

Student Debt

What you need to know about taking out and repaying student loans | FY 2019



Disclaimer

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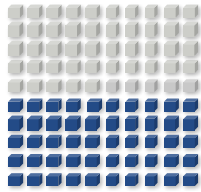
Meet Consumer Education & Engagement

CEE serves the general public and focuses on special populations:

- Servicemembers, Veterans, and their families
- Older Americans, their families and caregivers
- Traditionally underserved and economically vulnerable consumers
- K-12 students
- College students
- Student loan borrowers
- Consumers with financial product or service complaints

About the population

Saving and paying for college



less than half of Americans save for college¹



45 percent of 18-34 year olds have a student loan¹



Only 0.2 percent of students receive \$25,000 or more in scholarship money²

About the population

Young adults and their financial obligations



More than 1 in 3 young adults receive financial help from a family member¹



48% of borrowers are concerned that they will not be able to pay off their student loans¹



About 30% of young adults have less than \$1,000 in their savings; 24% have no savings at all²



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Sources: (1) National Financial Capability Study, 2016, www.usfinancialcapability.org; (2) GenForward at the University of Chicago Survey, March 2018, genforwardsurvey.com/assets/uploads/2018/04/NBC-GenForward-March-2018-Toplines.pdf.

About the population

There is a need for financial education for students and young adults



If given a second chance, 53% would change their choice about student loans¹



Only 38% of students calculated monthly student loan payment before repayment¹



Some borrowers do not know whether they have federal or private student loans

The domino effect of student loan debt



Housing and homeownership



Retirement savings



Asset accumulation/wealth building



Household formation



Career choice



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Overview

- Comparing schools and programs
- Reviewing your financial aid offer
- Different ways to pay for college
- Managing money while in school
- Preparing to repay student debt
- Resources

Compare programs and majors

- Consider applying to several different schools
 - Important factors:
 - Programs and degrees offered
 - Location
 - Size of the student body
 - Research median salaries for your expected major
 - Evaluate whether your expected salary is enough to cover your estimated monthly student loan payments

Reviewing your financial aid offer

- Compare college costs and financial aid offers to see how they might impact your finances down the road
- Things to consider when reviewing financial aid offers:
 - Not all offer letters look the same
 - Read through all the details
 - Compare the total money offered (grants vs. loans)
 - Compare the total costs (including living and housing expenses)
 - Have a conversation with your family about whether the financial aid offer makes sense for your family
- **ASK QUESTIONS.** Contact the financial aid office.

Compare Schools

Compare college costs and financial aid offers.

Add some information about the schools you're considering to see the financial impact down the road. If you don't have a financial aid offer, we'll show you where to find cost info for each school.

You can compare up to 3 schools.

Get started

[Remove this school](#)

School 1

[Remove this school](#)

School 2

[Remove this school](#)

School 3

First year costs



Cost of attendance

\$0

\$0

\$0

First year financial aid offer



Money for school

\$0

\$0

\$0

What are the different ways to pay for college?

- Scholarships and grants
 - Scholarships and grants do not have to be repaid
 - Grants are often need-based, while scholarships are usually merit-based
- Savings or family contributions
- Student loans
 - If you must borrow to cover the cost of your education, apply for federal loans and fill out the FAFSA
 - Explore the differences between federal and private student loans

Paying for College



- Our Paying for College page has a set of online tools targeted to students and families evaluating their options when financing a higher education
- Provides information about financing college including:
 - Comparing college costs and financial aid offers
 - Shopping for a loan
 - Options to repay student loan debt



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consumerfinance.gov/paying-for-college

Student Loans: Choosing a loan that's right for you

WHY IS IT IMPORTANT?

If you're considering student loans to help you pay for school, you're not alone - many students need loans to cover their full cost of attendance. In 2010, 67% of bachelor's degree recipients used loans to pay for their education. But the more money you borrow now, the higher your monthly loan payments will be after you graduate.

If you have to take out student loans, comparing your options can help you find the student loan best suited for your needs.

KEY QUESTIONS



I have to borrow money for school. What are my options?



What if my grants and federal loans don't cover the cost of attendance?



What should I consider when shopping for a private loan?

TAKE ACTION

- 1 [Fill out the FAFSA.](#)
Complete the form and submit it early.
- 2 Explore all your federal loan options first.
- 3 Shop around if your aid package doesn't cover the full cost of college.



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action guide



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Managing money while in school

- Open a bank account
- Set a realistic budget
 - Identify if you have any income gaps
 - Explore cutting expenses or ways to receive additional income
- Keep track of your student loan balances
 - Consider making payments on the interest if you are able

Student Banking: Managing your college money

WHY IS IT IMPORTANT?

Unlike that first school ID photo, your first banking relationship could last long after you graduate. Making a smart decision now will mean fewer surprise fees that can add up later.

KEY QUESTIONS



When should I get a bank account?



How do I avoid paying unexpected fees?




Do I have to get an account with the bank at my school?

ACTION STEPS

- 1 Choose an account as soon as possible.
- 2 Avoid paying unexpected fees.
- 3 Sign up for direct deposit as soon as possible.



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action guide 



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<https://www.consumerfinance.gov/paying-for-college/manage-your-college-money/#o1>

Preparing to repay student debt

- Keep track of your student loans
 - Log into the National Student Loan Database
 - <https://nslds.ed.gov/npas/index.htm>
- Open all mail that may be related to your loans, even if you don't recognize the name of the sender
- Choose a repayment plan that works for you

Repayment plans: Federal Student Loans

- Standard Repayment
- Graduated Repayment
- Extended Repayment
- Income-Driven Repayment Plans
 - Revised Pay As You Earn (REPAYE)
 - Pay As You Earn (PAYE)
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)

Repayment plans: Private Student Loans

- Unlike federal student loans, there are no standard repayment plans for private student loans
- Some lenders will offer modified repayment plans that are similar to the federal programs, particularly graduated repayment
- Every lender is different
- Contact your loan servicer to learn more

Repay student debt

Paying off student debt can be confusing. Walk through your options and optimize how to pay off your loans.

Know your options

This tool provides information and advice for optimizing how you pay off your student loans based on some basic information about your situation. While we can't give you advice for your exact situation, we hope it can point you in the right direction and help you learn about some of your options.

Get started by answering a few questions below.

Your situation

Are your student loans federal or private (non-federal), or a mixture of both?



Federal loans

Federal student loans are loans made or guaranteed by the Department of Education. They typically have names like Direct Loan, Stafford, PLUS or Perkins. They are the most common type of student loan.

Federal



Private loans

Private or non-federal student loans are any other type of student loans. They can be made by a bank, a credit union, a state student loan agency or a college or university. They may have names like "alternative" or "institutional" loans.

Non-Federal



Both

Many student loan borrowers have both private and federal student loans. Because repayment options for each type of loan are different, start by selecting the loan type that you are most concerned about. You can always return to the beginning of the tool and select the other loan type here in step one.

TIP

In order to use this tool, it will be helpful to have a list of your loans and required monthly payment amounts. If you don't have this information, don't worry.

[Read more](#) ▼



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Ask CFPB

Ask CFPB

We offer clear, impartial answers to hundreds of financial questions. Find the information you need to make more informed choices about your money.

Student loans

- What are the different ways to pay for college or graduate school? [Read answer](#)
- Are there any student loan breaks for public service? [Read answer](#)

[Learn more about student loans](#)



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www.consumerfinance.gov/askcfpb

Money Topic Resource Portals – Student Loans

Student loans

Whether you are preparing for college, attending school, or already repaying your student loans, we have tools and resources to help you make the best decisions for you.



Select the option that best fits your situation:

[I am looking for information about getting student loans](#)

[I am looking for information about existing student loans](#)

Getting a student loan

Get started

The basics of student loans

[Learn about different ways to pay for college](#)

You have a choice about how you pay for your education. Understanding your choices can help you make the right decision for your situation.

[Read more](#)

Key terms

[Co-signer](#)

[Cost of attendance](#)

[FAFSA®](#)

[Federal student loans](#)

About us

We're the Consumer Financial Protection Bureau (CFPB), a U.S. government agency that makes sure banks, lenders, and other financial companies treat you fairly.

[Learn how the CFPB can help you](#)

STILL HAVE A QUESTION?

Call us if you still can't find what you're looking for. You can also submit a complaint about an issue with student loans over the phone.

(855) 411-2372

TTY/TDD: (855) 729-2372

Resources for practitioners

Tools and resources to help the people you serve

Preparing to pay for college and managing money

Paying for college

Help students make informed financial decisions about paying for college.

[Learn about paying for college](#)

Student loan portal

The student loan portal will help those prepping for college, already in college or repaying student loan debt. We have tools and resources available to help students make the best decision for them.

[Visit the student loan portal](#)

Managing money

Practical advice for students on how to take action to get the best deal for their financial situation.

[Learn about managing college money](#)

Action guides

Check out our action guides geared toward helping students prepare to pay for college and manage their money.

[Manage your college money](#) ↓

[Choosing a loan that's right for you](#) ↓

Online publications and consumer resources

Blogs

- How to choose a school that's financially right for you
- Three steps to prep for paying for college
- Tips for servicemembers with student debt
- Understand your options: Tips for student loan borrowers with disabilities
- Four tips to help student loan borrowers navigate common problems with their student loans

www.consumerfinance.gov/about-us/blog/

Print publications



<http://promotions.usa.gov/cfpbpubs.html>

- The CFPB has free financial education materials in English and many other languages
- Available for bulk ordering

Public Service Loan Forgiveness

What you need to know to apply and qualify

Overview

- What is PSLF?
- How can I become eligible for PSLF?
- What are the top reasons for not qualifying?
- What else should I should be aware of?
- How do I apply for PSLF?
- What is TEPSLF?
- Resources

What is PSLF?

- It's a program that offers eligible borrowers federal Direct student loan forgiveness after
 - Making 120 qualifying monthly payments under a qualifying repayment plan;
 - While working full-time for an eligible public service employer or non-profit organization; and
 - Completing the application process.

How can I become eligible for PSLF?

Make sure you have the right type of loans

Make sure you enroll in the right repayment plan

Make sure you work in a job that qualifies for the program

Make sure your payments count



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Make sure you have the right type of loans

Only Federal Direct Loans qualify for Public Service Loan Forgiveness

Qualifying Loans

- ✓ Direct Subsidized Loans
- ✓ Direct Unsubsidized Loans
- ✓ Direct PLUS Loans
- ✓ Direct Consolidation Loans

Non-qualifying Loans

- ✗ FFELP Loans*
- ✗ Perkins loans*
- ✗ Parent PLUS Loans*
- ✗ Private loans

*You may consolidate FFELP and Perkins loans into a new Direct Consolidation Loan to qualify. PLUS loans made to parents may not be repaid under any of the income-driven plans, the repayment plans that are best for borrowers seeking PSLF. However, you can consolidate into a new Direct Consolidation Loan and begin repaying under an income-driven repayment plan called the Income-Contingent Repayment Plan. *Consolidation restarts the qualifying payments clock.*

If you don't know what types of loans you have, you can find out through the [National Student Loan Data System \(NSLDS\)](#)

Make sure you enroll in the right repayment plan

Qualifying Repayment Plans

- Income Driven Repayment Plans
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)
 - Pay As You Earn (PAYE)
 - Revised Pay As You Earn (REPAYE)
- Standard 10-year Repayment Plan
- Any plan with a payment exceeding the 10 year standard

Consider enrolling in an IDR plan

- IDR plans let you pay less now and set you up to have more forgiven later:
 - Set monthly payments based on income and family size
 - Keep payments manageable while you work toward loan forgiveness
- Enroll in an Income-Driven Repayment (IDR) plan as soon as possible.

Make sure you work in a qualifying job

You must work full-time for a qualified employer when making your qualifying payments and when you apply for forgiveness

It matters where you work, not what you do!

Qualified Employers

- Federal, state, local gov't
- Military service
- Certain non-profits

Full-time

- May include multiple qualifying part-time jobs averaging 30+ hrs./week

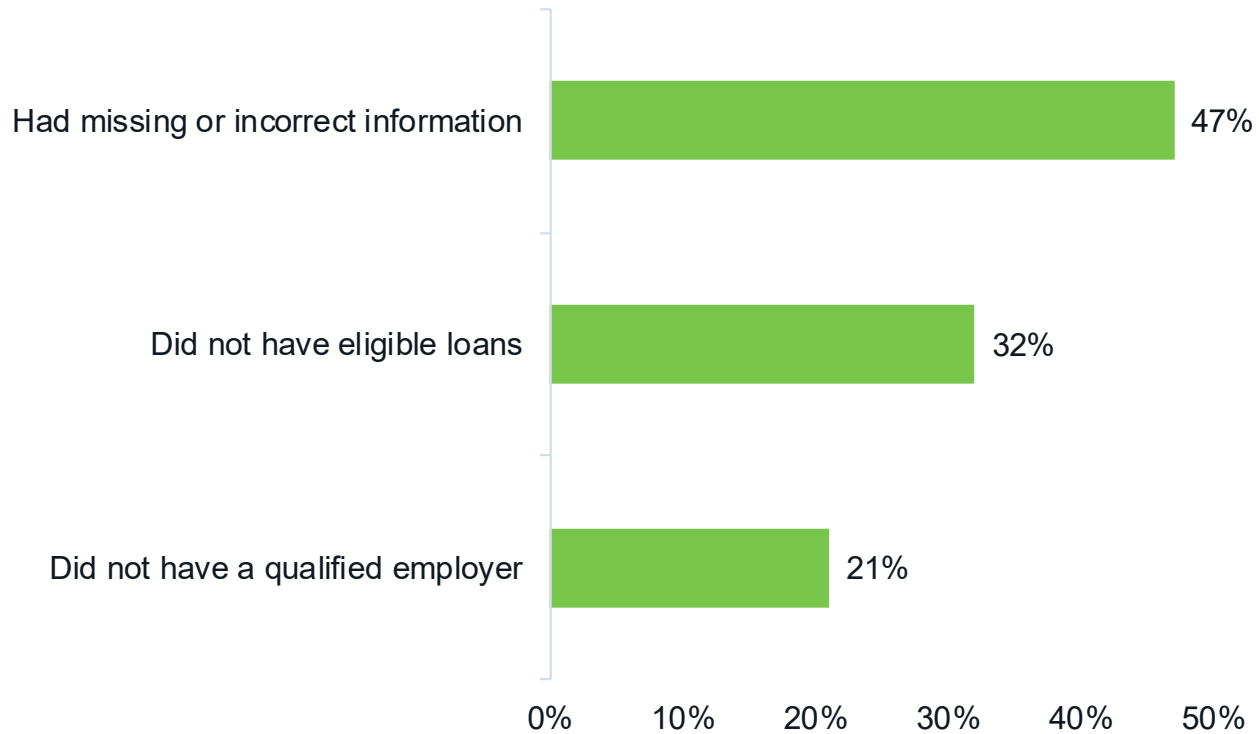
Submit an [Employer Certification Form \(ECF\)](#) to certify that you work for a qualified employer. You should complete this form each year.

Make sure your payments count

- You become eligible for PSLF after making 120 qualifying payments
 - Payments do not need to be all in a row
 - Only payments after Oct. 1, 2007 qualify
 - Payments must be in full and within 15 days of due date
 - Extra payments (prepayments) do not count. You only receive credit for one payment a month.
- Complete the ECF to find out how many of your payments count towards the 120-payment requirement

Main problems with qualifying for PSLF

Reason for denied PSLF application



What else should I be aware of?

- Consolidating a loan resets your PSLF qualifying payment count back to zero
 - If you have a Perkins loan, consolidating may also cause you to give up other loan cancellation benefits
- Teachers may qualify for other loan cancellation benefits, but generally cannot benefit from PSLF for the same service
- You need to recertify your IDR plan each year

How do I apply for PSLF?

- Submit the PSLF application after making 120 qualifying payments
 - Use the PSLF Help Tool at [StudentLoans.gov/pslf](https://studentloans.gov/pslf) and send in your completed application form OR
 - Download the PSLF application form and send in your completed copy
 - Either way, you will need to print the completed form, have your employer sign it, and submit the form to Fedloan Servicing

For detailed instructions, see <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service#where-submit>

Want to learn more? Check out our guides

- An estimated 25 percent of the U.S. labor force works in public service.
- There are a number of special loan repayment and forgiveness programs to assist student loan borrowers working in public service.
- Special guides for public service employees, servicemembers, Peace Corps and AmeriCorps, first responders, and teachers.

GUIDE FOR PUBLIC SERVICE EMPLOYEES WITH STUDENT DEBT

Loan forgiveness starts here

Step 1. Explore your options

Public Service Loan Forgiveness allows qualifying federal student loans to be forgiven after 10 years (120 months) of qualifying, on-time payments.

What is a qualifying loan? Only federal Direct Loans qualify for loan forgiveness. You may consolidate most other federal loans into a new Direct Loan in order to qualify.

What is a qualifying payment plan? Plans based on your income let you pay less now and set you up to have more forgiven later. The newest income-driven repayment plan, Revised Pay As You Earn (REPAYE), sets payments at 10 percent of your discretionary income.

Get started

- **It matters where you work, not what you do.** Any employee may be eligible for loan forgiveness, no matter what job they hold.
- **Extended repayment plans don't qualify toward loan forgiveness.** Avoid non-IDR options that lengthen your repayment term, such as an extended repayment plan. Switch plans now to get credit for your service.
- **You may qualify for other benefits,** including loan forgiveness for teachers, cancellation for borrowers with Perkins loans, and benefits offered by your state.

Step 2. Enroll and certify

Once you have a qualifying loan, you need to enroll in a qualifying payment plan. You can also track your progress towards PSLF by certifying that you work in public service.

Next steps

- Enroll in a qualifying payment plan.** Get started at studentloans.gov.
- Certify that you work for a public service organization.** Your HR office may keep this form on hand. You can also find it at consumerfinance.gov/pledge.

Step 3. Follow-up with your servicer

Once you certify, your servicer knows you are interested and can track your progress. The company that services your loan may change. Pay close attention to any information you receive about your student loan, even if it's from an unfamiliar company.

Things to consider

- **Enroll and certify each year.** This is the best way to keep your payment low and check to make sure you stay on track for loan forgiveness.
- **Ask for help.** You can contact a loan forgiveness specialist at FedLoan Servicing at (855) 265-4038.



Learn more at consumerfinance.gov/pledge

Resources

- Ask for help. You can contact a loan forgiveness specialist at FedLoan Servicing at (855) 265-4038
- For more info, check out the Department of Education site at <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service>
- Visit us online at www.consumerfinance.gov/askcfpb or call us at (855) 411-CFPB (2372) for more information on student loans.
- If you are having a problem with a financial product or service, tell us about your issue—we'll forward it to the company and work to get you a response, generally within 15 days. www.consumerfinance.gov/complaint
- Check out our PSLF toolkit for employers at <https://www.consumerfinance.gov/practitioner-resources/students/loan-forgiveness/>

Questions?

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www.consumerfinance.gov/students

