N/A	N/A	N/A	N/A	$38	$7,978
$10,000	$97	$17,461	N/A	N/A	N/A	N/A	$69	$19,165
$25,000	$213	$51,123	N/A	N/A	N/A	N/A	$172	$55,491
$50,000	$394	$118,264	$394	$118,264	$344	$126,834	$344	$126,834
$100,000	$751	$270,452	$788	$236,528	$688	$253,660	$688	$286,305

Debt When Loan Enters Repayment	Income Contingent Income = $25,000				Income Based Income = $25,000			
	Single		Married/HOH		Single		Married/HOH	
	Per Month	Total	Per Month	Total	Per Month	Total	Per Month	Total
$5,000	$40	$9,414	$38	$12,294	N/A	N/A	$39	$7,818
$10,000	$80	$18,828	$77	$24,587	$110	$17,638	$39	$22,414
$25,000	$201	$47,069	$189	$61,588	$110	$59,451	$39	$52,725
$50,000	$247	$106,630	$189	$137,766	$110	$91,388	$39	$78,816
$100,000	$247	$187,553	$189	$170,153	$110	$117,343	$39	$97,020

Deferment

If you are having temporary problems repaying your federal student loans, contact your loan servicer to see if you are eligible for deferment. A deferment allows you to temporarily stop making payments on your federal student loans. If you have Direct Subsidized Loans you are not charged interest on those loans during deferment. You are never charged a fee for applying for a deferment on your federal student loans.

You may qualify for a deferment if you are:

- enrolled at least half time at an eligible postsecondary school;
- in a full-time course of study in a graduate fellowship program;
- in an approved full-time rehabilitation program for individuals with disabilities;
- unemployed or unable to find full-time employment (for a maximum of 3 years);
- experiencing an economic hardship (including Peace Corps service) as defined by federal regulations (for a maximum of 3 years);
- serving on active duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
- performing qualifying National Guard duty during a war or other military operation or national emergency and, if you were serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for your qualifying service;
- a member of the National Guard or other reserve component of the U.S. armed forces (current or retired) and you are called or ordered to active duty under certain circumstances : (1) while you are enrolled at least half time at an eligible school; (2) within six months of having been enrolled at least half time during the 13 months following the conclusion of your active duty service; or (3) until you return to enrolled student status on at least a half-time basis, whichever is earlier.

Forbearance

If you are having temporary problems repaying your federal student loans and are not eligible for a deferment, contact your loan servicer to see if you are eligible for forbearance. A forbearance is another method of temporarily postponing or reducing loan payments. You are never charged a fee for applying for a forbearance on your federal student loans.

You may be granted a forbearance if you meet one of the following requirements:

- You are unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship and illness.
- You are serving in a medical or dental internship or residency program and you meet specific requirements.
- The total amount you owe each month for the Direct Loans and FFEL Loans you received is 20 % or more of your total monthly gross income (for a maximum of 3 years).
- You are serving in an approved AmeriCorps position.
- You are performing a teaching service that would qualify for loan forgiveness under the requirements of the Teacher Loan Forgiveness Program.
- You qualify for partial repayment of your loans under the Student Loan Repayment Program, as administered by the Department of Defense.
- You are called to active duty in the U.S. armed forces.
- Interest will continue to be charged during a forbearance on all types of loans. If you do not pay this interest, it will be capitalized at the end of the forbearance.

Loan Consolidation

A Direct Consolidation Loan may help make payments more manageable by combining several federal student loans into one loan with one monthly payment. You need to apply for loan consolidation and choose a repayment plan. Depending on the amount of your federal student loans and the repayment plan you choose, you have between 10 and 30 years to repay your Direct Consolidation Loan. (Private education loans are not eligible for consolidation, but they may be taken into account when determining your maximum repayment period under certain repayment plans.)

The interest rate for Direct Consolidation Loans is fixed. The fixed rate is the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest 1/8 of 1 percent. There is no cap on the interest rate on a Direct Consolidation Loan that is made based on an application received on or after July 1, 2013. To learn more, visit **~~https://studentaid.ed.gov/sa/repay-loans /consolidation~~**.

How can consolidation help me manage my debt?

Loan consolidation can offer you benefits to help manage your education debt. Through consolidation, you can make lower monthly payments by increasing your repayment period, and make a single monthly loan payment on one bill to one lender.

As with other types of student loans, you may prepay a Direct Consolidation Loan without penalty and may change repayment plans if you find that your current plan no longer meets your needs. Borrower benefit programs may vary among different lenders.

Is there a downside to consolidation?

Although consolidation can help many students manage their monthly payments, there are some cases when a Direct Consolidation Loan may not be right for you: You may lose repayment incentives on loans made under the FFEL Program that you consolidate. Any outstanding interest on the loans you consolidate will be capitalized immediately upon consolidation. Because Direct Consolidation Loans can have a repayment period of up to 30 years, you may be increasing the total amount you have to pay in interest. If you're paying your current loans under an income-driven repayment plan, or if you've made qualifying payments toward Public Service Loan Forgiveness, consolidating your current loans will cause you to lose credit for any payments made toward income-driven repayment plan forgiveness or Public Service Loan Forgiveness. If you consolidate Perkins Loans, you lose eligibility for cancellation benefits that are available only for Perkins Loans, and you also lose eligibility for Perkins Loan interest subsidy benefits.

Loan Forgiveness and Discharge

Under certain circumstances, you may have all or a portion of your federal student loans forgiven or discharged. Contact your loan servicer for details. If you are unsure of your loan servicer, please visit ~~www.nslds.ed.gov/nslds~~_SA/ for information pertaining to your loans.

Financial Planning and Debt Management

Every successful aspect of your life requires planning, whether it is planning a weekend or planning a year-long project. Personal financial planning might be the most important of all because it can help secure your future.

- Create a monthly budget
- Set short - and long-term goals for paying off debt
- Save for retirement and other goals
- Create a monthly spending plan and spend wisely
- Take advantage of education-related tax incentives
  - Visit IRS Tax Benefits for Education at www.irs.gov/uac/Tax-Benefits-for-Education:-Information-Center and IRS Information for Students at ~~www.irs.gov/Individuals/Students~~

You are required to provide your current contact information to your loan servicer. If you complete the Department's exit counseling online at ~~studentloans.gov~~, your contact information will automatically be provided to your loan servicer. You are also required to notify your loan servicer of any changes to your contact information after you leave school.

Need More Information, or Have a Comment?

If you are a borrower with questions about the Direct Loan Program or your Direct Loans, you should contact your loan servicer, or the websites or the offices described in the content of this publication.

If you have general questions about the federal student aid programs, you may call the Federal Student Aid Information Center (FSAIC).

Toll Free Phone:
1-800-4-FED-AID (1-800-433-3243)

Email:
studentaid@ed.gov

If you are unable to resolve the issue with your loan servicer, then you may contact the FSA Ombudsman Group. The FSA Ombudsman Group works to resolve disputes from an impartial, independent viewpoint.

US DOE FSA
Ombudsman Group
830 First St. NE
4th Floor, UCP-3/MS 5144
Washington, DC 20202-5144

Toll Free Phone:
1-877-557-2575