



9 Tips to *Lowering Your* Student Loan Payment

The Definitive Guide To Lowering
Your Student Loan Payments



USSLC

US Student Loan Center, Inc.

With the cost of tuition constantly going up these days, it is a rarity that I speak to a recent graduate who is not in student loan debt of some kind. In fact, the most recent statistics show that **over 70% of all college seniors have found themselves in student loan debt** upon their graduation date. In 2014, the average debt accumulated by these graduates is estimated to reach **\$33,000 per borrower**; for some private colleges, it is about that per school year!

That means the average cost for just one four-year degree will be \$132,000.

- At the time these graduates took out these student loans, did they know what they were signing up for?
- Did they know what their rates were going to be and if their lender could change those rates without their knowledge?
- Did they know who their lenders even were?
- Did they know if the loans were federally backed or privately backed and what the difference was?
- And most importantly, did they know what their options were after graduation?

For most graduates the answer to these questions, along with many more, is a resounding NO.

The reality is the majority of these graduates are blind and completely uneducated when it comes to their student loans; and this isn't because they are dumb or simply do not care. They are uneducated because they are not equipped with the means to learn the essentials about their student loans, the payments that come with those loans, and their repayment options. So it is no surprise when I hear that these graduates fall behind on their payments, go into default, or more commonly, continue to make higher payments every month while the balance seems to stay motionless.

What is up with that anyways?!

To make sure that you can get the lowest payment possible and that you are not getting ripped off by greedy lenders (Sallie Mae/Navient, anyone?), you need to know a few basic tricks and ensure you are in the most beneficial student loan situation for your specific needs. And because student loans are usually a pretty large piece of a person's overall debt, having your student loans squared away can really take some financial weight off your shoulders. After speaking to hundreds of graduates struggling with high monthly payments everyday, we have compiled a list of the 9 most useful pieces of information that we share with our clients for lowering their student loan payments.



Here are the

9 *Tips to*

Lowering Your

Student Loan Payment



1

**Know The Kinds
of Loans You Have**

1. Know the kinds of loans you have

There are so many different kinds of loans out there that it can be pretty overwhelming and confusing to sort them out. By using the National Student Loan Data System (NSLDS) and your FSA ID (formally your FAFSA Pin), you will be able to look at every single kind of federal student loan that you have. It is important to know what kinds of loans you have because different repayment options are often based around this information as well as the origination date of the loan.

Loans

Please click on number in first column to see details

	Type of Loan	Loan Amount	Loan Date	Disbursed Amount	Canceled Amount	Outstanding Principal	Outstanding Interest
1	DIRECT STAFFORD UNSUBSIDIZED	\$2,625	10/08/2012	\$2,625	\$0	\$2,833	\$146
2	DIRECT STAFFORD SUBSIDIZED	\$3,375	10/08/2012	\$3,375	\$0	\$3,470	\$1
3	DIRECT STAFFORD UNSUBSIDIZED	\$1,500	10/21/2010	\$1,500	\$0	\$1,841	\$95
4	DIRECT STAFFORD SUBSIDIZED	\$4,500	10/21/2010	\$4,500	\$0	\$4,831	\$1
5	STAFFORD SUBSIDIZED	\$4,500	08/18/2009	\$4,500	\$0	\$4,780	\$1
6	STAFFORD UNSUBSIDIZED	\$2,500	08/18/2009	\$2,500	\$0	\$2,918	\$151
7	STAFFORD UNSUBSIDIZED	\$887	04/17/2009	\$887	\$0	\$1,102	\$47
8	STAFFORD UNSUBSIDIZED	\$1,500	08/19/2008	\$1,500	\$0	\$1,672	\$86
9	STAFFORD SUBSIDIZED	\$500	08/19/2008	\$500	\$0	\$532	\$1
10	STAFFORD SUBSIDIZED	\$4,000	07/15/2008	\$4,000	\$0	\$4,252	\$1
11	STAFFORD UNSUBSIDIZED	\$250	12/05/2007	\$250	\$0	\$337	\$14
12	STAFFORD SUBSIDIZED	\$1,625	12/05/2007	\$1,625	\$0	\$1,784	\$0
13	STAFFORD SUBSIDIZED	\$1,875	07/30/2007	\$1,875	\$0	\$2,059	\$0
14	STAFFORD SUBSIDIZED	\$2,625	10/13/2006	\$2,625	\$0	\$2,916	\$0
15	STAFFORD UNSUBSIDIZED	\$575	10/13/2006	\$575	\$0	\$834	\$36
16	STAFFORD UNSUBSIDIZED	\$575	10/04/2006	\$0	\$575	\$0	\$0
17	STAFFORD SUBSIDIZED	\$2,625	10/04/2006	\$0	\$2,625	\$0	\$0
18	STAFFORD UNSUBSIDIZED	\$575	09/26/2006	\$0	\$575	\$0	\$0
19	STAFFORD SUBSIDIZED	\$2,625	09/26/2006	\$0	\$2,625	\$0	\$0
20	STAFFORD SUBSIDIZED	\$2,625	02/04/2003	\$0	\$2,625	\$0	\$0
Total DIRECT STAFFORD UNSUBSIDIZED						\$4,674	\$241
Total DIRECT STAFFORD SUBSIDIZED						\$8,301	\$2
Total STAFFORD SUBSIDIZED						\$16,323	\$3
Total STAFFORD UNSUBSIDIZED						\$6,863	\$334
Total All Loans						\$36,161	\$580

Sample of various loan types shown within a student's NSLDS account. The loan type can be shown in the left hand column. Clicking on the blue highlighted number next to the loan will show information specific to that loan. (more on this in tip #6)

Be sure to double check the statements you are receiving and the amounts of the loans. If you have looked at your overall principal on your statement and it differs from what you see on the NSLDS, chances are you have private loans too. In this case, you may need to contact your lender of the loan or your financial aid office to find out exactly what kind of private loans you have as they will not show up in the NSLDS.



2

**Stay in touch with
your lender or your
loan representative**

2. Stay in touch with your lender or your loan representative

It may sound strange, but some kinds of lenders will never contact you in regards to collecting payment. This does not mean that you are free to go- even though that is what we would all hope for!

Those lenders are almost hoping that you run late and fall into default.

Why?

Because those lenders are backed by the federal government and they will get paid back on that loan one way or another. In fact, if you do happen to fall into default, not only will they be paid back by you (the borrower), but through interest, regular payments, and being paid back by the government, those lenders will receive about 3x's the amount of your original balance.

Does that seem fair to you?

Probably not... so whenever you have a change in your financial situation, contact information, or you anything else pertaining to your loans, give your lender or representative a call and let them know. When you do this, ask them any pending questions you may have and reconfirm some of the basics you have already established with them.

Never assume that they will contact you to keep you in the loop!



3

**Know your student loan
repayment options &
fully educate yourself**

3. Know your student loan repayment options and fully educate yourself about them

There are several different kinds of repayment options and programs available for students. Not only were they invented to keep you on track to pay off the loan but by finding the right program for you, they can help alleviate the struggle of a high payment. While the repayment programs are there to benefit students, they can be confusing to understand and therefore are underutilized. If you do not feel confident in sorting through the confusion by yourself, your lenders are supposed to be there to help you.

However, as I mentioned earlier, some lenders are not particularly helpful. It's a good idea to get professional help (from people who actually care) if you want to find out more about repayment programs or if you are experiencing the aforementioned "un-helpful helpers".



4

**Find out if you
can qualify for a
forgiveness program**

4. Find out if you can qualify for a forgiveness program

Some of the programs available to students also offer Student Loan Forgiveness.

As forgiveness programs are mainly based off of the type of loan, the origination date, your occupation, and your income these too can get confusing.

Be sure to consult with your lender or representative to ask questions about obtaining forgiveness. This is where knowing the types of loans that you have accumulated will really come in handy. If you are unsure of the next steps to take to acquire forgiveness, you can speak to a student loan representative, who can help you out with a free audit of your loans.



5

**Find out what consolidating
your student loans can
do for you**

5. Find out what consolidating your student loans can do for you

A consolidation is taking the accumulation of all your student loans and bringing them together to make one new loan, with one new, fixed interest rate

You must be careful if you have both private and federal student loans when consolidating. You probably do not want to consolidate your federal loans into a private loan for the reason that you would lose any deferments or forbearances you might have left in your loan term.

If you only have federal loans, then there are several factors you will want to take a look at before moving forward with a consolidation. While a consolidation can open up a range of benefits for you, every situation is different, so you will want to get the facts and consult an expert to find out how a consolidation can help you.



6

**Be aware of your grace
period and when it ends**

6. Be aware of your grace period and when it ends

After you graduate, usually you are given about six to nine months “grace” with federal loans in order to find yourself a job and some financial stability. The **grace period for private loans varies**, so you will want to contact your lender and take note of important dates.

Many times student loan companies will contact you immediately following graduation to try to collect your payment. But make sure you check the status of your loans by logging into the NSLDS. It can show you if you are still in grace period, default, or in repayment.

Detail Loan Information for (Student's Name) Your enrollment status is **WITHDRAWN**, effective 05/03/2013.

Type of Loan: **1 DIRECT STAFFORD UNSUBSIDIZED** [Next](#)

Loan obtained while attending the (University / College Name)

Date Entered Repayment: 11/02/2013
Loan Period Begin Date: 08/25/2012
Loan Period End Date: 05/03/2013



Amounts and Dates

Loan Amount	Outstanding Principal Balance	Outstanding Principal Balance As of Date	Outstanding Interest Balance	Outstanding Interest Balance As of Date	Interest Rate Type	Interest Rate	Canceled Amount	Canceled Date
\$2,625	\$2,833	11/30/2014	\$146	11/30/2014	FIXED	6.80%	\$0	

Disbursement(s) and Status(es)

Disbursement Date	Disbursement Amount	Loan Status	Status Description	Status Effective Date
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Clicking on the blue highlighted number will open up the loan information as shown above. Here a student can view the information specific to the selected loan including the repayment status.

If the system shows that you are in grace period and your lenders are asking you for payments, you may wish to bring this up to them or contact a loan representative if you have one.

You also need to be aware of when your grace period ends. This is very important, as you don't want to miss your first payment date and start off on a bad foot. Which leads us to my next tip...



7

**Do Not Miss
Your Payments**

7. Do not miss your payments

Running late on your student loan payments not only leads to a damaged credit score, but it can also result in a defaulted status on those loans that are late. Once the loans are in a default status it becomes very difficult for lenders and the US Department of Education to work with you as far as coming up with an affordable repayment program or sometimes even consolidating those loans. It's almost as if you have lost the Department of Education's trust at this point and until you can prove to them that you are a capable, payment-making citizen again, you are put into a dicey and questionable collections period.

If you continue to avoid paying on your loans throughout default status, the government will come after you through your employer and your taxes.

The Department of Education can garnish up to 15% of your wages or collect your tax refunds, leaving you with very little relief options.

Please, do yourself a favor and do not let it get to this!

As you can see, not making some kind of payment towards your student loans creates a long snowball effect to a huge financial mistake.



8

**Learn How Taxes
Can Impact Your
Student Loans**

8. Learn how taxes can impact your student loans

Not only could there be tax breaks available to graduates with student loans, but income taxes are also factored in when qualifying for certain repayment programs, such as the Income Based Repayment Program (IBR).

As it is one of the repayment options that offer student loan forgiveness to graduates, the IBR program looks at a graduate's household income. For this reason and if applicable, a graduate may want to look into filing their taxes separately from their spouse.

Note that making the change to file your taxes separately can affect other areas of your finances, so you will want to make this decision carefully and even get with your accountant if you need to.

It's also important to mention that if you enter a student loan forgiveness program and stay enrolled for the entire term, any amount you have forgiven can be deemed as taxable income at the end of your forgiveness term by the IRS. Meaning if you have a large amount forgiven, you could see a large tax on that amount. But no one so far has seen this tax come into play, since 2017 is the first year that tax could go into effect. The good news is that the amount anyone will be taxed will likely be **FAR less** than what they would have to pay back otherwise on their loan balance without the forgiveness.



9

If you can afford to
pay extra, do it!

9. If you can afford to pay extra, do it!

Putting more money towards your loans each month can help to directly attack the principal. Since each monthly payment covers any fees you might have accumulated and also the interest, only a little each month is going towards actually bringing down your principal balance.

Most of the federal loan repayment programs **offer a no prepayment penalty;** meaning that anything extra that you pay each month will go towards the principal. Whether you are able to do it every single month, or just a little here and there, it is a good idea to get a written statement saying that the extra amount that you put down each month is to be applied to the principal- not your future payments!

YE BE WARNED:

If you consolidate your loans into federal direct loans and plan to enter a student loan forgiveness program, paying extra towards your balance each month will likely cut back on the amount you have forgiven at the end of your term. Paying more towards your balance each month means having less forgiven. Make sense?

The essential understanding about tip #9 is the “if you can afford to” part.

The most important thing you can ever do in your life when you get your paycheck is to pay yourself first before you pay anyone else.

Yes, paying off your student loans is extremely important, but you shouldn't put everything you own and have into paying them off quickly. This can hurt you in other areas of your life; from your long term financial stability to even your emotional health.

However, when all of these 9 tips are followed to lower your student loan payment, you can find that both your long term financial plans and your happiness will both improve.