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: **Challenges to Repayment**

Because repaying student loans can be both challenging – and frustrating, let’s see if we can make the process go a bit more smoothly for you.

The first challenge is to **identify the type of loan that you have.** Federal government loans are the most common.

* If you have **federal government loans,** you typically have a six-months grace period before you are required to make payments. The majority of students that enter repayment are placed in the 10-year standard loan repayment program automatically. This means, you need to make payments each month for ten years until you have paid the balance in full. While this plan may save you money in the long term, the monthly payments may be higher than other plans. ***You are not obligated to stay in the 10-year repayment plan option.*** If you are struggling to come up with that first loan payment and aren’t sure if you have the funds to meet your obligation, contact your loan servicer to see if another loan repayment option may be financially better for you. To learn more about the options for repayment, visit studentaid.gov
* If you have [Private Student Loans](http://www.finaid.org/loans/privatestudentloans.phtml), knowing the terms of agreement is important. Whether a loan is a school-channel loan (meaning the school signs off on the borrowing amount and the funds are disbursed by the school) or a direct-to-consumer loan (where you apply for the loan directly from a lender), you need to understand the type of loan you have, and more importantly, the terms of the loan. Answering questions like- when I am obligated to begin to pay the loan back? What is the interest rate that is being applied to the loan? And, when will the interest begin to grow? These are all important pieces of information to know so that you can be sure you make the required appropriate and timely payments.

That leads us to the second repayment challenge: **knowing who the loan servicer is for each of your loans.** Your loan servicer is the company that collects payments and responds to questions/inquiries about the loan.

To find the servicer of your federal student loan go to the National Student Loan Data System (NSLDS) and login using your FSA ID. For private student loans, look at your credit reports or loan statements. Sallie Mae and its spin-off company, Navient are two of the most common private student loan servicers.

Keep in mind that your loan servicer may change over time. This could happen if a lending institution merges with another institution, for instance. It is very important for you to stay on top of who is servicing your loan so that you pay your loan payment on-time and to the correct agency. For this reason, make sure your servicer always has your correct contact information AND read all correspondence from your loan servicer.

The third challenge students often face is **understanding your options if you become unable to make your student loan payments**. Deferments and forbearances are available during times of economic hardship. The main difference is under a deferment, one may be able to temporarily stop the interest from accruing; while under a forbearance, the interest continues to grow on the loan. If you find yourself unable to make your payments, contact your loan servicer immediately. Under certain circumstances, such as financial difficulties or change in employment, you may qualify to stop or reduce your regular payments for a period.

Finally, it is very important that you **understand who should be contacting you about the loan**. Identity theft can be a huge concern around any type of loan, but especially within the student loan industry. If anyone contacts you stating that you owe money for a loan, make sure you contact your loan servicer(s) directly at the number that you have. If you find out that the debt the collector is referring to is indeed yours, the Bureau of Consumer Financial Protection has sample letters that you can use to verify the debt and assist with resolving this issue on their website at consumerfinance.gov. Make sure to follow the appropriate steps to ensure that you handle your debt appropriately.

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.