

# LOAN REPAYMENT OPTIONS

When the student leaves school, he/she may need some time to find the right job and perhaps move to a new place. So that the student won't have to start making payments on the loan right after leaving school, the Family Federal Stafford Loan has a six-month "grace period" that starts the day after the student stops attending school or the student drops below half-time enrollment (below six credit hours).

The student does not have to make payments during the grace period. The Loan Servicer will contact the student when the grace period is coming to an end and when the student needs to make his/her first payment.

The student may choose one of the following repayment plans to repay the loan:

## **Standard Repayment Plan**

Under this plan, the student will make fixed monthly payments to repay the loan **in full within 10 years** (not including periods of deferment or forbearance) from the date the loan entered repayment.

## **Extended Repayment Plan**

Under this plan, the student will make fixed monthly payments and repay the loan **in full within 12 to 30 years** (not including periods of deferment or forbearance), depending on the total amount of the loan(s).

## **Graduated Repayment Plan**

Under this plan, the payments will be lower at first and will increase, usually every two years. The student will repay the loan **in full within 12 to 30 years** (not including periods of deferment or forbearance), depending on the total amount of the loan(s).

## **Income Contingent Repayment Plan**

Under this plan, the monthly payment amount will be based on the student's annual income (and that of the student's spouse, if married), the student's family size and the total amount of the student's loan(s). As the student's income changes, the payments may change. If the student does not repay the loan after 25 years under this plan, the unpaid portion will be forgiven. The student may have to pay income tax on any amount forgiven.