Repayment Primer
Tips to Help You Prepare to Enter Repayment on Your Student Loans
Class of 2015 Dental Hygiene Graduates

This repayment primer is intended to help you better manage your student loans as you prepare to transition from your dental hygiene program into your dental career. You will be working with your loan servicer(s) in repayment, so be sure your address and contact information is up to date and pay special attention to any correspondence from loan servicers.

In This Primer:
- Decision Points (What Happens When you Graduate)
- Repayment Options
- Forgiveness Programs
- Consolidation (there is a separate primer on this, see your school’s Financial Aid Office [FAO])
- Postponing Payments
- Loan Servicing (there is a separate primer on this, see your school’s FAO)
- Resources (where to go for help)

Decision Points (What Happens When you Graduate)
- When you graduate, your loan servicer(s) is/are notified that you are no longer in school and you automatically enter any grace or similar period(s) you have on your student loans.
  - Different loans may have different grace periods, so loans may enter repayment at different times:
    - Stafford loans have a six-month grace period.
    - Perkins loans have a nine-month grace period.
    - Private loans have grace periods that will vary depending on the lender (examples include six and nine months).
  - Some loans do not have grace periods and may come due immediately upon graduation (watch for correspondence from your loan servicer).
  - Grace periods are “loan specific.” For example, if you used up a grace period on any loans you had before starting your dental hygiene program, those grace periods are gone and those loans will come due when you graduate, six months earlier than some other loans.
  - Approximately 30 to 90 days prior to the expiration of your grace period, watch for a notice from your loan servicer that your loan is about to enter repayment. Be sure your loan servicer has your current address.
Notice from loan servicer(s) should reference several options, but you can boil them down into two:
1. Choose a repayment plan from among several options and start actively repaying your student loans, or
2. Choose to postpone your payments through deferment or forbearance.

**Repayment Options**
The repayment options listed below are for Stafford, Grad PLUS, and Federal Consolidation loans. See www.StudentLoans.gov, Managing Repayment, for details. While there are some restrictions, you may switch repayment plans if needed; contact your loan servicer(s) if you have questions about changing repayment plans. Check your promissory note and/or disclosure statement for repayment terms on any institutional and/or private loans you have.

- **Standard:**
  - Ten years, same payment each month.
  - Loan servicer will automatically place you in standard 10-year repayment if you do not choose a repayment plan when given the opportunity.
  - Monthly payments are higher than other plans, but total repayment costs are lower.
  - Standard repayment term for Federal Consolidation Loans may be 30 years, depending on the total balance your student loans.
  - A 10-year standard repayment could be part of a repayment strategy for a dental hygiene graduate who has a steady income, whose starting salary is higher than his or her current debt level, and/or whose budget allows for the relatively higher payments under a standard 10-year plan.

- **Graduated:**
  - Payments start lower and increase by designated amounts at designated intervals (usually every 24 months).
  - Usually 10 years, though some loan servicers may offer interest-only plans that may extend the repayment term.
  - Initial lower payments result in higher overall repayment costs when compared with standard, unless payments are later accelerated.
  - Could be part of repayment strategy for a dental hygiene graduate who has a steady income and who could otherwise handle payments under standard, but has other financial commitments that need to be addressed over a relatively short period of time.
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• Income-Driven Repayment Plans:
  o Monthly payments are based, at least in part, on income.
  o There are multiple kinds, including Income-Based Repayment (IBR), Pay As You Earn (PAYE) and Income Contingent Repayment (ICR). Note: Of these plans, PAYE offers the lowest monthly payment.
  o Borrower must renew eligibility each year.
  o Initial and/or subsequent lower payments result in higher overall repayment costs when compared with the standard 10-year plan, unless payments later accelerated.
  o Please note:
    ▪ IBR is available to eligible borrowers on both FFEL and direct loans, but PAYE is only available to eligible borrowers on direct loans.
    ▪ Information on income-driven plans is available at www.StudentLoans.gov under Managing Repayment.
  o Could be part of repayment strategy for a dental hygiene graduate whose income is not high enough to support repayment under other plans like standard, graduated or even extended repayment. Income-driven repayment plans may also be of interest to a dental hygiene graduate who is interested in Public Service Loan Forgiveness (PSLF) and whose dental career is consistent with public service (non-profit work); see www.StudentLoans.gov, Managing Repayment, for information on PSLF.

• Extended (without consolidation)
  o Up to 25 years, same payment each month.
  o A graduated version of the extended plan may be available (contact loan servicer for information).
  o Lower payments over extended period of time result in much higher overall repayment costs when compared with the standard 10-year plan, unless payments are later accelerated.
  o Could be part of repayment strategy for a dental hygiene graduate who has a steady income, but high debt, and needs the benefit of lower payments. Extended may also be of interest to borrowers who need to show a lower DTI (debt to income) ratio for purposes of financing a home.

Forgiveness Programs
The federal government will forgive a borrower’s student loan debt under certain conditions and if borrowers meet certain eligibility requirements. You can get more information on forgiveness programs at www.StudentLoans.gov, Managing Repayment. Following is a brief description of these programs.
IBR 25-Year Forgiveness:
- Borrower repays with IBR for 25 years and still has not repaid balance in full.
- Remaining balance after 25 years is forgiven.
- Forgiveness provision is not conditional on type of employment.
- Forgiveness amount will be subject to tax under the current tax law.
- Forgiveness applies to both direct and FFEL loans.

PAYE 20-Year Forgiveness:
- Borrower repays with PAYE for 20 years and still has not repaid balance in full
- Remaining balance after 20 years is forgiven
- Forgiveness provision is not conditional on type employment
- Forgiveness amount will be subject to tax under current tax law
- Forgiveness applies only to Direct Loans

PSLF
- Three conditions must be met at the same time for borrowers to qualify for PSLF.
  - Borrower must make 120 timely, scheduled payments with an eligible repayment plan such as IBR or PAYE, on
  - Direct loans (only direct loans qualify for PSLF), while
  - Working for an eligible public servicer employer (including non-profits).
- Forgiveness amount under PSLF is not subject to tax under the current tax law.

Consolidation
Consolidation is a process where you pay off multiple loans with one new loan. There are advantages and disadvantages to consolidation, and while it is an effective debt management tool for some dental hygiene graduates, it is not appropriate for everyone. We anticipate many dental hygiene graduates in the Class of 2015 may not need consolidation.

- See the Consolidation Primer for information (available at www.adea.org, click on Current Students & Residents in the red ribbon).
- May also be available from your Financial Aid Office (FAO).
- Federal Direct Consolidation Loan online application and FAQs available at www.StudentLoans.gov.
Postponing Payments
There are two ways to postpone payments on federal loans: Deferment and forbearance.

- See [www.StudentLoans.gov](http://www.StudentLoans.gov), Managing Repayment, for details or contact your loan servicer(s). Check promissory note and disclosure statements for postponement options on non-federal loans including private and institutional loans.
- Quick facts regarding deferment and forbearance:
  - Subsidized loans remain interest free during deferment.
  - Interest accrues on all loans during forbearance.
  - Borrowers remain in “good standing” during both deferment and forbearance (credit is protected).
  - Borrowers must meet specific statutory requirements for deferment eligibility.
  - Loan servicers have some discretion in granting forbearance.
  - Borrowers must submit multiple deferment/forbearance requests if they have more than one loan servicer.

Loan Servicing
One of the biggest challenges you may face in managing your student loans is working with your loan servicer. Loan servicers are organizations hired by your lender or current loan holder to work with you in repayment. The Department of Education (ED) is committed to helping ensure you have only one loan servicer for loans ED owns, so while you likely have multiple loans as you exit your dental hygiene program, all your federally owned loans should be with one loan servicer.

- See the Loan Servicing Primer for help (available at [www.adea.org](http://www.adea.org), click on Current Students & Residents in the red ribbon).
- May also be available from your FAO.
- See [www.StudentLoans.gov](http://www.StudentLoans.gov), Managing Repayment, for information.

Resources (Where to go for Help)
These websites may prove helpful as you craft your repayment strategy:

[www.AAMC.org/godental](http://www.AAMC.org/godental)
- AAMC/ADEA Dental Loan Organizer and Calculator (AAMC/ADEA DLOC).
- The AAMC/ADEA DLOC allows dental students and graduates to customize their repayment strategies by running repayment calculations based on their debt and salary expectations.
- The AAMC/ADEA DLOC estimates forgiveness amounts under IBR, PAYE and PSLF.
- While designed for dental school students and graduates, the AAMC/ADEA DLOC may also be helpful for dental hygiene students and graduates.
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www.StudentLoans.gov
- Federal site with information on:
  o Repayment options, including calculators for IBR and PAYE.
  o Forgiveness programs, including PSLF.
  o Loan servicers.
  o Postponement options, including deferment and forbearance
  o Consolidation, including the online application.

www.NSLDS.ed.gov
- Comprehensive listing of all Stafford, Grad PLUS, Federal Consolidation and Perkins loans, including information on servicers (click the number to the left of each loan).
- Direct loans (“directly from government”) will say “direct” in the name listed on NSLDS.

www.irs.gov/publications/p970
- Information on tax benefits for education, including the Student Loan Interest Deduction.

While ADEA seeks to ensure that all information provided is current and accurate as of February 1, 2015, it disclaims any responsibility for subsequent changes or for errors, omissions, or contrary interpretation of the subject matter.

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