Loans and Loan Repayment for Current Undergraduates

1. As far as you know, when do you plan to graduate from OSU? How many terms after this one will you be taking courses? Estimate if needed (use the Planner in MyDegrees to help you plan this out if you haven't yet!).

2. Go to https://nslds.ed.gov/nslds/nslds_SA/, the National Student Loan Data System. Click on "Financial Aid Review" and login using your FSA (FAFSA) login. If you have any federal student loans, you should see them listed on the page. Click on the number to the left of each loan in order to get additional information about each loan (alternatively, you could just log in to your servicer(s) to quickly find all of this information). **Please complete the below chart with any loans you have.** If you have any private loans, please find and include that information from your loan provider. *Be sure to note whether or not you are accruing interest! You can actually choose to pay that interest as you go, if possible. It would help you get in the habit of paying your loans (super important) and it would reduce how much you pay in the long run (interest is usually capitalized, meaning you'll pay interest on interest, once your loan goes from non-repayment status to repayment status)! Add or remove rows as needed. The final column should be yes/no, and it's asking whether you have already created an online account with the servicer of that loan.

Name/Type of loan	Servicer	Interest Rate	Accrued Interest	Amount of Loan	Account with Servicer? Y/N

3. Back on the main Financial Aid Review page, you should see something called **Pell Lifetime Eligibility Used.** *You can't receive more than 600%, so it's helpful to keep an eye on this amount so you know if you should plan for losing your Pell before you complete your degree. 100%=3 full terms. If you take summer classes + 3 terms then you'll use more than 100% in one year. **If you are Pell eligible, what percentage have you used? Based on your expected timeline for completing your degree (from question 1), do you expect to complete your degree before running out of Pell eligibility?**

4. Briefly, what is your plan to pay your tuition and living expenses until you graduate?

5. Do you anticipate needing to take out (additional if you already have some) loans before graduation? If so, how much (more) in loans do you think you'll need?

6. If you expect to take out additional federal loans, check the chart under "How much can I borrow" at this link https://studentaid.ed.gov/sa/types/loans/subsidized-unsubsidized to make sure the total federal loans you want are below the loan limits. *For those of you planning to also attend graduate or professional school, please put your expected loan debt for both undergraduate and graduate/professional school (using your best estimates). [Just so you know, once you have a bachelor's degree, you no longer have access to the unsubsidized loans or Pell grants.] Note that certain health profession programs may have different limits, so talk to the financial aid office at the institution you plan to attend to find out what the limits are. **Adding up the loans you have and the loans you expect to take, what is your expected loan debt at graduation?** **If you're taking out private loans, it'd be a good idea to log in to your servicer website to get an idea of what repayment will look like.

Expected federal loan debt: Is this below the federal loan limit?	Expected private loan debt: Range of expected private loan monthly payments:

7. **Is anyone else taking out loans for your education?** Will you be expected to contribute to repayment (fully or partially)? How much have they taken or how much do you anticipate that they'll take? **If you'll be expected to contribute to monthly payments, how much do you think you'd need to contribute monthly?** *Be very careful in committing to pay someone else's loan, even if it's for your education! Since it's not your loan, the debt won't be included in any repayment plan options (that we're about to go through), so you may find you don't have additional disposable income to contribute.

8. Go to the Career Development Center's "What Can I Do with my Major" site here, https://career.oregonstate.edu/students/career-major-exploration/choosing-or-changing-major/what-can-i-do-my-major. Click on your major, and find a job title that you're interested in out of college. Click on "pay and growth", which will take you to the Bureau of Labor Statistics Occupational Employment Statistics for that job title. Alternately, you can go directly to the OES website (https://www.bls.gov/oes/home.htm) and search for the job title there (on the left where it says "SEARCH OES"). Scroll down to the blue map, where you can see annual mean wage of that job title by state. Choose the state you anticipate living in (it's okay if you don't know, make a guess) and hover over that state on the blue map (if there is no info for your state, scroll up to the top and use the percentile wage estimates for this occupation). **Choose 25th, 50th, and 75th percentile annual salaries, and write them down below** (feel free to slightly reduce or increase based on the industry you intend to work in if the top of this site shows that you should be expecting higher or lower numbers in your intended industry). If you'd like to look up a second or third job title, feel free to do so and add rows below with that information.

Job Title and State	25th% annual salary	50th% annual salary	75th% annual salary
Divide each salary by 12 to estimate monthly salary			

9. Now, go to the Federal Student Aid Repayment Estimator website here: https://studentloans.gov/myDirectLoan/repaymentEstimator.action#.

a. If you have federal student loans, log in with your FSA ID. If you don't have student loans, you can skip logging in.
b. Add any expected loans so that your total federal loan debt is the same as your answer for number 6 (including undergraduate and graduate school, if applicable, but not including private loans since they will have different repayment terms and plans). *Note that if this is the middle of the school year, you'll need to add any additional expected loans that haven't already been disbursed this year as well.
c. If you don't currently have any loans, and don't anticipate taking any out, let's just go ahead and imagine if something were to change and you ended up having to take out a small amount of loans. Choose something like $3,000-5,000 of subsidized loans at 4.45% interest rate and add that.
d. Once your loans are in, select the appropriate answers for now, or what you anticipate within 6 months of graduation for: tax filing status, dependents, marital status, and state of residence. For AGI, put the 25th percentile number from question 8 in first (unless you are/expect to be married, in which case add the 25th percentile to how much your partner makes, but also make sure to add their loan debt as well!). *Note that AGI isn't exactly overall salary, there are other things that play into it, but we're going to simplify it in this activity to just salary. Of course if you happen to have a better estimate of what your AGI is, feel free to use that number.
e. Do you expect to potentially work for a company that would fall under PSLF (government employer, Tribal college, 501(c)(3) non-profit, or 501(a) non-profit as long as the activities are unrelated to religious instruction, worship services, or proselytizing)? If so, toggle that to yes. If you're unsure, you can always try both options and compare your results.
f. Look through the different repayment plans. Click on each one to expand it and learn more about it. If possible, once you expand the relevant repayment plans, take a screen shot of the information and insert it below. Repeat the process with the other two AGIs and include all 3 screen shots. *If you can't take a screen shot, go ahead and answer the relevant questions below from the 25th percentile AGI before moving on to the other two options.

g. Answer the below questions for the 25th, 50th, and 75th percentile AGIs.

Loan Balance: Interest rate:	25th AGI: Monthly:	50th AGI: Monthly:	75th AGI: Monthly:
Which plan is the cheapest and what is the total amount paid?			
Which option pays off the loan fastest? In how many months?			
Which payment plan costs you the most in the end? How much?			
What is the lowest monthly payment you see for the 1st monthly payment? On which plan?			
What is the highest last monthly payment? On which plan?			
Are you eligible for loan forgiveness? What is the highest projected loan forgiveness amount, and which payment plan is it on?			

If you were to use the standard repayment plan, how much would you owe each month? How much would you pay in total?			
Comparing your expected monthly salary with the monthly payments, how much do you think you could actually afford to pay per month (make sure to also consider any private loan payments you may have, as well as any expected contributions to Parent Plus loans if applicable)? Which repayment plan is it most similar to?			

10. Go to https://templates.office.com/en-us/Loan-calculator-with-extra-payments-TM06206283 (also found in the main TRIO SSS Canvas page under Files>Financial resources>loan repayment.xlsx) and download the loan calculator. For "Loan amount" and "Annual interest rate", use the Loan Balance and Interest Rate in the top left of the above chart. Put the loan period of 10 years and a start date of about 6 months after you expect to graduate. It should estimate your scheduled payment at pretty close to what your standard repayment plan is supposed to be. **Fill in the below information from the Excel.**

Loan amount:	
Annual interest rate:	
Loan period in years:	10
Start date of loan:	
(skip "Optional extra payments" for now)	
Scheduled monthly payment:	
Scheduled number of payments:	
Total interest:	

11. Compare the standard repayment plan to what will happen if you make the "Optional extra payments" (monthly) listed in the chart below. **First fill out the row for Standard on the below chart, then add 20 in for Optional extra payment in the Excel and fill out that chart row below, etc.** It will automatically apply that extra payment to each of your monthly payments, and help you see the impact of making extra monthly payments. *Note that you can also use this calculator to add random payments on specific dates, for instance, a random $300 or $2,000 when you get a bonus at the end of the year or at tax time, etc. Feel free to add additional rows to the chart if you'd like to play around with that.

	Actual number of payments:	Total interest paid:	Payment date of final payment:
Standard, 10 year repayment plan	120		
Optional extra payments: $20 (monthly)			
Optional extra payments: $200 (monthly)			

Optional extra payments: $500 (monthly)			
Optional extra payments: $1,000 (monthly)			
Remove the optional extra payments. Now just put one, one-time payment of 1/10th of your loan amount in for payment number 3			
Remove the optional extra payment from payment 3, and put that same amount in for payment 95 instead			

12. What did you learn about extra payments? Do any of the above extra payments seem doable and worthwhile? Did you notice how much of a difference it makes to pay extra at the beginning of the loan versus at the end of the loan? Are any of the loan payments similar to the amount you thought you could afford at each monthly estimated salary (including the required payment) from the chart in 9f? If you think you could afford more than the Standard repayment plan, do you think you'd prefer to do the Standard repayment plan and make extra payments as possible, or would you rather sign up for a payment plan that may pay off the debt faster without extra payments, but with a required higher monthly payment?

13. Learn more about various types of loan forgiveness here: http://freestudentloanadvice.org/loan-forgiveness/ and here: http://freestudentloanadvice.org/forgiveness-programs/. Are any of them relevant for you? Something you may want to pursue? Pay special attention to your expected salary in comparison to your loan debt. If you expect a relatively high salary and have relatively low loan debt, it may not make sense. But if the opposite is true it might be in your best interest (see 9f above). If forgiveness does make sense for you, what will you need to do to receive forgiveness? *Note that if it's something like PSLF, you need to make 10 years of qualifying payments, so if you don't get everything started from the beginning, you may make extra payments that aren't counted in those 10 years!!!

14. After looking at all of this, what are your thoughts on your expected student loan debt, your possible salary, and what paying that debt will look like for you? Any idea what repayment plan you're interested in? If you anticipate being eligible for any form of loan forgiveness, do you think it will make sense to pursue forgiveness? If not

seeking loan forgiveness, are you considering speeding up your payoff date by paying extra? By how much? Any other thoughts or takeaways about your loan situation?

Final notes:

- If possible, it's a great idea to pay any accruing interest (on unsubsidized, private, or Plus loans) while you're in school or during the grace period after you leave school (typically 6 months). If you do not pay this off, at the end of your grace period any interest owed on your unsubsidized loans will be capitalized, or added to your loan balance. This means you'll pay interest on interest, and your total balance and monthly payments will likely increase. https://studentaid.gov/understand-aid/types/loans/interest-rates#what-is-capitalization-and-how-does-it-relate-to-interest
- Just like you can only receive the Pell grant for a limited period of time (6 academic years=600%), you can also only receive Direct Subsidized loans for 6 academic years. Even if you haven't graduated at the end of that time, you will likely start accruing interest on those subsidized loans just as you do on unsubsidized loans (essentially, your subsidization runs out and you'll become responsible for the monthly interest that the government was paying for you). This is something to be aware of if you expect to take longer than 6 years to graduate, as it would be in your best interest to pay that interest before it gets added to your loan balance (before it capitalizes, as described above). https://studentaid.gov/app/directSubsidizedLoanTimeLimitation.action
- There are options for paying your loans, including lowering payments and spreading them over a longer period (like 25 years), or paying extra to pay them off more quickly.
- Never miss a loan payment, even if you can't make it! Contact your servicer first to talk about your options, which may include deferment, forbearance, or potentially switching to a different payment plan. Learn more about deferment and forbearance here: https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance.
- If you are interested in paying extra, remember that because of the way interest works, any extra money you pay off earlier in the life of your loan (earlier in the process) will be even more beneficial than extra money you pay later (as demonstrated in the last two rows of the chart in question 11). So if you can set your budget up early on to contribute a lot of your money to things like retirement (where the interest magic leads to you accruing extra money much faster) and paying down your student loans, that's great! As an added bonus, if your budget gets tighter later on, you could easily reduce those extra payments to either retirement or your loans (while still making your minimum payment), so you have a little extra room in your budget for future changes. You also never get used to living on a much larger income/budget!
- We're always happy to help in TRIO SSS! If you need help with this worksheet, or with loan repayment stuff, or other financial education, feel free to reach out to your academic counselor, to Michelle.Onaka@oregonstate.edu, or to Amy.Davila-Klautzsch@oregonstate.edu.

***Find additional resources about student loans, including the opportunity to get free advice, at: http://freestudentloanadvice.org/. I talked with Betsy, who runs this site, and here is some of her advice:

- Get in the habit of paying on your loans monthly (even if interest only at this point). Studies show that people who made their first 12-24 payments on time are the ones least likely to default on their loans.
- Never borrow money anticipating it will be forgiven, since you never know what will happen in the future.
- Don't forget to apply to scholarships!!!
- Never pay for student loan advice. If you get a call about lowering your payments, it's probably a scam. Call your loan servicer instead, or use free services such as the one through their website (above).

- Private loans are not recommended. Parent Plus loans are typically a better choice than a private loan.
- If you take out loans, it's your responsibility to keep your address current with your loan servicer.
- Learn more about how payments are applied and interest here: https://www.usnews.com/education/blogs/student-loan-ranger/2014/07/23/understand-the-pieces-of-your-student-loan-payment
- Make sure that you continue to make Satisfactory Academic Progress, otherwise you'll lose access to financial aid. This means completing 67% or more of the courses that you attempt (PACE), and maintaining a 2.0 cumulative institutional gpa. (*Your TRIO SSS academic counselor can help you find your PACE percentage.)
- **The main takeaway for all students should be to bring you into the middle about loans. You need to understand enough to choose not to borrow too much, yet not be so afraid of debt that you fail classes or drop out of school due to not wanting to take out available loans.**