Graduate Student Fact Sheet

Information About Student Loans for New Students

TYPES OF LOANS

There are generally two types of loans that you can take out to cover the cost of attendance for your graduate program: public loans and private loans. *Repayment terms will differ based on the loans you select.*

Public loans are backed by the federal government and are, generally, considered to be safer and more financially viable, because the interest rates are more stable/fixed and the loan is backed by the federal government. Eligibility for public loans—and other grants or scholarships—is determined by the information that you provide in the Free Application for Federal Student Aid (FAFSA). The types of public loans available for graduate students are:

- Direct Unsubsidized Loans ($20,500 max annually; fixed interest rate of 6.08% as of February 2020)
- Grad PLUS Loans (can borrow up to your cost of attendance minus other aid; fixed interest rate of 7.08% as of February 2020)

Note that interest rates for public loans do change; check the Department of Education's website for the most up-to-date information.

Private loans are issued by financial entities. Unlike public loans, private lenders offer both fixed and variable interest rate loans. Often, with private loans, you have to enter repayment while you're still in school, though some lenders have programs to minimize these payments. In addition, federal loan forgiveness programs like the Public Service Loan Forgiveness program (PSLF) do not currently offer forgiveness for private loans.

LOAN SERVICERS

A loan servicer is a company that the Department of Education assigns to handle billing and other services on its behalf. You will work with your loan servicer to determine your repayment plan and other tasks related to your loans. After you receive your first loan disbursement, your loan servicer will contact you.

INFORMATION ABOUT REPAYMENT

Even though you are just starting your graduate program, it's important to begin thinking about your loan repayment options.

Repayment Plans for Public Loans

Most student loans have a 6- month grace period after graduation, during which you are not required to make payments on your loans. After these 6 months expire, you will be required to begin making monthly payments on your loans, based on the repayment plan that you select. The federal government offers a number of loan repayment plans through its loan servicers:

- **Standard Repayment Plan:** Payments are fixed to ensure that your loans are paid off within 10 years. All borrowers are eligible for this plan. *This plan is not a good option if you plan to seek Public Service Loan Forgiveness.*
- **Graduated Repayment Plan:** Payments are lower at first and then increase, usually every 2 years, and are for an amount that will ensure your loans are paid off within 10 years. All borrowers are eligible for this plan. *This plan does not qualify for Public Service Loan Forgiveness.*
- **Extended Repayment Plan:** Payments may be fixed or graduated, and will ensure that your loans are paid off within 25 years. To qualify for this plan, you must have more than $30,000 outstanding in Direct Loans. *This plan does not qualify for Public Service Loan Forgiveness.*
- **Revised Pay as You Earn Plan:** Payments are 10 percent of your discretionary income. Payment amounts are recalculated each year depending on your income and family size. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years. Any Direct Loan borrower is eligible for this plan. *This is a good option for those seeking Public Service Loan Forgiveness.*
- **Pay as You Earn:** Similar to Revised Pay as You Earn, payments will be 10% of your discretionary income; however, payments will never be more than you would have paid under the standard repayment plan. Payment amounts are recalculated each year depending on your income and family size. Any outstanding balance on your loan will be forgiven if you haven't repaid your full loan in 20 years. To be eligible for this plan, you must have a high debt relative to your income. *This is a good option for those seeking Public Service Loan Forgiveness.*
- **Income-Based Repayment Plan:** Payments will be either 10% or 15% of discretionary income, depending on when you first received your loans, but never more than you would have paid under the standard repayment plan. Payment amounts are recalculated each year depending on your income and family size. Any outstanding balance on your loan will be forgiven after 20 or 25 years, depending on when you received your first loans. To be eligible for this loan, you must have high debt relative to your income. *This is a good option for those seeking Public Service Loan Forgiveness.*
- **Income-Contingent Repayment Plan:** Payments will be the lesser of 20% of discretionary income or the amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income. Payment amounts are recalculated each year and are based on your updated income, family size, and the total amount of your Direct Loans. Any outstanding balance will be forgiven if you haven't repaid your loan in full after 25 years. Any Direct Loan borrower is eligible for this plan. *This is a good option for those seeking Public Service Loan Forgiveness.*

Other Considerations

- If you are married or planning on getting married, be aware that some repayment plans will consider (or will not consider) your spouse's income or loan debt when determining your monthly payments, if you file your taxes jointly.
- If you are ever in a short-term financial bind while paying off your loans, you may qualify for deferral or forbearance, allowing you to temporarily suspend your payments. To enter into deferral or forbearance, you will need to submit a request through your student loan servicer.
    - Deferment: While in school, any public loans are deferred—meaning you are not required to make monthly payments. However, for most loans, interest will still accrue during this time period. Deferment after graduation is available for students who have subsidized federal student loans (which are *not* offered to graduate students), who have Perkins loans, or who are unemployed or dealing with significant financial hardship. Deferment is tied to a qualifying event (like being unemployed), and interest *does not* accrue on the loans.
    - Forbearance: Entering into forbearance is an option if you don't qualify for deferment and your financial challenge is temporary (maximum of 12 months at a time for most loans). A specific qualifying event is not usually necessary to enter into forbearance; however, interest *does* accrue on your loans during the time you are in forbearance.

Loan Forgiveness

The most common loan forgiveness program that school psychologists are generally eligible for is the Public Service Loan Forgiveness Program (PSLF). PSLF is administered by the Department of Education, and graduates are eligible to apply for loan forgiveness for certain types of public loans after 120 qualified payments (10 years worth) have been made while in a job through a qualified employer. *Generally, school psychologists who practice in public school or university settings are eligible for this program.* NASP offers a number of resources and guidance to guide you through the process of earning forgiveness through this program for its members. Some states administer their own loan forgiveness programs as well, which school psychologists are eligible to apply for.