

# “Repaying Your Student Loans”

**To:** Robert Morris Student Body  
**From:** Katherine Pritchard: Great Lakes Borrower Services Representative  
**CC:** Professor Lorie Brown, Business Communications, Robert Morris University  
**Date:** March 2, 2017  
**Re:** Repaying your Student Loans

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This memo is to inform you of an article that we as Robert Morris University students should read to *educate ourselves* on how to repay the funds that *educated us*. As a Federal Student Loan servicer, I do not want to garnish your wages or confiscate your tax return because you defaulted on a federal student loan.

“Repaying Your Loans”, an article composed by the Office of Federal Student Aid in Washington, D.C. explores student loan assistance options, repayment plans and student loan wisdom and consequences to be aware of before and during student loan repayment.

## Assistance Options

To begin, the government offers a multitude of assistance options if you experience economic hardship throughout the lifetime of your loan. Before considering an assistance option, a key component to know about your loans is whether it is subsidized or unsubsidized.<sup>1</sup> Your student loan administrator and/or financial aid officer will be able to assist you with this inquiry. Assistance options include:

- Forbearance
- Deferment
- Discharge and/or forgiveness
- Consolidation

These assistance options are available to help student loan borrowers pay back their student loans as feasibly as possible; student loans are neither different nor less important than a mortgage or a car loan. Some student loans are as little as \$1,000 while others are as high as \$25,000. In all, some students can have up to \$300,000 in student loan debt. Assistance options are life saving benefits to many student loan borrowers.

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<sup>1</sup> A glossary can be found in the article.

## **Repayment Plans**

Student loans are eligible for multiple types of repayment plans based on the student's financial status, request and/or balance to be repaid. These repayment plans are available with all federal loan servicers. When a student borrows a federal student loan, the funds are disbursed to the school and the loan is given to an administrator for servicing. Examples of these administrators (or servicers) include Great Lakes and Sallie Mae. After a student withdraws, graduates or drops below half time status (half time is determined by the school), the student automatically enters a six month grace period. During this six month period, the student is not required to make payments and is preparing for the repayment period which (more often than not) is for ten years. During these ten years, the student is in a repayment plan. The repayment plans include:

- Level
- Graduated
- Extended Level
- Extended Graduated
- Income Based Repayment
- Income Contingent Repayment

Some plans can be for ten years while others can be for twenty-five years. If a student extends the repayment term, more interest will accrue which will increase the total amount to be repaid. Some students are willing to pay more in the end to pay less per month.

## **Student Loan Wisdom and Consequences**

Next, the article explains important facts about Federal Student Loans before, during and after repayment. The article covers a multitude of questions I get on a daily basis as a student loan service representative. Examples of these questions include:

### **Q: How do I know which of my loans are federal?**

A: Visit the National Student Loan Data System at [www.nslds.ed.gov](http://www.nslds.ed.gov). All loans listed will be federal. Only federal loans can be consolidated.

### **Q: What is default?**

A: Default "occurs if you don't make an installment payment when due or don't comply with the promissory note's other terms."

### **Q: What is consolidation?**

A: Consolidation is a process in which a borrower can put all of their federal student loans together in one loan and have one monthly payment.

**Q: What is the difference between a grant and a loan?**

A: A grant does not need to be paid back. A loan does.

**Q: How do I get a federal student loan?**

A: Complete the FAFSA online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) and accept the loan through your Financial Aid Office.

**Q: What is the difference between subsidized and unsubsidized?**

A: During a deferment, the government pays the accrued interest on a subsidized loan but not on an unsubsidized loan.

**Q: What is the difference between deferment and forbearance?**

A: During a deferment, the government pays the accrued interest on a subsidized loan. During forbearance any interest that accrues is the borrower's responsibility to pay back. Always see if you can qualify for a deferment first because it will save you money. If you don't qualify for a deferment and need to postpone your payments, forbearance is an option.

As you can see, federal student loans are very complex but there are tools and educational resources available (such as this article) to make you successful at repaying your student loans.

This memo is to inform of you of an article that we as Robert Morris University students should read to *educate ourselves* on how to repay the funds that *educated us*. As a Federal Student Loan servicer, I do not want to garnish your wages or confiscate your tax return because you defaulted on a federal student loan. As a student loan servicer representative at Great Lakes Higher Education Corporation, I am very happy to answer any questions and/or concerns that you may have. I can be reached at (952) 607-7372 or at [klpst33@mail.rmu.edu](mailto:klpst33@mail.rmu.edu).

Please educate yourself entirely by reading the article, "Repaying Your Student Loans" composed by the Office of Federal Student Aid in Washington, D.C. here: <http://reddog.rmu.edu:2052/ehost/detail?vid=6&hid=119&sid=600c8b40-a9da-4151-a821-9c87d7539e34%40sessionmgr111&bdata=JnNpdGU9ZWwhvc3QtbGl2ZS-ZzY29wZT1zaXRI>

Office of Federal Student Aid. Repaying Your Student Loans.

EDRS. [http://studentaid.ed.gov/students/publications/repaying\\_loans/index.html](http://studentaid.ed.gov/students/publications/repaying_loans/index.html)  
Washington, D.C. 2002.

