

STUDENT DEBT RELIEF SCAMS

Some companies claim that they can help save you money on monthly student loan payments.

These companies may charge hundreds of dollars for services that you can access for free.

You do **NOT** need to pay anyone to enroll in a borrower assistance program that the federal government provides for free.

Federal programs include loan consolidation, income-based repayment plans, and loan forgiveness.

The government even provides options to borrowers who have already defaulted, such as loan rehabilitation.

Any New Yorker who would like to file a complaint about a student debt relief company or other potential abuse can call DFS at **(212) 480-6400**, toll-free **(800) 342-3736**, or visit us on the web at **www.DFS.ny.gov**

This guide is provided for informational purposes only and does not constitute legal advice.

STUDENT PROTECTION UNIT

The Department of Financial Services Student Protection Unit (SPU) works to enhance consumer protections for New York students and help them build financially sound futures.

The goals of the SPU are to:

- Protect students from fraud and misrepresentation by taking appropriate action, such as enforcing applicable laws and encouraging industry transparency
- Provide unbiased and objective information on industry practices and the functions of student-related financial products
- Educate student consumers and their parents regarding available financial products and services and empower them to make informed choices

Visit the DFS
Student Lending Resource Center at:
dfs.ny.gov/studentprotection

Department of Financial Services
(212) 480-6400
(800) 342-3736
www.DFS.ny.gov



What You Need to Know About...

REPAYMENT OPTIONS FOR FEDERAL STUDENT LOANS

Important information about what to do when you are having trouble paying your Federal Student Loans.

Repayment of your Federal Student loans begins 6 months after: (a) you graduate, (b) you leave school, or (c) you fall below part time status (less than 6 credit hours).

You can change your repayment plan, for free, at any time. Contact your servicer to discuss your options.

If you do not choose a repayment plan, you will automatically be enrolled in the **Standard Repayment Plan**.

- Fixed payments of at least \$50 a month
- You will repay your loan over a 10 year period (or 30 years for consolidated loans)
- You will pay less interest over the life of the loan than the Graduated or Extended plans

If payments are too high in the Standard Plan, you can switch to the **Graduated Repayment Plan**.

- Payments start small and gradually increase
- You will repay your loan over a 10 year period (or 30 years for consolidated loans)
- You will pay more interest over the life of the loan than the Standard Plan but less than the Extended Plan

If your outstanding balance is over \$30,000, you can switch to the **Extended Repayment Plan**.

- Monthly payments will be smaller than the Standard or Graduated plans, but you will pay more interest over the life of your loans
- Payments may be either fixed or graduated
- You have up to 25 years to repay your loans

INCOME-DRIVEN REPAYMENT

Under an income-driven repayment plan, your monthly payment is based on your discretionary income. If your payment is high compared to your income, you may be able to reduce your monthly payment.

If you are having trouble making loan payments, switching to an income-driven repayment plan may be a solution.

BENEFITS OF INCOME-DRIVEN REPAYMENT

- You can remain current on your loans while making payments as low as \$0 per month
- You may be eligible to have the remaining balance of your loan forgiven after making 20 or 25 years of income-driven payments, depending on when you took out your loans and the type of loans you have
- Certain public service professionals may be eligible for loan forgiveness after making income-driven payments for 10 years

ANNUAL CERTIFICATION

To remain in an income-driven plan, you **must** provide your servicer with updated family size and income information annually — even if there has not been any change—so your servicer can recalculate your payment and confirm you remain eligible for income-driven repayment.

There are a variety of income-driven repayment plans, including the ones mentioned below. Your eligibility for a particular plan depends on several factors, including when you took out your loans and the type of loans you have.

Under the **Pay As You Earn (PAYE)** and **Revised Pay As You Earn (REPAYE)** plans, your payment will typically be 10% of your discretionary income.

Other available plans include **Income-Based Repayment (IBR)** and **Income-Contingent Repayment (ICR)**.

Under the IBR plan, your payment will typically be 10% to 15% of discretionary income, and is never more than the Standard Plan.

Under the ICR plan, your payment will typically be the lesser of 20% of discretionary income or a fixed payment over 12 years, adjusted according to your income.

You can learn more about all of the available income-driven repayment plans at studentaid.ed.gov.

If you are interested in enrolling in an income-driven repayment plan, you should contact your servicer to discuss your options. Be sure to tell your servicer that you are interested in income-driven repayment.

Estimate your income-driven payment with the Repayment Estimator at StudentLoans.gov