

STUDENT LOAN DEBT *SHOULDN'T* *MEAN* DEBT STRESS.

You didn't plan to fall behind or default on student loans. But you can make a plan to manage your debt. NYC Financial Empowerment Center counselors can help you lower monthly payments, explore loan forgiveness, or get out of delinquency or default, depending on your loans.

BE REAL ABOUT STUDENT LOANS.

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Repaying your student loan debt can be confusing. But paying late—or not at all—can have long-lasting and serious consequences. Use these tips, which include ways to lower monthly loan payments, get out of delinquency or default, or access opportunities for loan forgiveness, to help you plan and protect yourself.

Are you paying on time but need to lower your monthly student loan payments?

Federal Student Loan Holders Seeking an Income-Driven Repayment Plan

You may be eligible to make payments based on your income.

- **Income-driven repayment plan** options set your monthly loan payment at an amount that is based on your income and family size. Depending on your income, your payments could be as low as \$0 a month. If you do not qualify for these options, you may qualify for a graduated repayment plan that allows you to make smaller initial payments that increase over time. This graduated repayment plan could extend your repayment period and increase the total amount you pay in loan interest.

To see the various payment plans and your options, visit [StudentLoans.gov](https://studentloans.gov) and log in to the Repayment Estimator tool using your Federal Student Aid (FSA) ID.

Important: You must contact your loan servicer to choose and enroll in a plan. Your loan servicer is the company that handles the billing and other services on your federal student loan.

- You may be able to consolidate your Perkins and Federal Family Education Loan (FFEL) loans to qualify for an income-driven repayment plan such as Pay As You Earn (PAYE) or Revised Pay As You Earn (REPAYE).

Important: Be careful which loans you include in consolidation and avoid consolidating Parent PLUS loans with student loans you took out for your own education because you could lose access to favorable repayment plans.

If you are considering refinancing your federal student loan into a private student loan:

- Understand that you will lose access to the forbearance, deferment, income-driven repayment, rehabilitation, and consolidation options described in this insert, as well as the forgiveness and discharge options available for federal student loans only.

Federal Student Loan Holders Seeking Loan Forgiveness

In certain situations, you may qualify to have your federal student loan forgiven, canceled, or discharged, which means that you no longer need to repay your loan.

- Loans made under the **Federal Perkins Loan Program** may be eligible for forgiveness if you work in certain professions such as firefighting, law enforcement, nursing, teaching, and social work. Learn more about this option at studentaid.ed.gov.
- The **Public Service Loan Forgiveness (PSLF) Program** forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full time for a qualifying employer. You may be able to consolidate FFEL loans into a Direct Loan to qualify for PSLF.
- The **New York State Get on Your Feet Program** offers up to 24 months of loan forgiveness to New York residents who earned an undergraduate degree from a New York State college or university December 2014 or after, have an adjusted gross income of less than \$50,000, and meet other eligibility requirements. Learn more at hesc.ny.gov.

Private Student Loan Holders

- If you're considering refinancing or consolidating private student loans, note that the terms will likely change your interest rate and how long it will take to pay back the loan. Seek help to understand the terms of any loans you consider.

Are you late or in danger of being late on your student loan payments?

Federal Student Loan Holders

- If you need immediate help, **deferment** and **forbearance** allow you to temporarily stop making payments on your loans. In most cases, the *interest will still accrue*. If making your monthly loan payments is a struggle, enrolling in an income-driven repayment plan may be more affordable in the long run than deferment or forbearance.

Private Student Loan Holders

- Contact your servicer to ask about options to lower your payment or to temporarily defer your loan payments if you're experiencing a financial hardship. Another option is to refinance to a loan with a lower interest rate and/or a longer repayment period. Be aware that many refinance loans charge fees.

Have you already defaulted on your student loans?

Federal student loan holders have two options, each of which you can use only once.

1. **Rehabilitation** requires that you make nine payments in a 10-month period. If you cannot afford to pay the required amount, you can negotiate a "reasonable and affordable" monthly payment (as low as \$5 a month) with the debt collector or loan servicer who has contacted you about your debt.

When you rehabilitate the loan, the default will be removed from your credit report and you may resume making payment to your loan servicer. Even though your credit report may not show the default, your history of missed payments will remain on your credit report for seven years. Typically, collection fees (up to 16 percent of the unpaid loan balance) are assessed for rehabilitating the loan and may be added to your loan balance.

2. **Consolidation**, which combines your previous loan(s) into one new loan, offers a quicker path out of default. Consolidation can lower your monthly payment by giving you a longer period of time (up to 30 years) to repay your loans.

When you consolidate, the default for your old loans will stay on your credit report for up to seven years. Collection fees of up to 18.5 percent of the unpaid loan balance may be added into your new consolidation loan. Consolidating your loans will cause you to lose credit for any payments made toward PSLF or certain loan discharges.

Visit studentaid.ed.gov for information about these options.

Once you rehabilitate or consolidate your loan, consider an income-driven repayment plan option.

Free Help

Get free help completing the Free Application for Federal Student Aid (FAFSA) with College Goal NY

Visit collegegoalny.org for a list of event locations.

Get free professional financial counseling at an NYC Financial Empowerment Center

To book an appointment:

Call 311 | Visit nyc.gov/dca | Text* TalkMoney to 42033

*Message and data rates may apply. Check with your service provider.

NYC Financial Empowerment Centers are run by the Department of Consumer and Worker Protection in partnership with community-based organizations. Counselors are trained to help students (prospective, current, former):

- create a budget to pay for school;
- understand and explore student loan options, including dealing with old unpaid student loans from a previous enrollment and/or taking out additional student loans;
- handle student loan debt in collections;
- enroll in income-driven repayment plans to lower monthly payments (federal student loan holders only);
- understand loan discharge options;
- get out of student loan delinquency or default.



Counselors can also make referrals to nonprofit legal services providers as needed.

Where to Get Information About Your Student Loans

Federal Student Loan Holders

Your MyStudentDataFile from the National Student Loan Data System (NSLDS) contains important information about your federal student loans, including how much you owe, your interest rate, loan repayment status, and the name of your loan servicer. Follow the steps below to download your MyStudentDataFile:

1. Go to NSLDS.ed.gov
2. Click the “Financial Aid Review” button.
3. “Accept” the disclaimer to continue.
4. Enter your FSA ID Username and Password to log in. *Note:* The FSA ID is the same username and password you used when you filed your FAFSA. If you don’t have an FSA ID, click the “Create an FSA ID” tab and create an account.
5. Download and save your MyStudentDataFile.
6. Select “Confirm” on the next screen to finalize the download.
7. Print a copy to review on your own or with an NYC Financial Empowerment Center counselor.

Need Assistance? Contact NSLDS at 1-800-4FED-AID (1-800-433-3243).

Private Student Loan Holders

Private student loans are issued by private lenders such as banks, an online lender, or credit unions. Private student loans will not be in your NSLDS report but might be available on your credit report, which you can get for free at annualcreditreport.com.

Your school’s financial aid office may also have information about your private student loans.