



FEDERAL STAFFORD LOAN



EXIT INTERVIEW

INTEREST RATES

- **NOW 6.62% Old Stafford Loans**
- **Stafford Loans 06/07 and 07/08 fixed at 6.8%**
- **7.22% ONCE IN REPAYMENT**
- **CAPPED AT 8.25%**

CHANGES EVERY JULY 1

FORMULA SET BY CONGRESS

MOST PEOPLE BORROW

\$17,125

- **\$2625 as a Freshman**
- **\$3500 as a Sophomore**
- **\$5500 as a Junior**
- **\$5500 as a Senior**

Payment is \$208.50/ month @ 8.25%

@ 7.22% interest \$201 per month

ALMOST EVERYONE HAS A GRACE PERIOD

Payments begin 6 months after graduation unless you have already used any part of your grace period or if you have consolidated and given up your grace period. **THERE IS HELP IF YOU NEED IT-ASK ABOUT FORBEARANCE**

MOST LOANS WILL BE SOLD

- HSBC will service their own loans, M&T & First Niagara Sold TO **NELNET**
 - CHASE, NELLIE MAE, AND KEY BANK SELL TO **SALLIE MAE**
 - **BANK OF AMERICA SELLS TO ACS** formerly AFSA. May be sold to Sallie Mae, or they may keep them.
 - **CITIBANK DOES NOT SELL THEIR LOANS**
- OPEN ALL MAIL EVEN IF YOU DO NOT RECOGNIZE THE COMPANY NAME, IT MAY BE INFORMATION ABOUT THE SALE OF YOUR LOAN**

KEEP YOUR LOAN MATERIAL TOGETHER

YOUR RESPONSIBILITIES

- **To notify your lender within 10 days if :**
 - You change your name**
 - Change your address**
 - Change your graduation date**
 - Drop below 1/2 time (less than 6 hours)**
- **Repay your student loan(s) both principal and interest each month and in full even if you do not receive any notice from your lender or servicer!**

DEFERMENTS

- Temporary period during which no loan payment is due. During a deferment, interest payments on an Unsubsidized loan can be made or postponed; if postponed the interest is capitalized and added on to the principal. If you have Subsidized loans the government will pay the interest for you.

SOME COMMON DEFERMENTS

- **RETURNING TO SCHOOL AT LEAST HALF TIME (6 CREDIT HOURS)**
- **UNEMPLOYMENT**
- **DISABILITY/ OR REHAB TRAINING**
- **MILITARY SERVICE**
- **ECONOMIC HARDSHIP**

IF YOU DO NOT QUALIFY FOR A
DEFERMENT -YOU MAY
QUALIFY FOR A FORBEARANCE

FORBEARANCE

TEMPORARY POSTPONEMENT OR
REDUCTION OF PAYMENTS, FOR
A PERIOD OF TIME, BECAUSE OF
FINANCIAL DIFFICULTIES

**INTEREST CONTINUES TO
ADD UP**

FORBEARANCE

- MOVED TO BOSTON
- RENT AN APARTMENT
- MOVING EXPENSES
- UTILITIES
- COST OF WORK CLOTHES
- ASK FOR A FORBEARANCE
- INTEREST ADDS UP QUICKLY
- BEGIN REPAYMENT AS SOON AS POSSIBLE

If you apply for a deferment or forbearance (a time during which no payments are required) you should continue to make payments until you are notified that the request has been granted.

REPAYMENT OPTIONS

- **STANDARD REPAYMENT**– SAME MONTHLY PAYMENT FOR THE LIFE OF THE LOAN
- **GRADUATED REPAYMENT** – STARTS LOW – RAISED GRADUALLY EVERY FEW YEARS DURING THE 10 YEAR REPAYMENT PERIOD.
- **INCOME-SENSITIVE REPAYMENT**– MAY INCREASE OR DECREASE THE AMOUNT OF YOUR PAYMENTS BASED ON YOUR CURRENT INCOME AND YOUR LOAN AMOUNTS. CURRENT PAY STUBS AND INCOME TAX RETURNS MUST BE SUBMITTED AS EVIDENCE OF YOUR ELIGIBILITY.

Extended Repayment

- Lower payments but more interest due to longer payments term. You can have extended repayment and not consolidate if your loan amounts are \$30,000 or more.

CONSOLIDATION

- LOCK IN THE INTEREST RATE
- CAN EXTEND THE PAYMENT TERM
- LOWER PAYMENT BUT MORE INTEREST
- KEEP THE SAME PAYMENT AMOUNT AS STANDARD REPAYMENT AND PAY IT OFF SOONER.
- **LOSE SOME DEFERMENT PROVISIONS**
- **MAY NOT BE ELIGIBLE FOR LOAN FORGIVENESS**

Consolidation

- **It may be difficult to find a company to consolidate your loans.**
- **Direct lending will always accept your consolidation application for federal loans.**
- **Go to www.loanconsolidation.ed.gov and apply or call 800-557-7392. Since the volume of calls will be very heavy if you cannot get through wait a few days and try again.**

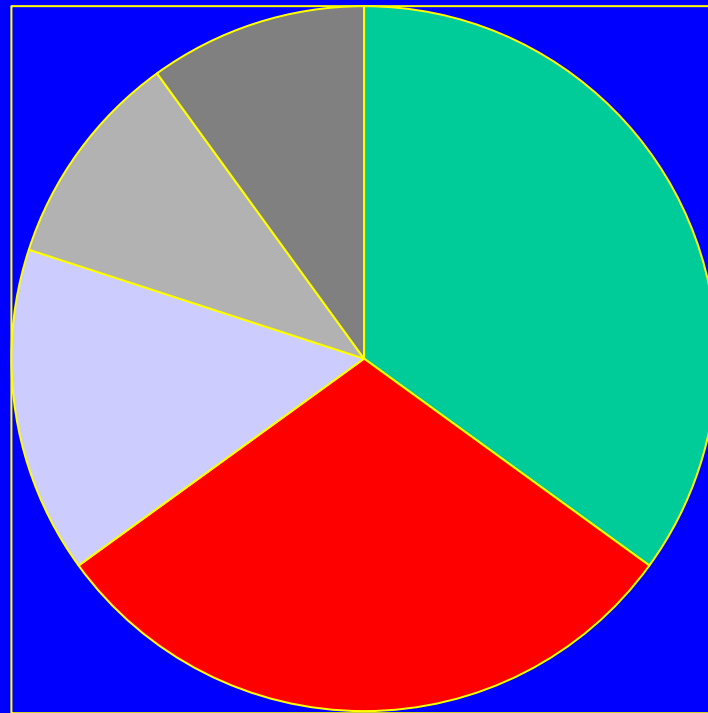
Alternative Loans

- There is no cap on their interest rate
- Pay them off as soon as possible
- Find out if they have any deferment and/or forbearance provisions in case you have problems.
- There are some companies that are offering to consolidate your alternative loans with your Stafford Loans. But you have to give up all of your deferment and forbearance provisions. Makes a large consumer loan and not a good idea.

PRIVATE LOAN CONSOLIDATION

- Looks at your credit now
- Unless your credit score has gone up by at least 75 points you should not try to consolidate since your interest rate may go up.
- Still no cap on the interest rate
- Must pay every time you consolidate
- The only part that may be fixed is the margin. That means Prime plus %.

HOW YOUR FICO SCORE IS DETERMINED



- Payment History 35%**
- Amount owed 30%**
- Length of Credit History 15%**
- New Credit 10%**
- Types of Credit 10%**

BUDGETING IS KEY

- MAKE A REALISTIC BUDGET
- **STICK TO IT**
- HAVE AN EMERGENCY FUND
- PUT THE FREEZE ON CREDIT CARDS
- PAY OFF HIGH-INTEREST BILLS FIRST
- **LEARN TO RECOGNIZE THE DIFFERENCE BETWEEN A NEED AND A WANT.**
- TRY SAVING FOR SOMETHING YOU WANT, RATHER THAN LOCKING YOURSELF INTO ANOTHER PAYMENT.

Budget Your Goal

Niagara University Grad:

\$30,000/year

• Monthly Net	\$1,897
-rent	750
-utilities	150
-student loans	200
-food	250
-car insurance	200
-car payment	200
-phone/internet	50
-cell phone	70

Congratulations

\$27 LEFT OVER

Or \$8.00 a week

What about

- **Gasoline?**
- **Car repairs/tires?**
- **Your \$19.95 internet account**

\$1,897 Net

Rent	\$750	\$450	got a roommate
Stud. Loan	200	200	
Utilities	150	150	get utilities inc.
Food	250	250	
Car Insur.	200	200	
Car Paymnt	200	200	
Phone	50	50/0 (A)	
Cell Phone	50	0/50 (B)	
Internet	20	20	
Entertnmnt	75	75	
Gasoline	75	75	
	(123) SHORT	\$227	LEFT OVER

Try to keep fixed costs low so you have money left, it is all about choices.

THINGS EVERYONE SHOULD KNOW ABOUT DEBT

- Most Americans have too much credit card debt.
- Some debt can be good such as mortgage
- Some debt can be bad such as credit cards
- Learn to manage your spending habits
- Pay off your debt with high interest rates first
- Don't fall into the "minimum" trap
- Be careful of where and from whom you borrow.
- Know that your financial situation can change.
- Know where to turn for help if you need it.

COST OF PAYING THE MINIMUM

- IF YOU HAD A \$2000 BALANCE ON A CREDIT CARD AT 18.9% INTEREST
- 228 PAYMENTS AT \$32 MONTH - **19 YEARS** AND \$7,296 TO PAY OFF
- SAME CARD IF YOU PAID \$35 MONTH CUTS THE TIME TO **11 YEARS** AND \$4,620.
- **\$3 PER MONTH = 8 YEARS SAVES \$2,676**

FINANCIAL ESSENTIALS

- GET A COPY OF YOUR CREDIT REPORT ONCE A YEAR go to:
www.annualcreditreport.com
- IF YOU ARE CONSIDERING A LARGE PURCHASE GET COPIES OF ALL CREDIT REPORTS FROM THE 3 MAJOR CREDIT REPORTING AGENCIES. LOOK IT OVER VERY CAREFULLY DISPUTE ANYTHING INCORRECT **IN WRITING**
DOCUMENT • DOCUMENT • DOCUMENT

PROTECT YOUR INFORMATION

- IDENTITY THEFT IS EXPLODING
- BE AWARE WHEN YOU PROVIDE YOUR NAME, PHONE NUMBER AND OTHER PERSONAL INFORMATION.
- TELL YOUR FINANCIAL COMPANIES THAT YOUR INFORMATION CANNOT BE SOLD OR SHARED WITH OTHER COMPANIES.
- DO NOT LEAVE ATM RECEIPTS
- GUARD YOUR PASSWORDS

DEBIT CARDS CAN BE USED
AS CREDIT CARDS **WITHOUT**
ID IF YOURS IS STOLEN IT
ONLY TAKES MINUTES TO
WIPE OUT YOUR ACCOUNT

COMPLETELY DESTROY
ANYTHING WITH SSN OR
ACCOUNT NUMBERS
BEFORE YOU THROW IT
AWAY

USEFUL WEBSITES

- WWW.HESC.COM

LOAN COUNSELING

- **PAYMENT CALCULATOR**
- **LOAN FORGIVENESS**

WWW.BANKRATE.COM

- **Calculators – true cost of paying the minimum**
- **Managing your credit**
- **Establish credit- DO'S AND DON'TS**
- **How to get out of debt.**
- **How to deal with debt collectors**
- **How to rebuild credit – 5 steps to do-it-yourself credit repair**
- **Are you financially self-destructive**

UASERVICE.COM

- PERKINS LOANS
- FORGIVENESS, CANCELLATION,
DISCHARGE OF PERKINS ELIGIBILITY
REQUIREMENTS
- BENEFIT FORMS- CANCELLATION,
DEFERMENT OR FINANCIAL
ARRANGEMENT FORMS

TEACHER LOAN FORGIVNESS

- NO LOANS PRIOR TO 1998
- MUST TEACH IN A DISTRICT THAT QUALIFIES FOR TITLE 1 AID
- MUST TEACH IN SAME AREA AS YOUR DEGREE
- MUST TEACH FIVE YEARS BEFORE APPLYING
- UP TO \$5,000
- **Current information always on www.niagara.edu/financialaid/ website under loans.**

- KEEP UP CHANGE OF ADDRESS - THEY SHOULD LAST A YEAR, BUT OFTEN THEY DO NOT.
- CHECK YOUR CREDIT CARD BILL EVERY MONTH TO MAKE SURE NO ONE ELSE IS CHARGING THINGS TO YOUR ACCOUNT
- **KEEP IN CONTACT WITH YOUR SERVICER IF YOU EXPERIENCE ANY PROBLEMS WITH REPAYMENT!**

WHEN YOU CONTACT YOUR SERVICER

- **WRITE DOWN WHO YOU SPOKE TO**
- **WRITE DOWN THE DATE AND TIME ON YOUR FILE. IF YOU SEND THEM DOCUMENTATION SEND IT CERTIFIED SO YOU CAN PROVE THEY RECEIVED IT.**

DOCUMENT DOCUMENT DOCUMENT

- **IF YOU HAVE TRIED EVERYTHING AND THEY DO NOT LISTEN CONTACT YOUR FEDERAL OMBUDSMAN**

<http://www.ombudsman.ed.gov/>

- HELPS TO SOLVE STUDENT LOAN PROBLEMS
- TOP ISSUES FOR 2004
 - 1. LOAN CANCELLATION / REQ.
 - 2. ACCOUNT BALANCE
 - 3. REPAYMENTS PLANS / AFFORDABLE
 - 4. ACCOUNT BALANCE (Explained or Verified)
 - 5. CONSOLIDATION-Better explanation of limitations

TOP 10 CONSEQUENCES OF DEFAULT

- INELIGIBLE FOR ADDITIONAL FINANCIAL AID INCLUDING GRANTS
- LOSE STUDENT LOAN BENEFITS SUCH AS DEFERMENTS – ECONOMIC HARDSHIP, UNEMPLOYMENT, IN-SCHOOL
- MAY AFFECT BEING HIRED FOR CERTAIN TYPES OF POSITIONS
- STATE AND FEDERAL REFUNDS WITHHELD

- SAVINGS AND/OR CHECKING SEIZED TO PAY YOUR STUDENT LOAN
 - ASSIGNMENT OF YOUR DEBT TO THE U.S. DEPARTMENT OF EDUCATION FOR COLLECTION
 - APPEARS ON YOUR CREDIT REPORT FOR **MANY YEARS**
 - ADDITIONAL FEES AND/OR COURT COSTS FOR COLLECTING YOUR LOAN
 - YOUR WAGES CAN BE GARNISHEED
- THERE IS NO STATUE OF LIMITATIONS,
YOUR OBLIGATIONS TO REPAY THIS DEBT
WILL NOT GO AWAY!**

- CALL YOUR SERVICER IF YOU HAVE PROBLEMS THERE IS HELP DON'T BE AFRAID TO ASK.
- CALL THE FINANCIAL AID OFFICE IF YOU DISPUTE THE AMOUNT YOUR LENDER SAYS YOU OWE

REMEMEMBER THE HARDEST PART OF STUDENT LOAN PAYMENTS IS MAKING IT A HABIT.

GOOD LUCK IN THE FUTURE