This is a Student Loan TIPS podcast produced by SDSU Extension in collaboration with Extension Family Resource Management Specialists and Educators across the North Central Region.  This podcast is titled: **4 Steps to Student Loan Repayment**

Accepting your student loan offer was easy: click on “Accept” and the money was delivered. Now it’s time to repay the student loan and that may seem more complicated! Let’s break it down into four simple steps, and talk about what information you need at each step towards repaying your student loans.

The **first step** towards repayment is to collect information about all of your student loans. For example, who do you owe, how much do you owe, and what is the interest rate or APR (annual percentage rate) for each of the loans? The APR tells you the relative cost of each loan; the higher the APR, the higher the cost.

* If you borrowed federal student loans, login to the National Student Loan Data System at <https://nsldsfap.ed.gov/login> to find an up-to-date list of your federal loans.
* If you borrowed private student loans, then the best place to find out the loan balances and who services the loan, is to look at your credit reports. You can check all three of your credit reports, at no cost, at [www.annualcreditreport.com](http://www.annualcreditreport.com). Double-check this information with the information you may have kept when you borrowed the money. Keep in mind, though, that the original lender may have sold your loan to a different financial institution and now you need to pay a different lender.

Once you know your total student loan debt amount, then the **second step** is to explore repayment options. Each option has pros and cons; you need to research the options to decide what is best for you. Pay attention to how long it will take to pay off the loan, what is the APR and the total cost of the loan, as well as the monthly payment amount.

When comparing repayment options, consider the monthly payments you can afford *now* while keeping in mind that the longer it takes you to repay the loan, the more money you likely will pay overall.

An easy-to-use calculator that allows you to explore the effect of changing the repayment time period is at https://studentaid.gov/loan-simulator/. Use your Federal Student Aid ID to log on and use the Repayment Estimator to see what your payment will be under each of the different repayment plans. If you have forgotten your FSA ID, you can go to The Federal Student Aid website.

One more factor to consider. If you believe you may qualify for Public Loan Forgiveness, then an income-driven plan may be best for you. Income-driven plans require annual verification; you must stay on top of the paperwork to take advantage of Public Loan Forgiveness. Do your research to see if this is a possibility for you.

The Federal Student Aid website has more information about repaying federal student loans.

* For private student loans, contact your lender and ask them to provide you with written information about all of your repayment options. Depending on your lender, you may have one or more options. You can also download a sample letter from the Consumer Federal Protection Bureau website that clearly states the type of information you need from your lender in order to understand your repayment options.

**Step 3** is to make a plan. At this point, you may feel overwhelmed. Take a deep breath and consider your options. Don’t ignore your student loans! Even if you can’t afford to repay your loan now, you may qualify for deferment or forbearance, which allows you to stop making payments or reduce your monthly payment amount for a specified period. This only happens if you take action and apply for it.

Fantastic! You’ve assessed where you are with your student loans, explored repayment options, and made a plan. The **final step** is to take action. Notify each of your loan servicers of the repayment option you choose. For federal student loans, go to studentloans.gov to begin the process.

Once you have a repayment plan set-up, consider making it an automatic payment so that your loan payments will be on time. You may also receive an interest rate reduction by making your payments automatic. This is a great way to build a positive credit history!

One last to-do, mark your calendar to re-assess your financial situation each year, including your student loan repayment. For example, if you receive a salary increase, then you may want to increase the amount you’re paying monthly (unless you’re in the Public Loan Forgiveness program). If you pay more monthly, you’ll likely decrease the total amount you will pay in interest.

For more information about student loans, and the urls to connect to many of the resources discussed today, go to the Federal Student Loans Fact Sheet at <https://studentaid.gov/sites/default/files/federal-loan-programs.pdf>

Thanks for listening to this podcast. If you have questions or need more information, go to [www.nccea.org](http://www.nccea.org) to find the Extension website for your state.