Student Loan Repayment Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

As you complete a post-graduation budget, it’s likely that you’ll need to factor student loan payments into your mandatory costs each month. The size of your payments will depend on how much student debt you have taken out and which repayment plan you arrange with your lender.

### Part I: Estimate Your Student Debt

If you already have your personalized cost of attendance for college, you can use that to estimate your likely student debt at the end of college. Some things you should probably keep in mind:

* Colleges often raise tuition, room and board, etc. during your period of enrollment, and scholarships and grants may not cover those increases, which would leave you or loans responsible for the difference.
* Scholarships often have terms that must be met annually (ex: a minimum GPA, continued participation on a sports team, etc). If you lose the scholarship, your student loan debt will likely increase substantially.
* Some grants need to be reapplied for annually, and missing the due dates could jeopardize your eligibility.

If you don’t know your personalized cost of attendance yet, you can use [The Project on Student Debt’s](http://ticas.org/posd/state-state-data-2015) map to determine how much student debt you’re likely to have upon graduation. Follow these directions:

* Choose the state in which you plan to attend college (not your home state).
* Click on the state and then look for your specific college in the list of public or private schools. If average student loan debt (as of 2015) is provided for your college, use that figure.
* If your specific college is not listed, use the state average for student loan debt.

Answer the following questions:

1. Are you using a personalized cost of attendance or an estimate from The Project on Student Debt?
2. What college and/or state are you using?
3. What will be your likely student debt at the end of four years?

### Part II: Assess Your Repayment Plan Options

Currently, there are 7 basic repayment plans for federal loans. **Read descriptions of the 8 plans on the** [**Federal Student Aid**](https://studentaid.ed.gov/repay-loans/understand/plans) **website, paying close attention to the column labeled “Monthly Payment and Time Frame.”**

Now, follow the directions below, using [the Repayment Estimator](https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action) and the current standard Direct Loan interest rate of 3.76%, to estimate your monthly student loan payments under each plan.

* Click the box labeled “Proceed” to use the estimator without logging in.
* Click “Add Loans” and choose “Direct Unsubsidized” as Loan Type.
* Add your answer to C above as “Balance.”
* Use 3.76% as the “Interest Rate” and click the “Add” box.
* Select your filing status.
* Enter your annual income from the Salary-Based Budgeting activity as the “Adjusted Gross Income,” or, if you haven’t completed that activity, use $50,600, which is the average starting salary for a college grad in 2015.
* Choose the state you plan to live in post-graduation.
* Click “Calculate Results.”

Complete the chart below for your projected loan repayment options.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Loan Repayment Plan** | **First Monthly Payment** | **Last Monthly Payment** | **Total Amount Paid** | **Projected Loan Forgiveness** | **Repayment Period** |
| Standard |  |  |  |  |  |
| Graduated |  |  |  |  |  |
| Revised Pay As You Earn (REPAYE) |  |  |  |  |  |
| Pay As You Earn (PAYE) |  |  |  |  |  |
| Income-Based Repayment (IBR) |  |  |  |  |  |
| IBR for New Borrowers |  |  |  |  |  |
| Income-Contingent Repayment (ICR) |  |  |  |  |  |

### Part III: Choose Your Repayment Plan

Answer the following questions based on the work you’ve done above, your Income-Based Budgeting activity, and your knowledge of personal finance topics:

1. Which plan offers the lowest overall cost for your student loan?
   1. In what ways could you lower that low-cost option (from question 4) even more?
2. Which plan will you choose to incorporate into your monthly budget?
   1. What are some of the pros of the plan you’ve chosen?
   2. What are some of the cons of the plan you’ve chosen, or what will you need to be cautious of as you pay back your loan?
3. Are there any other loan options you’re aware of ([consolidation](https://studentaid.ed.gov/repay-loans/consolidation), [forgiveness](https://studentaid.ed.gov/repay-loans/forgiveness-cancellation), [deferment, forbearance](https://studentaid.ed.gov/repay-loans/deferment-forbearance)) that you will qualify for or consider using?
   1. If so, what are they?
   2. How will these options be useful to you?
   3. Are there any downsides of using these options?