

Quick Reference Guide to Your Federal Student Loans

➤ Believe it or not the information contained in this quick Reference guide just may come in handy one day. iGrad recommends that you store it in a safe place so that you can refer to it when you need to.

Federal student loans are loans you took out through your financial aid office after completing the Free Application for Student Aid (FAFSA). When you received these loans you signed a Master Promissory Note or MPN; a promise to repay these loans. These are loans, not gifts like grants or scholarships. All loans must be repaid in full with interest over a specified period of time known as the loan term.

You must pay these back no matter what, even if you didn't like or finish your education, can't find a job, or don't have enough money to pay them back.

If you want to view all your student loans in one simple place you can go to the National Student Loan Data System or NSLDS. Visit NSLDS at: [NSLDS.ed.gov](https://www.nsls.ed.gov). However, to access your personal information you'll need a PIN or Personal Identification Number. To access your PIN go to: [PIN.ed.gov](https://www.pin.ed.gov). Once you submit a request for a PIN it usually takes about two day to get it.

There are a variety of terms you should know about when it comes to student loans. Many of the terms that are used with all sorts of loans and banking transactions. Either way get familiar with these terms because you'll hear them often. There are a variety of statuses your loan will be in during the life of the loan. These statuses are:

In-School: This is when you are attending school at least half-time as defined by your school.

Grace: The six month period following your in-school status

Repayment: The long period of time you are actively making payments on a monthly basis.

Deferment: A period of time you are not making payments. You are in deferment while you are in school.

Forbearance: A temporary suspension of payments granted by the lender due to financial hardship, active military duty, or other special circumstances.

Default: this is a status declared by the lender when you are 120 days late in making payments. You do not want to get into default.

Making Payments

You can pay more than your minimum monthly payment every month to shorten your loan term. However, you must make at least the minimum payment every month unless you have made previous arrangements with your lender. You should know that there are never any prepayment penalties for paying off a federal student loan prior to the end of the loan term.

There are certain tax benefits that come with having federal student loans – for example if you make less than \$75K a year it is possible to deduct the interest from on your income taxes. Since iGrad is not a Tax expert we advise you to consult with your tax advisor to understand your specific situation. There is also a brochure from the Department of Education that you can print out from iGrad regarding tax benefits and your federal student loans.

If you are ever having trouble paying your loan payment, you should talk to your lender immediately, before you get behind on payments, about forbearance or deferment. Both are a temporary suspension of payments based upon a borrower's financial hardship, active military duty, returning to school, and a variety of other reasons

If you are having trouble with your student loans and can't get help from your lender, contact the Federal Student Loan Ombudsman. The Federal Student loan Ombudsman of the Department of Education helps resolve disputes and other problems:

**U.S. Department of Education
FSA Ombudsman
830 First Street, NE
Fourth Floor
Washington, DC 20202-5144

P:877.557.2575
F:202.275.0549

Ombudsman.ed.gov**

Loan Forgiveness

Your Federal loans can be forgiven, that means not paid back, in-part or in-full if you meet certain requirements like:

Serving in:

- Peace Corps
- Volunteers In Service To America (VISTA)
- Ameri Corps
- The Army National Guard

OR

- Become an elementary school teacher
- Become a nurse
- Work as a lawyer in many non-profit public service positions
- Work in health professions that serve public interests

The details can be tricky so iGrad has attached a PDF of the brochure from the Department of Education on how loan forgiveness works. Print it out, you never know if your loan can be forgiven.

Don't default on your student loans or any other debt for that matter

Quick Reference Guide to Federal Student Loan Terms

Financial Aid - funding intended to help students pay education expenses including tuition and fees, room and board, books and supplies, etc. for education at a college or university.

Financial Aid Office - The office on a college campus that is responsible for processing students' financial aid

Federal Student Loan - A student loan provided by the federal government, as determined after the filing of the FAFSA.

Subsidized Stafford loan - A need-based loan. Interest is paid by the federal government while the borrower is enrolled in school at least halftime, or during grace and deferment periods.

Unsubsidized Stafford Loan - Non need-based loan on which the federal government does not pay interest. Interest begins accumulating from the day the money is disbursed. The interest may be capitalized as long as the student is attending school at least half-time.

Perkins Loan - A need based federal loan awarded by the school to students with exceptional need.

PLUS Loan - Parent Loan for Undergraduate Students is a federal student loan for parents who wish to borrow on behalf of their dependent child.

Graduate PLUS Loan - An unsubsidized federally guaranteed education loan for graduate and professional students. This loan has no annual or aggregate limits. It has no grace period and it goes into repayment as soon as the funds are disbursed to the borrower.

Federal Consolidation Loan - A program that permits combining several types of student loans into one new loan often at longer repayment terms and a fixed interest rate.

Loan Provider - The lender, bank or other entity that issued the loan to you.

FAFSA - Free Application For Student Financial Aid is the form the student must file to apply for federal Title IV financial assistance. [FAFSA.org](https://fafsa.org) [LINK]

Master Promissory Note - A promissory note is the legal agreement a student signs with a lender accepting student loan funds. The MPN states the terms and conditions of the loan, including repayment schedule, interest rate, deferment policy and cancellations.

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Loan Status - The state of a student loan will be either: in-school, in-military, grace, repayment, deferment, forbearance, paid-in-full, suspended, or default.

Quick Reference Guide to Federal Student Loan Terms

Half-Time - The credit load or hours considered by the school to be half time for a student's course of study. Most schools generally consider half-time enrollment to be no less than 6 semester or quarter credits.

In-School - The period of time when the student is attending a college or university greater than half-time as determined by the school.

Grace - The period of time after a student graduates, falls below half-time enrollment status, or withdraws from school, and before loan repayment begins.

Standard Repayment - A repayment plan that gives a borrower the consistency of the same monthly payments for the entire repayment period.

Extended Repayment - A repayment plan for borrowers who have a total education debt exceeding \$30,000. This plan allows borrowers to repay their loans over a maximum term of 25 years, instead of 10 years.

Graduated Repayment - A repayment plan where the monthly payments are smaller at the start of the repayment period, and gradually become larger over the life of the loan. **Income Sensitive Repayment** - A repayment plan that annually adjusts the borrower's monthly payment based on the borrower's income.

Prepayment Penalty - A fee that may be assessed by some lenders as a penalty if a loan is paid off before it is due.

Minimum Payment - The smallest amount of money that one may pay on a debt in order to keep the account from going into default.

Default Failure - to repay a loan according to promissory note terms. Defaults are recorded on your credit record and have long-term adverse consequences

Deferment - The period of time during which the borrower, having met certain criteria determined by the lender or loan servicer on behalf of the lender, is not required to make regular monthly payments.

Forbearance - A period of time during which the borrower is permitted to temporarily cease making **payments or** reduce the amount of the payments on a loan. The borrower is liable for the interest that accrues on the loan during the forbearance period.

Dischargeable - Debts that can be eliminated in bankruptcy. Certain debts are not dischargeable; that is, they may not be discharged through bankruptcy.

Bankruptcy - A legally declared inability of an individual to pay their creditors.

Ombudsman - A government appointee who investigates complaints by private persons against the government.
www.ombudsman.ed.gov