

# Managing your Student Loans

Student loans are an investment in your future, but as with any investment they must be managed. It is important to know what you can expect when you finish your education and when to start repayment. This guide is intended to help you better understand student loans and how they work.



## Student Loan Types

Below are types of loans that may be available to finance your education. The federal Ford Direct and Plus loans are borrowed directly from the Department of Education and repaid through a loan servicer.

- **Subsidized Loans**—Federal Ford Direct Subsidized Loans are for students with financial need. You are not charged interest while you're in school at least half-time. Only Undergraduate students are eligible to receive Subsidized loans.
- **Perkins Loans**—are a limited need-based federal subsidized loan. They have a fixed interest rate of 5% and a 9-month grace period.
- **Unsubsidized Loans**— with Federal Ford Direct Unsubsidized Loans you are not required to demonstrate financial need. Interest accrues on an unsubsidized loan from the time it's first paid out. You can pay the interest while you are in school and during grace periods and deferment or forbearance periods, or you can allow it to accrue and be capitalized (that is, added to the principal amount of your loan).
- **Parent/Grad PLUS Loans**—are credit based federal loans that require a yearly application for approval. They are not need-based and begin to accrue interest when they are disbursed. Parents taking a PLUS loan may request the loan be deferred while the student is enrolled at least half-time. Grad PLUS recipient's deferment will work the same as the Unsubsidized loan.
- **Non-Federal Loans**- Alternative or Private loans are credit based loans that require an application for approval from a private lending institution not affiliated with The US Department of Education or OSU. The terms and repayment of these loans can vary. These loans cannot be consolidated with Federal Student loans under federal consolidation plans.

## Federal Ford Direct Student Loan Limits

There are yearly and aggregate limits to the amount of federal loan funds you are able to borrow. Additionally, effective 2013, new borrowers may not receive the subsidized loan for an amount of time that exceeds 150% of their undergraduate program length.

Year In College	Dependent Undergraduate	Independent Undergraduate	Graduate
<b>First Year</b>	\$5,500 (max of \$3,500 of this amount may be in subsidized loans)	\$9,500 (max of \$3,500 of this amount may be in subsidized loans)	\$20,500 (unsubsidized)
<b>Second Year</b>	\$6,500 (max of \$4,500 of this amount may be in subsidized loans)	\$10,500 (max of \$4,500 of this amount may be in subsidized loans)	
<b>Third and Beyond (each year)</b>	\$7,500 (max of \$5,500 of this amount may be in subsidized loans)	\$12,500 (max of \$5,500 of this amount may be in subsidized loans)	
<b>Maximum Total Allowed Debt from Stafford Loans (aggregate loan limits)</b>	\$31,000 (max of \$23,000 of this amount may be in subsidized loans)	\$57,500 (max of \$23,000 of this amount may be in subsidized loans)	\$138,500 (includes loans received for undergraduate study.)

## Key Terms

### Subsidized

Interest does not accrue while the student has a qualifying status such as being enrolled at least half-time.

### Unsubsidized

Interest starts to accrue after the loan has disbursed.

### Grace Period

A period of time after borrowers drop below half-time enrollment where they are not required to make payments on certain federal student loans.

### Deferment

A postponement of payment on a loan that is allowed under certain conditions such as in school status.

### Forbearance

A postponement or reduction of loan payments designed to help the borrower during time of temporary need.

## Managing Your Loans

The National Student Loan Data System (NSLDS) is a database that houses records of all your federal student loans, servicer information, and grants (private/alternative loans will not be here but should have their own websites to check their status. Contact your loan servicer for more information). At [nslds.ed.gov](http://nslds.ed.gov) you can see how much you owe and what status your loans are in. It is an essential tool in managing your student loans!

**Remember the Grace Period**-With Ford Direct loans, after you graduate or fall below halftime enrollment, you will be given a 6-month grace period. During this time you will not be required to make payments.

**Consider a Deferment or Forbearance, if You Can't Pay**-At times, you may find it financially difficult or impossible to repay your student loan. Don't panic, you still have options to help you avoid delinquency and default. The best thing that you can do in this situation is contact your loan servicer and apply for a deferment or forbearance on your loan. Remember, these things are never automatic. You'll need to fill out the appropriate application from your loan servicer, attach any supporting documentation, and follow up to make sure that your application has been processed correctly.

**Keep Track of Your Loans**- It's important to keep accurate, accessible records. Check your loan status regularly at NSLDS and keep track of how much you are borrowing. Finally, be sure to keep your loan servicer up to date with your most recent contact information.

## Repayment Options

Some types of repayment plans are:

**Standard Repayment:** Under this plan, your monthly payments are a fixed amount of at least \$50 each month and made for up to 10 years. This plan may save you more money over time by allowing you to pay off your debt more quickly and pay less interest.

**Graduated Repayment:** Under this plan, your monthly payments start out low and increase every two years. You will pay more interest on this plan than with Standard Repayment.

**Extended Repayment:** Under this plan, your monthly payments are a fixed or graduated amount, made for up to 25 years. With Extended Repayment, payments are generally lower than payments made under the Standard and Graduated Repayment Plans.

**Income-Driven Repayment:** There are multiple repayment plans that will base your monthly payment on your income. With these options, if your income is low enough, your payment could be as low as \$0 per month.

For more information on estimated payments under these plans and other plan types that may be available, please visit [studentaid.ed.gov/repay-loans/understand/plans](http://studentaid.ed.gov/repay-loans/understand/plans).

## Loan Repayment Chart

The following chart shows what you can expect to pay each month, how much interest you will have paid, and the total cost of the loan. \$31,000 represents the maximum you can borrow as a dependent undergraduate, and \$57,500 is the maximum you can borrow if you are an Independent Undergraduate.

In most cases you are considered a Dependent student until you are 24.

This table represents funds borrowed at a 6.8% interest rate repaid over 10 years (120 payments). For other repayment scenarios, visit [studentloans.gov](http://studentloans.gov) and check out their repayment calculators!

Loan Amount	Payment	Total Interest	Total Loan
\$5000	\$57.54	\$1,904.80	\$6,904.80
\$10,000	\$115.08	\$3,809.60	\$13,809.60
\$15,000	\$172.62	\$5,714.40	\$20,714.40
\$20,000	\$230.16	\$7,619.20	\$27,619.20
\$31,000	\$356.75	\$11,810.00	\$42,810.00
\$40,000	\$460.32	\$15,238.40	\$55,238.40
\$50,000	\$575.40	\$19,048.00	\$69,048.00
\$57,500	\$661.71	\$21,905.20	\$79,405.20

### GOOD HABITS

Developing good financial habits takes practice and can involve trial and error at times. Don't give up!

**Get Organized!** You probably have a notebook for each of your classes to help you stay organized. Take a few hours to get your financial life organized too!

**Read the fine print!**

If you don't understand it find someone who does. Many resources are available to help you, just ask!

**Protect personal information!**

- Memorize your student ID and avoid using your social security number to get information.
- Be careful of information you give out, especially when giving out information to solicitors.
- Shred things with personal information on it.
- If statements seem incorrect, you suspect fraud or other suspicious activity, don't wait to contact financial institutions or law enforcement.
- Build good credit-Pay your bills on time and you will help build a foundation you can build on for life!

**Get help if you get into debt trouble!** Talk to Financial Aid office, Student Accounts, the Department of Education, your loan servicer about your options!

More information



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