A graphic of a clipboard with a grey clip at the top and a yellow pencil with a pink eraser on the right side. The clipboard is on a white sheet of paper with a brown border, set against a light brown wood-grain background.

Federal student loans versus private student loans

Federal Student Loans

Federal loans payments aren't due until after you graduate, leave school or enrollment drops to less than half time. The interest rate is fixed and often lower than private loans. You don't need a credit check to apply for federal loans. Your interest on loan repayments may be tax deductible and loans accounts can be consolidated. There are several repayment plans tied to your monthly income. There is no prepayment penalty and you may be eligible to have some portion of your loans forgiven if you work in public service.

Private student loans

With private loans, some payments start while you are still in school. Private loans can have fixed or variable interest rates and a credit check is often required or you may need a cosigner. Private loans cannot be consolidated but may be refinanced. If you pay these off early, there may be an early payment penalty. Private lenders do not offer loan forgiveness.

USA.gov Staff, "When it comes to paying for college, career school, or graduate school, federal student loans can offer several advantages over private student loans", US Federal Government, Accessed September 10, 2020
<https://studentaid.gov/understand-aid/types/loans/federal-vs-private>

A clipboard with a grey clip at the top and a yellow pencil with a pink eraser and a blue tip on the right side. The clipboard is on a white sheet of paper with a brown border, set against a light brown wood-grain background.

Student loan repayments and consolidation

Student Loan Repayments - Key Points

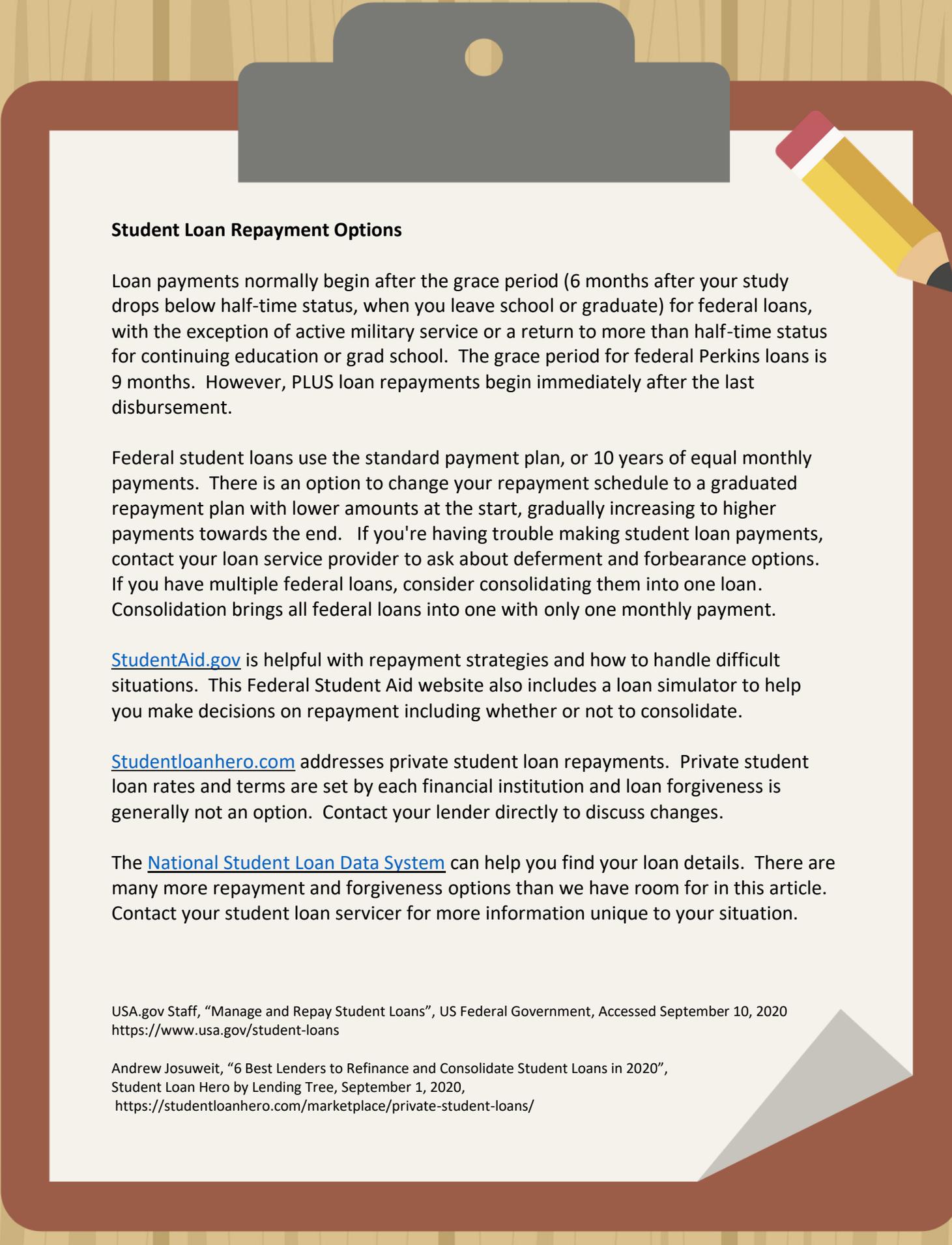
1. Know how much you owe.
2. Establish a plan.
3. Put student loans in your budget.
4. Consider working in a field that may qualify for forgiveness.
5. Communicate with the loan servicer, early and often.
6. Don't ignore payments.
7. Ask questions until you understand your options.
8. Don't fall behind on payments.

Establish your plan

- Know when you have to start making payments
- Create a budget
 - Maintain your budget
 - Know the difference between needs, wants and desires
 - Take a class / get a coach
- Set a goal for repayment
- Select an affordable repayment plan
- Consider a loan consolidation

Debt.org Staff, "Should You Consolidate Federal Student Loans?", Debt.org, Accessed September 10, 2020
<https://www.debt.org/students/pros-and-cons-of-student-loan-consolidation/>

Karla Reese, "Student Loan Debt", Oak Cliff Bible Fellowship, 2017



Student Loan Repayment Options

Loan payments normally begin after the grace period (6 months after your study drops below half-time status, when you leave school or graduate) for federal loans, with the exception of active military service or a return to more than half-time status for continuing education or grad school. The grace period for federal Perkins loans is 9 months. However, PLUS loan repayments begin immediately after the last disbursement.

Federal student loans use the standard payment plan, or 10 years of equal monthly payments. There is an option to change your repayment schedule to a graduated repayment plan with lower amounts at the start, gradually increasing to higher payments towards the end. If you're having trouble making student loan payments, contact your loan service provider to ask about deferment and forbearance options. If you have multiple federal loans, consider consolidating them into one loan. Consolidation brings all federal loans into one with only one monthly payment.

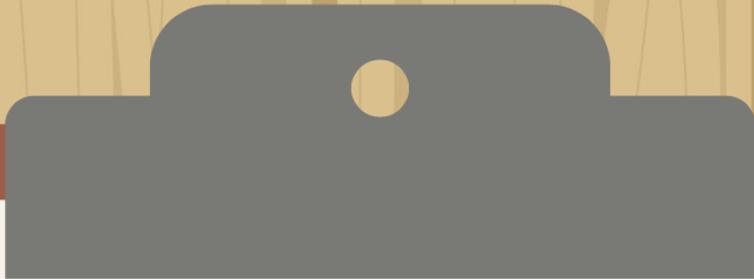
[StudentAid.gov](https://studentaid.gov) is helpful with repayment strategies and how to handle difficult situations. This Federal Student Aid website also includes a loan simulator to help you make decisions on repayment including whether or not to consolidate.

[Studentloanhero.com](https://studentloanhero.com) addresses private student loan repayments. Private student loan rates and terms are set by each financial institution and loan forgiveness is generally not an option. Contact your lender directly to discuss changes.

The [National Student Loan Data System](https://nces.ed.gov/ipeds/data/nsls/) can help you find your loan details. There are many more repayment and forgiveness options than we have room for in this article. Contact your student loan servicer for more information unique to your situation.

USA.gov Staff, "Manage and Repay Student Loans", US Federal Government, Accessed September 10, 2020
<https://www.usa.gov/student-loans>

Andrew Josuweit, "6 Best Lenders to Refinance and Consolidate Student Loans in 2020",
Student Loan Hero by Lending Tree, September 1, 2020,
<https://studentloanhero.com/marketplace/private-student-loans/>



Student Debt Can Derail Life After College

What millennials are really saying about student debt after college:

1. I couldn't afford to purchase a home due to student loan debt.
2. I had to move back with my parents after graduation.
3. It lowered my ability to save for retirement and build net worth.
4. I couldn't take my dream job after graduation because of lower pay.
5. My student loans didn't go away in bankruptcy.
6. They took my income tax refunds to pay student loan debts.
7. It took 10 years to pay off student loans that equaled my first year's salary.

What can you do differently?

1. Work during high school to save for college and save the money.
2. Take dual and concurrent enrollment classes while in high school.
3. Attend community college to earn an associate degree while living at home.
4. Apply early in high school for grants and scholarships. What can you do to get them?
5. Consider out of pocket costs after scholarships dollars rather than the amount of scholarship funds offered – what's it going to cost you?
6. If a military academy is the goal, intern for your local congressman during high school and build a broad resume of community service and achievements prior to applying. BTW, you must be in great physical shape, have a high GPA and need to be nominated by your congressman.
7. Intern in the field where you hope to work and learn from those who serve in that industry. Watch for employee scholarships and stay connected with those you worked for during your internships.
8. Analyze job opportunities you want to pursue. Is your desired job growing in demand? Will there be enough openings when you graduate? Will your area of study fulfill job requirements you want to pursue? Are there summer intern opportunities in your desired field with future employers?
9. Does your dream job pay enough for you to live? Are you willing to relocate to higher-cost areas away from friends and family? Be realistic and seek advice from people in that field of work. What did they expect when they were young and how is it working out for them now?