DEBT Repay Away

Mizzou

STRATEGIES FOR REPAYING YOUR STUDENT LOANS

LIFE AFTER MIZZOU No matter where you go when you leave Mizzou, you'll face some important life decisions. Don't let student loan debt hold you back.

You must repay your student loans, even if you do not complete your academic program. This guide is intended to help you make informed decisions regarding your repayment obligations.

TRACK YOUR LOANS THROUGH THE NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)

NSLDS is your primary resource for tracking all of your federal direct and Perkins student loans after graduation:

- Log in to **nslds.ed.gov** using your Federal Student Aid ID (FSA ID) to view your loan balances, information about your federal loan servicer(s), and more.
- Don't remember your FSA ID? Visit **fsaid.ed.gov**.

REPAY AWAY

Studentloans.gov has a repayment estimator tool (**bit.ly/RepaymentEstimator**) to help you analyze your debt, pick a repayment plan that suits you, and help you get and stay out of debt. The best part? It can be linked with your actual loan amounts from NSLDS, so you can have an accurate understanding of your debt.

KNOW WHAT YOU OWE

Students often underestimate their outstanding debt, fail to hold onto loan records or forget that interest accumulates on their unsubsidized loans while they attend school.

If you have lost track of your federal loan documents, use the National Student Loan Data System student access website, **nslds.ed.gov,** to find your lender's or servicer's name and contact information.

STAY IN TOUCH, AND STAY ON TRACK Remember to notify your school and lender or servicer — the company that handles the billing — when you move or change your phone number. Otherwise, you might miss important information about your student loan account, which could lead to extra charges for missed or late payments. Tell Mizzou about your address change by logging into **MyZou** and following the links for **Self Service** » **Campus Personal Info** » **Addresses**.

HOW MUCH WILL I PAY EACH MONTH?

Students are strongly encouraged to utilize the NSLDS resources and contact their loan servicers to understand exactly what their monthly bill will be. This table is based on a standard 10-year repayment plan and is designed only to give a general idea of what monthly payments could be under these specific criteria.

You can choose from several loan repayment plans. The plan you choose will impact the total amount of interest you will pay over the life of the loan.

	4.29% INTEREST	
TOTAL AMOUNT BORROWED	**120 MONTHLY PAYMENTS**	**TOTAL INTEREST PAID**
$10,000	$103	$2,321
$21,647 (median debt level*)	$222	$5,025

*for loans borrowed during undergraduate study

WHAT IS THE BEST REPAYMENT PLAN?

You have a choice of several repayment plans that are designed to meet your needs. The amount you pay and the length of time to repay your loans will vary depending on the repayment plan you choose. Your loan servicer can help you choose a repayment plan and understand loan consolidation.

Use the Repayment Estimator at **studentloans.gov** to get an early look at which plans you may be eligible for and see estimates for how much you would pay monthly and overall. You'll need to sign in with your Federal Student Aid ID (FSA ID) because the estimates will be based on your loan information in the NSLDS.

INCOME-BASED REPAYMENT PLANS

In addition to the payment plans at right, there are income-based repayment plans you may qualify for if your income is low. Learn more at **studentaid.ed.gov /repay-loans**.

REMEMBER:
Keep your address up to date with Mizzou and your loan servicer so you don't miss important information.

	STANDARD REPAYMENT	GRADUATED REPAYMENT	EXTENDEND REPAYMENT
LOAN PROGRAM	Direct loans & FFEL*	Direct loans & FFEL	Direct loans & FFEL
ELIGIBILITY	This is the default plan	Upon request	Must have more than $30,000 in loans
LOAN TERM	10 years (up to 30 years if consolidated)	10 years (up to 30 years if consolidated)	Up to 25 years
PAYMENTS	Monthly payments are at least $50	Payments start low and increase every two years	Fixed annual or graduated repayment
ADVANTAGES	Least amount of total interest paid if payments are made as scheduled. Your monthly payment amount stays the same throughout the life of the loan.	Works best if you expect your income to increase steadily over time. Your largest payment will be no more than three times your smallest payment.	Longer loan term, which makes monthly payments lower.
USEFUL INFORMATION	You are automatically placed in this plan. You can change plans at any time by contacting your servicer.	Your monthly payment will be no less than the interest accrued since the previous payment.	You will generally pay more on interest on this plan due to a longer repayment term.

** Federal Family Education Loan Program*

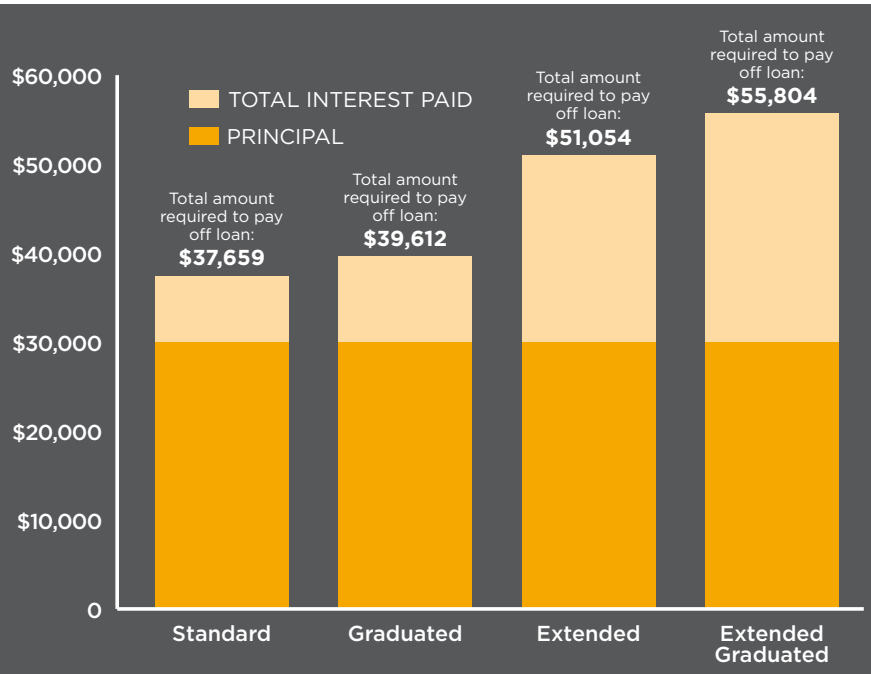
INTEREST ADDS UP

Choose your repayment plan wisely. Extending the term of your loan may be convenient, but it will increase how much you pay over the length of the loan. Ask your loan servicer what your monthly payment and total interest paid will be and how long it will take to pay off the loan.

The chart at right shows total cost of a $30,001 loan at 4.66% interest rate with monthly on-time payments.

In addition to Standard, Graduated and Extended repayment plans, you can select an Extended Graduated plan. You can also apply for an income-based repayment plan.

With graduated plans, monthly payments are lower at first and then increase, usually every two years. Repayment can take up to 25 years.



LEARN THE LANGUAGE

Financial lingo can sound foreign, but it's important to be familiar with certain terms when paying back your loans.

Accrued Interest: The amount of interest that accumulates on an unpaid loan over time.

Capitalized Interest: Accrued interest that is added to the principal balance of the loan. Future interest is charged on top of that.

Consolidation: The process of combining one or more loans into a single new loan. Learn more at **studentloans.gov**.

Default: When the borrower's loan has gone unpaid for more than nine months. Once the loan enters default, the total loan balance including interest is due immediately.

Deferment: The postponement of repaying a loan, under certain conditions. In-school deferments for students enrolled at least half time are not always automatic. You might need to contact your school's financial aid office as well as your loan servicer.

Delinquent: A loan is delinquent when loan payments are not received by the due dates. A loan remains delinquent until the borrower makes up the missed payment(s). If the borrower is unable to make payments, he or she should contact his or her loan servicer to discuss options — such as deferment or forbearance — to keep the loan in good standing.

Direct Loan: A federal student loan for which eligible students and parents borrow directly from the U.S. Department of Education.

Federal Family Education Loan Program (FFEL): FFEL loans are loans borrowed from a private entity, such as a bank or non-profit organization. The program was discontinued in July 2010.

Forbearance: A postponement of loan payments, granted by a lender or creditor, for a temporary period of time. This is done to give the borrower time to make up for overdue payments. During forbearance, principal payments are postponed but interest continues to accrue. Unpaid interest that accrues during the forbearance will be added to the principal balance (capitalized) of your loan(s), increasing the total amount you owe.

Forgiveness: In circumstances such as certain kinds of teaching service, total and permanent disability, or the closure of the school where you were studying, your obligation to repay your federal student loan may be removed, or "forgiven."

Grace Period: A period of time after borrowers graduate, leave school, or drop below half-time enrollment when they are not required to begin making payments on certain federal student loans. Some federal student loans will accrue interest during the grace period. You may make arrangements to pay this with your loan servicer. If the interest is not paid, it will be added to the principal balance of the loan when the repayment period begins.

Lender: A government or private entity to whom your debt is owed. The U.S. Department of Education is the lender for direct loans.

Loan Servicer: A loan servicer is a public or private entity that collects, monitors and reports loan payments, handles property tax, insurance escrows and late payments, forecloses defaulted loans, and remits payments.

Principal: The original amount of money borrowed plus any capitalized interest/fees.

Promissory Note: The binding legal document that you must sign when you get a federal student loan. It lists the terms and conditions under which you agree to repay the loan and explains your rights and responsibilities as a borrower.

CONSEQUENCES OF DEFAULT

- Collections activities, fees and fines
- Wage garnishment
- Barriers to future financial aid
- Damaged credit
- Higher interest rates
- Inability to get a job, apartment or mortgage

NEVER ignore delinquency or default notices from your loan servicer. Contact your servicer immediately if you are having trouble making payments or won't be able to pay on time.

4.3% of Mizzou student borrowers entering loan repayment default on their loan. The national average is 11.3%.

OFFICE FOR FINANCIAL SUCCESS

The Office for Financial Success can help you budget and plan for the future. They offer:

- Trained skilled financial coaches;
- Nonbiased financial information;
- Tax preparation and advice.

For a full list of resources visit **financialsuccess.missouri.edu**.

MU CAREER CENTER

The MU Career Center can help you with:

- Drop-in consultations with career specialists and career counseling and coaching by appointment;
- Advice on career exploration, résumés, interviews and job searches; and

Online resources through **career.missouri.edu** and the **hiremizzoutigers.com** online job board.

COMPLETING YOUR DEGREE INCREASES THE ODDS YOU WILL BE ABLE TO REPAY YOUR STUDENT LOANS. SEVENTY-TWO PERCENT OF LOAN DEFAULTERS AT MIZZOU DID NOT GRADUATE.

GRACE PERIOD STRATEGIES

Your student loan grace period is a set amount of time after you graduate, leave school or drop below half-time enrollment before you must begin repayment on your loan. For most student loans, the grace period is six months, but in some instances it is longer. The grace period gives you time to get financially settled and to select your repayment plan.*

UPDATE YOUR ADDRESS

Most students move during the grace period and lose track of their student loan bills. For this reason it is important to update your address with your servicer after you move.

CONTACT YOUR LOAN SERVICER

A loan servicer is a company that handles the billing and other services on your federal student loan. If your financial circumstances change during your repayment period, your loan servicer will be able to help. Find out who your loan service is at **nslds.ed.gov**. You might have more than one loan servicer, so it is important that you look at each loan individually.

ENROLL IN AUTO-PAY

Auto-pay takes the hassle out of repaying your loan. You won't have to write a check or log into your account every month, and you'll never forget a payment. Also, you'll get a quarter-percent break on your interest rate.

COMPLETE EXIT COUNSELING

Exit counseling at **studentloans.gov** helps you understand the terms of your loans, your repayment options and how to avoid default.

** Not all federal student loans have a grace period. For many loans, interest will accrue during your grace period.*

University of Missouri

Student Financial Aid
11 Jesse Hall
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CONNECT:

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Your financial aid adviser:
573-882-7506 or **800-225-6075**
(toll free in MO, KS and IL)
bit.ly/MyAdviser

11 Jesse Hall
Office hours: 8 a.m.–5 p.m.
Monday through Friday
(summer hours may vary)