

Direct Loan Exit Counseling Guide

This presentation is an overview of information that will help you successfully repay the federal student loan(s) that you've received to help pay for college under the William D. Ford Federal Direct Loan Program.

Federal
Student
Aid



Exit Counseling

What is exit counseling?

Exit counseling provides information that will prepare you to repay your federal student loan(s).

Who has to participate in exit counseling?

Students who have borrowed a subsidized, unsubsidized, or PLUS loan.

Where do I complete exit counseling?

Exit counseling may be completed online at <https://studentaid.gov>.

When do I need to complete exit counseling?

A student must complete exit counseling when they graduate, leave school, or drop below half-time enrollment.

Grace Period

For most federal student loans, after you graduate, leave school, or drop below half-time enrollment, you have a six-month grace period before you must begin making payments. This grace period gives you time to get financially settled and to select your repayment plan.

Tip! Pay the interest on your direct loans during your grace period. This will prevent interest capitalization (interest charges being added to the principle balance) when you begin repayment.

Loan Holder and Loan Servicer

The *Loan Holder* for all direct loans is the U.S. Department of Education.

Your *Loan Servicer* is the company assigned to handle your billing.

To find out who your loan servicer is, you may contact the Financial Aid Office at financialaid@hampshire.edu, or call the Federal Student Aid Information Center at 1-800-433-3243.

Standard Repayment Plan

The basic repayment plan in which payments are fixed and made up for ten years.

This repayment plan saves you money over time because your monthly payments maybe slightly higher than payments made under other plans, but you'll pay off your loan in the shortest time. This will limit the interest over the life of your loan.

Graduated Payment Plan

This payment plan allows you to make lower payments at first then increase, usually every two years.

Up to 10 years (up to 30 years for consolidation loans)

You will pay more over time than under the 10 year standard plan.

Extended Repayment Plan

In order to qualify for this payment plan you must have more than \$30,000 in outstanding Direct Loans.

Your monthly payment will be lower than under the Standard Plan or the Graduated Plan.

Income-Driven Repayment Plans

Most federal direct student loans are eligible for an income-driven repayment plan.

Income-driven repayment plans are meant to make your loan repayment affordable. Factors that are considered when applying for an income-driven repayment plan are *income* and *family size*.

For more information on income-driven repayment plans, visit <https://studentaid.gov/manage-loans/repayment/plans/income-driven>.

Tip! Some repayment plans offer minimized loan terms and/or loan forgiveness after a period of time. Visit <https://studentaid.gov/manage-loans/forgiveness-cancellation> for more information.

Documents Needed for Exit Counseling

Before beginning your exit counseling on <https://studentaid.gov>, make sure you have the following documentation ready:

- FSA ID username and password
- Permanent address
- Details on your income
- Details on your financial aid
- Details on your living expenses
- Contact information for your next of kin
- Two domestic references

Frequently Asked Questions

What happens if I go back to school?

Your loan(s) will be put into deferment while enrolled in school, including graduate school, and your payments will be suspended.

Note: Interest will continue to accrue on your loan(s) while in deferment.

What if I want to pay my loan off early?

There are no penalties for paying off your student loans early.

What if I am called to active duty military service?

If you are called to active duty your payments will be put into deferment.

How do I change my payment plan?

You can change the repayment plan anytime with the servicer of your loan.

Avoid Delinquency and Default

Repayment of your federal student loan is a serious financial obligation. Falling behind on payments may result in major consequences such as:

- Loss of eligibility for loan deferment and forbearance
- Loss of aid eligibility should you return to school
- Wage garnishment on defaulted loans
- Loss or reduction of federal tax refund

Tip! If you are having difficulties making payments, there are resources available. Visit <https://studentaid.gov/resources/trouble-paying-text> before allowing your loan to go into default.

Resources

To complete exit counseling, visit: <https://studentaid.gov>

To view your account, manage your payments and learn more about repayment options visit: <https://studentaid.gov/h/manage-loans>

I am happy to help you manage your repayment!

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