



“Americans have a total of \$1.5 trillion in student debt.”

THERE ARE WAYS TO REDUCE YOUR DEBT

CONQUER YOUR STUDENT LOAN DEBT

# Student loan payment and forgiveness opportunities

**Student loan debt is a burden for many of us.** In fact, the Federal Reserve reports that Americans have a total of \$1.5 trillion in student debt. Payments can be confusing and overwhelming, especially if you have multiple loans. However, there are ways to decrease your loans and alleviate some of the struggle. Let's take a look at how you can make student loan debt a thing of the past.

## Federal loan repayment plans

Repayment plans for your federal loans may be best if you're struggling to make the minimum payment on your student loan. Also, if you're at risk for unemployment, federal repayment plans will pause your student loan payments until you get a job again. Plus, repayment plans are available to anyone with federal loans regardless of income.

Even though your monthly payments could decrease, lower payments typically mean higher interest. Keep in mind that the total cost of your loan could increase if you choose a plan other than the standard 10-year plan.

Federal loan repayment plans are available to borrowers with federal loans:

### **GRADUATED**

Payments begin with smaller amounts and increase incrementally. The loan will still be paid within 10 years.

### **EXTENDED**

The repayment period is extended out to 25 years rather than 10 years in this plan.

### **EXTENDED GRADUATED**

Payments begin with smaller amounts and increase incrementally. The loan is extended to be paid in 25 years.

# Federal loan forgiveness or cancellation

[Income-driven loan forgiveness »](#)

[Public service loan forgiveness program »](#)

[Teacher loan forgiveness »](#)

[Perkins loan cancellation »](#)

Imagine your loans simply disappearing. The most effective way of getting your student debt reduced is to have it forgiven. Forgiveness or cancellation plans only apply to federal loans but there are a variety of ways you can qualify for the different types of programs:

## INCOME-DRIVEN LOAN FORGIVENESS

If you have high federal student loan payments compared to your income, you may take advantage of this program.

This plan allows you to pay only what you can afford based on your income. When you make more, your monthly payments will increase. If there is an outstanding balance after 20 to 25 years, it could be forgiven.

Keep in mind that interest will still build on your loan over time and 20 to 25 years is a long time to be making payments. Also, you'll have to re-qualify for the program each year.

Imagine  
your loans  
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## PUBLIC SERVICE LOAN FORGIVENESS PROGRAM

If you work for a qualified public service employer for at least 10 years, you may qualify for this program. During your 10 years, you'll need to continue making the minimum payments on your loan. After 120 qualifying payments, you can apply to have your federal loans forgiven. Public service jobs include:

- Government organizations including federal, state, local or tribal
- Not-for-profit organizations that are tax-exempt under Section 501(c)(3)
- AmeriCorps or Peace Corps (full-time)

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# Federal loan forgiveness or cancellation

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## TEACHER LOAN FORGIVENESS

This program applies to you if you've worked as a teacher full-time at a qualifying school for at least five consecutive years beginning on or after Oct. 20, 2004.

You could receive up to \$5,000 if you were a highly qualified elementary or secondary school teacher.

If you were a highly qualified mathematics or science teacher in an eligible secondary school or a highly qualified special education teacher, you could receive \$17,500. A highly qualified teacher holds a bachelor's degree and has passed teacher certification tests.

In addition to this program, teachers could qualify for public service loan forgiveness, state-level forgiveness programs in some states or Perkins loan cancellation.

## PERKINS LOAN CANCELLATION

You must have a Perkins loan to qualify for this program and in a qualifying job including:

- Firefighters
- Teachers
- Law enforcement or correction officers
- Nurses or medical technicians
- Attorney working as a federal, public or community defender
- Early intervention services for the disabled

You could be eligible for up to a 100 percent cancellation in one of the careers mentioned above. VISTA or Peace Corps volunteers may be eligible for up to 70% loan forgiveness.

# Federal loan consolidation

Consolidating your federal loans allows you to combine your loans into one monthly payment at a fixed interest rate. There are multiple repayment plans and deferment options to choose from.

Your interest rate will be a blended average of the loans you consolidate. This means that in the end, you'll end up with the same interest rate. If you extend the repayment term, you could end up increasing the cost of your loan due to interest.

Also, keep in mind that by consolidating your federal loans, you would lose the option of paying off your high interest rate loans first. Once you consolidate, you most likely cannot consolidate again with other loans. This means you're stuck with your rate, even if interest rates fall. You cannot consolidate private loans with your federal loan consolidation.

Consolidation helps if you are having trouble making your minimum payments now because you could lower your payment by extending your term.

Combine your loans  
into one monthly  
payment at a fixed  
interest rate.



# Loan refinancing

You could consolidate and refinance both your private and federal loans with a private loan refinance, which are available through banks and credit unions. A refinanced loan is a new loan with a new rate and new term that's used to consolidate and pay off your existing student loans.

Depending on the rates and terms of your existing loans, a refinance may lower your payments and lower the amount of interest you pay over the life of the new loan.

If you have multiple loans, especially with different lenders, you may find it easier to make one payment instead of many.

## **Loan refinancing could be for you if you can relate to any of the following:**

- You do not qualify for federal loan forgiveness or cancellation. (If you refinance, you will lose the option to have federal loans forgiven if you qualify.)
- You have multiple years left on your loans. (The longer you have on your loans, the more you could save on interest.)
- You have one or more loans and your monthly payments are too high.
- You have high interest rates and your credit has improved.

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