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Introduction

The purpose of this manual is to assist you in understanding your student loan repayment obligations, providing necessary guidance as you transition into student loan repayment. This information details your rights and responsibilities towards your loans and is used in conjunction with the student loan exit counseling that all federal student loan borrowers are required to complete in order to obtain administrative clearance for graduation or receive non-senior administrative clearance should the student be considered withdrawn.

Students who have only borrowed private education loans (except for Tufts Loans) are not required to complete the student loan exit counseling requirement. However, they are advised to review the relevant areas of this manual and contact their private education loan lenders/loan servicers to obtain information about loan repayment.

This manual addresses the following loan programs:

- Federal Stafford Loan & Federal Direct Loan
  - Subsidized
  - Unsubsidized
- Grad PLUS Loan & Federal Direct Grad PLUS Loan
- Federal Perkins Loan
- Federal Consolidation Loan
- Tufts Loan
- Health Professions Student Loan (HPSL)
- Loans for Disadvantaged Students (LDS)
- Private Educational Loans
STUDENT LOAN EXIT COUNSELING

Loan Exit Counseling is completed during your final semester prior to graduation or at the time you withdraw from school or drop below half-time status. Completion of the student loan exit counseling session is required of all students who have received federal or university (Tufts) student loans while enrolled at TUSDM. If you fail to complete exit counseling, an administrative hold will be placed on all of your academic and financial aid records; this includes withholding academic services, certifying letters, and/or recommendations. Additionally, you could be blocked from participating in the clinic until loan exit requirements are completed.

The information in this manual is very useful, however, it is not the only source of information that will help you understand your loan repayment options. Your lenders and loan servicers are valuable sources of information regarding policy and repayment options available to you. They have tools such as loan repayment calculators to determine estimated monthly loan payments, and comprehensive information on loan consolidation programs and policies.

If you borrowed private education loans in combination with federal and institutional loans, we will briefly review these loans during your loan exit counseling session, as well as in this manual. We encourage all private education loan borrowers to contact their lenders for specific information on their loan terms and repayment options.

Federal Direct Loan (Unsubsidized and/or Grad PLUS) Borrowers
Students who have borrowed Federal Direct Loans (Unsubsidized and/or Grad PLUS loans) are required to complete an online exit counseling session. This can be accomplished by going to https://studentaid.gov and choosing the “Complete Exit Counseling” link under the “Manage Loans” tab. Note that this online session will cover both Federal Direct Loans (Unsubsidized and Grad PLUS), and the Financial Aid Office will receive confirmation automatically when the online exit counseling session has been completed. Please note that it can take 1-2 days in order to receive the necessary confirmation.

HPSL, LDS, Perkins Loan, and Tufts Loan Borrowers
Borrowers who have received Health Professions Student Loans (HPSL), Loans for Disadvantaged Students (LDS), Perkins Loan, and/or Tufts Loan will need to complete additional online exit counseling. Instructions on how to access the online counseling session for these loans are released via email (to your Tufts University email account) from support@myloancounseling.com. The instructions will direct you to https://www.myloancounseling.com to complete the appropriate documentation for each loan you have received. The online exit sessions for these loans are coordinated by the Tufts University Student Loan Office and the university’s loan servicer, University Accounting Services (UAS).

Loan Exit Counseling for Post-Graduate Students
Post-graduate students who have received Federal Direct Loans (Unsubsidized and/or Grad PLUS loans) while in attendance at TUSDM will be required to complete online Direct Loan Exit Counseling following the specific instructions contained in the cover letter that accompanied this manual. Post-graduate students are also welcome to attend one of the group sessions provided to DMD candidates if they feel they need a more extensive review of their student loan terms. Financial Aid Office staff will be happy to meet with post-graduate students on an individual basis or via phone or email to answer specific questions or concerns after he or she has completed the online counseling session.

Loan Exit Counseling for Withdrawn Students
Upon receipt of notification of withdrawal or leave of absence from the Associate Dean of Student Affairs, the Financial Aid Office will determine if the student must complete exit counseling and notify the student accordingly. No student will receive administrative clearance until they complete all elements of their required student loan exit counseling.
Individual Counseling Sessions
The Financial Aid Office staff will be happy to meet with students on an individual basis to address specific questions they may have once the student attends a group session and completes the required online exit counseling session(s). The Financial Aid Office encourages those students who are considered to have withdrawn from the school to meet with a member of the Financial Aid Office staff in person or via phone. Appointments can be scheduled with the Financial Aid Office.

Borrower’s Responsibilities for Enrollment/Contact information Changes
During the exit counseling session, the Financial Aid Office will provide a complete list of the student’s loan servicers and their contact information so that students know who they must contact to update their personal information. Student borrowers must notify ALL of their loan servicers immediately of any changes in their contact information (i.e., mailing address, phone number, email address and/or name). Loan servicers need to have a valid mailing address so that they may send you timely billing notices and other essential correspondence regarding the status of your student loan accounts.

You are responsible for notifying your lender/loan servicer of changes in your graduation date or enrollment status. These changes include dropping below half-time, withdrawing from the school, or remaining enrolled beyond the expected graduation date. Tufts University will report any enrollment status change to the National Student Loan Clearinghouse, however, these changes will not be in effect immediately. Therefore, please make sure to keep your loan servicers informed so you can avoid any payments coming due on student loans earlier than expected.

STUDENT LOANS AND CREDIT

Credit History
All student loans are reported to national credit bureaus and become part of your credit history. By examining your payment history on all your consumer credit including student loans, your potential creditors will be able to determine your eligibility for new lines of credit based on your credit score. Your credit score (referred to as your FICO score) and overall credit history will impact your ability to obtain additional credit and the loan terms future lenders offer you.

You are entitled to a free copy of your credit report annually from each of the national credit bureaus. Please visit www.annualcreditreport.com to request your copy. If you need to contact the national credit bureaus directly for any reason, their contact information is listed below.

<table>
<thead>
<tr>
<th>Trans Union Credit Info</th>
<th>Experian Credit Bureau</th>
<th>Equifax</th>
</tr>
</thead>
<tbody>
<tr>
<td>(800) 888-4213</td>
<td>(888) 397-3742</td>
<td>(800) 997-2493</td>
</tr>
</tbody>
</table>

Once you receive your credit report, you should make note of your student loans, who your creditors are, and the balances you carry. It is important to become familiar with how to read your credit report and review it for any errors. You can also obtain information about your FICO score for a fee by going to www.myfico.com. Some credit card companies and other lending institutions also provide you with a FICO score for free. Check their website or your billing statement to see if yours is available.

It is helpful to know your FICO score so that you understand your future financing options (or limitations) and the terms that may be offered to you by lenders. Additionally, you can learn way in which to improve your credit score. You should become skilled in knowing how your credit decisions and payment history affect your credit report, FICO score and your ability to obtain financing. The higher your FICO score, the better credit terms you will get. Falling behind in your student loan payments, becoming delinquent or defaulting on any credit obligation, including a student loan, will have negative consequences. Having high credit limits (regardless of how much you owe) or having too little available credit can negatively impact your FICO score.
Student Loan Default
The average student loan debt for the D20 class is approximately $377,000 and the DIS20 class is approximately $309,000. Recent graduates face an increasingly heavier debt burden upon graduation and managing that debt while attempting to meet other financial goals can be difficult.

Your Direct loans are considered in default if you do not make any payments for 270 days (about 9 months). If you hold a Perkins loan, your loan may be placed in default if you miss a payment on the day that was due. Defaulting on your Federal loans will have serious consequences as the Federal Government will take the following actions:

- Refer your defaulted loans to a collection agency, Costs associated with this are paid by the borrower
- Report your default status to credit bureaus, damaging your credit rating
- Garnish your wages
- Withhold your tax refund
- Prevent you from receiving federal student aid

There are several reasons why borrowers could have difficulties in repaying student loans. Many students who default on their loans do not comprehend the size of their debt and how it impacts expected monthly payments once out of school or they may be unaware of all the available repayment options that help lower expected monthly payments. Although starting salaries are very robust for dentists compared to those who have chosen other career paths, monthly student loan payments can reduce income quickly.

Information on different loan repayment options is posted on your loan servicer’s website or outlined on the US Dept. of Education’s website (https://studentaid.gov/h/manage-loans). If you experience difficulties making payments, contact your loan servicer immediately. Your loan servicer will be able to help you BEFORE your loan goes into delinquency or default status.

Loan Rehabilitation Program
The Federal government has instituted a one-time loan rehabilitation program to help borrowers who have defaulted on their loans restore their credit history. By making nine on-time voluntary payments during 10 consecutive months, borrowers can rehabilitate their loans and eventually have access to federal aid or other types of consumer credit. If you default on a student loan, you should contact the loan servicer for further information regarding the requirements for loan rehabilitation.

Remember that this rehabilitation program is a one-time-only opportunity. Rehabilitating your credit will not happen overnight and could take a significant number of months – even years – before your credit history is restored. Your loan servicers are there to help you explore your options.

DEFINITIONS AND TERMINOLOGY

This section will help you understand common terminology as it relates to student loans and their repayment.

Graduation Date
The graduation date is the date that the school will use to notify your loan servicers that you have completed all required degree or certificate requirements. Note that this will often be a different date than when the degree or certificate was or will be conferred. The dates used are as follows:

- DMD/DIS Students: Clinical clearance date as reported in TUSK.
- PG Students (Certificate Programs): Departmental clearance date provided by the program director or department chairperson as reported on Administrative Clearance Form.
- MS Students: Date in which the Approval of Thesis for Binding (Form B) was signed.
- Joint Certificate / MS Students: Dates for both programs will be reported but the latest will be used by the loan servicer as the graduation date.
These dates are considered a student’s separation date from the school where they are no longer considered enrolled at least half-time, or they have completed their program. This is the date that loan servicers will use to determine the start of a student’s grace period or their repayment period.

**Principal**
Principal is the original sum of money that you borrowed, on which interest is paid.

**Interest Rate**
Interest rate is the percentage of principal charged by the lender for use of their money. May be fixed or variable depending on the loan. All Federal student loans have fixed interest rates for the life of the loans.

**Interest Capitalization**
Interest capitalization occurs when unpaid interest is added to the principal loan amount. If you have not made any interest payments on your Stafford/Direct Unsubsidized Loan and/or Graduate PLUS Loan while enrolled in school, all the interest accrued for the Stafford/Direct Unsubsidized Loan will be added to the principal at the end of the grace period. The interest accrued for the Graduate PLUS Loan will capitalize after graduation and again at the end of the post-enrollment deferment period.

**Grace Period**
Grace period is a set length of time granted after you graduate, withdraw or drop below half-time enrollment status during which you are not required to make any payments on your loans. Based on the type of loan, interest may accrue during the grace period. Be aware that prior educational loans received from other institutions may enter immediate repayment upon graduation, withdrawal or dropping below half-time status. This will occur if you had previously exhausted your grace period on your prior education loan(s).

**Lender**
A lender is the current holder of your loan. For the Federal Stafford/Direct Loan Program, the U.S. Department of Education is the lender. For the Perkins loan, HPSL, LDS and Tufts Loan, Tufts University is the lender. Private educational loans may be held by private lenders such as Sallie Mae, Citizens Bank, Discover or Wells Fargo.

**Loan Servicer**
The loan servicer is the company contracted by the lender to handle the billing and payments on your loans. The U.S. Department of Education has contracted with multiple loan servicers to handle their loan portfolio. The loan servicer for the institutional loans (Perkins, HPSL, LDS and Tufts Loan) is University Accounting Services (UAS). All questions related to billing, loan repayment, deferment and forbearance must be directed to your loan servicer.

**National Student Loan Data System (NSLDS)**
NSLDS is the U.S. Department of Education’s central database that stores all information on Federal student aid including Stafford/Direct loans and Perkins loans. NSLDS does not track Health Professions Student Loan (HPSL), Loans for Disadvantaged Students (LDS) or private education loans such as Tufts Loans or other private lenders. Please visit NSLDS at [https://nslds.ed.gov](https://nslds.ed.gov) to see your current loan balance, interest accrued, and loan servicer information.

**Discretionary Income**
Discretionary income is the remaining income after you pay for taxes and necessary expenses such as food, rent/mortgage, clothing, utilities, etc. Loan servicers will calculate your discretionary income as the difference between your adjusted gross income (AGI) and 150% of the Federal poverty line.

**Repayment Period**
Repayment period is the set length of time to repay your loans. After graduation, your loan servicer or lender will provide you a loan repayment schedule that indicates when your first payment is due, the number of payments that you need to make, and the amount due on each payment. For the Stafford/Direct Loans, your repayment period is
based on the repayment plan that you choose. Repayment periods can go from 10 to 30 years. Realize that there is no penalty if you repay your loans earlier than expected.

**Refinancing**
The process of obtaining a new loan (private loan) at a new interest rate. Typically, you can refinance both your federal and private student loans, which involves paying off your old loans and getting a new one with different loan terms and (hopefully) a better interest rate. Eligibility and interest rate are based on credit history and score. Repayment length varies by lender.

**Subsidized Loan**
For this type of loan, interest is not charged while enrolled in school at least half time or during the grace period. Subsidy during subsequent deferment periods depends on the loan program. Subsidized loans include Direct Subsidized Loan, Stafford Subsidized Loan, Perkins Loan, Health Professions Student Loan, Loan for Disadvantaged Students and Tufts Loan.

**Unsubsidized Loan**
This loan type begins accruing interest immediately upon disbursement to the school. Interest will accrue daily during in-school, grace period and during any deferment periods thereafter. Unsubsidized Loans include Direct Unsubsidized Loan, Direct Grad PLUS, Stafford Unsubsidized Loan/Grad PLUS Loan, and most Private Education Loans.

**Deferment**
During deferment your loan payments are postponed temporarily. In order to qualify for deferment, you need to meet eligibility criteria set by the loan servicer/lender. If you hold Federal Unsubsidized Loans such as (Direct Unsubsidized loan and/or Grad PLUS loan), interest will continue accruing and will capitalize at the end of the deferment period. Please contact your loan servicer or lender to explore this option.

*Details*
- Contact your loan servicer to check eligibility and request a deferment
- Complete the appropriate deferment request form based on your situation
- Interest accrued during deferment will capitalize at the end of the deferment period
- Deferment options, requirements and periods differ by loan program and servicer
- You may need to use your grace period first before you can request deferment
- Deferment time is not considered part of the repayment period
- Continue making payments until you are notified the deferment request has been approved
- Private Education Loan borrowers must contact their lender to determine availability for deferment

**Forbearance**
During forbearance, your loan payments will be postponed, however interest will continue accruing regardless of the loan type. Accrued interest will capitalize after the forbearance expires. Borrowers may make payments towards interest to avoid capitalization. The amount of forbearance time granted by the loan servicer can differ based on the loan. Not all loan programs offer forbearance options, please contact your loan servicer/lender to discuss your options.

*Details*
- Contact your loan servicer(s) to check eligibility and request forbearance
- Forbearance may be granted for a maximum of 12 months at a time
- Forbearance time is included in your repayment period
- Interest accrued will capitalize at the end of the forbearance period
- You can make interest-only payments during forbearance to avoid capitalization
- The grace period on any of your loans must be used first before forbearance is granted
- Use forbearance cautiously and request it only as a last resort if deferment was denied
- Consider income-driven repayment plans for Federal Direct and Grad PLUS loans or reviewing your repayment plan options with your loan servicer.
Continue making payments on your loans until you are notified that forbearance has been granted.
Private lenders may require documentation that prove financial hardship before granting forbearance.
Private lenders may require you to make interest-only payments during the forbearance period.

**FEDERAL DIRECT LOAN/FFEL PROGRAM TERMS**

Below you will find the interest rates and grace periods for the following Federal loans:
- Federal Direct Loan (Unsubsidized)
- Federal Direct Grad PLUS Loan
- FFELP Stafford Loans (Subsidized and Unsubsidized)
- FFELP Grad PLUS Loan

The U.S. Department of Education’s federal student loan program is the William D. Ford Federal Direct Loan (Direct Loan) Program. Under this program, the U.S. Department of Education is your lender. The loans you received while enrolled at TUSDM (Unsubsidized and/or Grad PLUS loan) come from the Direct Loan Program.

The Federal Family Education Loan Program (FFELP) allowed private lending institutions (such as banks and credit unions) to lend federal student loans (FFELP Stafford and FFELP Grad PLUS loans) which were guaranteed by the federal government. The FFEL program is no longer in effect as of 2010. However, you may have received these loans while in attendance at prior institutions.

<table>
<thead>
<tr>
<th>Loan Type</th>
<th>Academic Year</th>
<th>Disbursement Dates</th>
<th>Fixed Interest Rate</th>
<th>Grace Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017-2018</td>
<td>7/2017 - 6/2018</td>
<td>6.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016-2017</td>
<td>7/2016 - 6/2017</td>
<td>5.31%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015-2016</td>
<td>7/2015 - 6/2017</td>
<td>5.84%</td>
<td></td>
</tr>
<tr>
<td>Direct Grad PLUS Loan</td>
<td>2019-2020</td>
<td>7/2019 - 6/2020</td>
<td>7.08%</td>
<td>6-month Post-Enrollment Deferment Allowed</td>
</tr>
<tr>
<td></td>
<td>2018-2019</td>
<td>7/2018 - 6/2019</td>
<td>7.60%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2017-2018</td>
<td>7/2017 - 6/2018</td>
<td>7.00%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016-2017</td>
<td>7/2016 - 6/2017</td>
<td>6.31%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015-2016</td>
<td>7/2015 - 6/2017</td>
<td>6.84%</td>
<td></td>
</tr>
<tr>
<td>FFELP Stafford Loans (Subsidized and Unsubsidized)</td>
<td>Prior to 2012-2013</td>
<td>NA</td>
<td>6.80%</td>
<td>6 Months</td>
</tr>
<tr>
<td>FFELP Grad PLUS Loan</td>
<td>Prior to 2012-2013</td>
<td>NA</td>
<td>8.50%</td>
<td>6-month Post-Enrollment Deferment Allowed</td>
</tr>
</tbody>
</table>

For more information on the terms of your loans, please contact your loan servicer or visit [https://nslds.ed.gov](https://nslds.ed.gov).
FEDERAL DIRECT LOAN/FFEL LOAN DEFERMENT AND FORBEARANCE

If you are participating in an education program after leaving TUSDM or are experiencing a financial hardship while paying your student loans, you may be eligible to apply for deferment of payment on your existing education loans. If you don’t qualify for a deferment, then you may be able to request forbearance if you are experiencing financial hardship. Your loan servicer is available to help you explore these options.

**Deferment**

Student loan payments may be able to be deferred if you meet certain criteria, such as unemployment, active military duty, enrollment in advanced training or enrollment at a school that participates in federal student aid programs. During the deferment period, you will not be required to make any payments on your loans, but interest will continue accruing on your unsubsidized loans and will capitalize at the end of the deferment period. Not all federal loans have the same deferment provisions, therefore, it is important that you contact your loan servicer to check your eligibility.

**Post-Enrollment Deferment**

If you borrowed a Graduate PLUS loan, you will receive an automatic 6-month post-enrollment deferment after graduation, withdrawal or if your enrollment drops below half-time. During this deferment period, you are not required to make any payments on your Grad PLUS loans, however, interest will continue accruing. Since Graduate PLUS loans do not have a grace period, loan servicers have been given the authority to automatically apply this deferment to your loan.

**Federal Direct/FFEL Loan Deferment Options**

If you need to request deferment on your Federal loans (Direct Loan/FFELP), please contact your loan servicer to obtain the appropriate loan deferment request form. The form will include the pre-populated return mailing address. The following deferment forms are available:

- In-School Deferment Request
- Graduate Fellowship Deferment Request
- Rehabilitation Training Deferment Request
- Military Service and Post-Active Duty Student Deferment Request
- Unemployment Deferment Request
- Economic Hardship Deferment Request
- Cancer Treatment Deferment Request

For a complete listing of available (Direct Loan/Stafford) deferment request forms, please contact your loan servicer or visit [https://studentaid.gov](https://studentaid.gov). For non-federal loans, please contact your specific loan servicer.

**Forbearance**

If you are not eligible for deferment, but you are experiencing extenuating financial circumstances that prevent you from making payments on your loans, you can request a forbearance.

**Forbearance Types**

There are two types of forbearance granted on Direct Loans/Stafford loans, general and mandatory.

**General Forbearance:** Granted by your loan servicer when you are unable to make your monthly payment due to financial difficulties, high medical expenses, changes in employment that reduce your income, or other reasons that the loan servicer may find acceptable. You can request general forbearance for 12 months at a time. However, if you are still experiencing hardships at the end of your forbearance period, you can request a new forbearance.

**Mandatory Forbearance:** Granted if you meet eligibility requirements such as participating in a dental internship or residency. If you participate in a hospital-based residency (see next section), the loan servicer will grant you mandatory forbearance for the duration of the program as long as you meet the eligibility requirements. Mandatory forbearance can be requested for 12 months at a time and can always be extended.
Deferment and Forbearance Options for Residency (GPR, AEGD and Advanced Education Certificates)

In some cases, students attending advanced education programs such as a General Practice Residency (GPR), Advanced Education in General Dentistry (AEGD) or specialty certificate programs are not considered enrolled as a student by the school or program the student is attending. This is often true with hospital-based programs but also some school-based programs. As a result, the borrower would not qualify for an in-school deferment on federal loans such as Federal Perkins Loan or Direct loans/Stafford loans. In this case, the borrower would enter repayment of their loans after the grace period or after any post-enrollment deferment expired. If this presents financial hardship for the borrower, they may request a mandatory forbearance from their loan servicer which, with the appropriate documentation from the school or program, could extend for the length of the student’s program. Realize, however, that interest will be accruing and expected to capitalize if gone unpaid at the end of the forbearance period.

Loans such as Health Professions Student Loan (HPSL) or Loans for Disadvantaged Students (LDS), do allow for advanced training or residency deferment yet the deferment period would be applied after the allowable grace period is exhausted.

Borrowers participating in a GPR, AEGD or specialty certificate program should contact their program’s Registrar’s Office (if school-based program) or the Program Director or Medical Education Office (if hospital-based) to determine if they are considered a student or resident throughout their program. Once that is determined, the borrower may contact their loan servicer(s) to request an “in-school deferment form” (if considered a student) or forbearance (if considered a resident AND it poses a financial hardship for the borrower if they were to enter repayment during their program).

While HPSL, LDS and Perkins Loans are Federal loans, they are handled separately when it comes to deferment, forbearance and repayment. Make sure to contact the appropriate loan servicer managing these loans as it differs from your loan servicer managing your Direct/Stafford loans. Please refer to pages 14 and 15 for more information.

FEDERAL DIRECT LOAN/FFELP LOAN REPAYMENT OPTIONS

Based on the type of loan that you hold, you can choose a repayment plan that is convenient for you, and that can make your payments more affordable. If you want to discuss your repayment plan options, please contact your loan servicer directly. There are multiple repayment plans to choose from:

<table>
<thead>
<tr>
<th>Repayment Plan Option</th>
<th>Federal Direct Loan Program (Subsidized, Unsubsidized, Grad PLUS, Consolidation Loan)</th>
<th>FFELP (Federal Stafford, Grad PLUS, Federal Consolidation Loans)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Graduated</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Extended</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Pay As You Earn (PAYE)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Revised Pay As You Earn (REPAYE)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Income-Based (IBR)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Income-Contingent (ICR)</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

If you are interested in consolidating FFELP loans into a Direct loan so you can participate in an Income-Driven Repayment Plan, contact your loan servicer.
General Repayment Plans
You must choose a repayment plan before the end of your grace period. Please contact your loan servicer to choose the repayment plan that best suits you. If you fail to choose a repayment plan, the loan servicer will automatically place you in the Standard Repayment Plan, which can have highest monthly payment. See below for more details.

Standard Repayment Plan
- The basic repayment plan for all Stafford/Direct loans
- Fixed monthly payment
- 10-year repayment period
- Loans are paid in the shortest amount of time, so it can be the least costly

Graduated Repayment Plan
- FFELP and Direct Loans are considered for this repayment plan
- 10-year repayment period
- Payments will start low and then will increase every two years until the loan is paid off
- The amount owed each month will never be less than the interest amount accrued between payments
- Under this plan you will end up paying more than under the Standard plan

Extended Repayment Plan
- FFELP and Direct Loans are considered for this repayment plan
- 25-year repayment period
- The monthly payment can be fixed or graduated
- To qualify, the balance on your Direct Loans or FFELP loans must exceed $30,000
- The monthly payment will be lower than the standard or graduated plans
- Interest accrued is higher since the repayment period is extended

Income-Driven Repayment Plans
If your Federal student loan debt is high compared to your income, or if you are working in the non-profit sector and you want to take advantage of the Public Service Loan Forgiveness (PSLF) Program, you want to consider choosing an Income-Driven Repayment Plan. Your loan servicer will be able to help you choose a repayment plan that works for you.

Pay As You Earn (PAYE) Repayment Plan
- Must be a new borrower as of October 1, 2007
- Only Direct Loans (Subsidized, Unsubsidized, Grad PLUS, Consolidation) are considered for this plan
- 20-year repayment period
- The unpaid balance after 20 years will be forgiven but will become taxable income in the year forgiven
- The monthly payment will be capped at 10% of your monthly discretionary income
- Must demonstrate financial hardship (high debt to income ratio)
- You must update your income and family size each year, even if there are no changes
- Payments will be adjusted annually based on changes in income and family size

Revised Pay As You Earn (REPAYE) Repayment Plan
- Only Direct Loans (Subsidized, Unsubsidized, Grad PLUS, Consolidation) are considered for this plan
- 25-year repayment period for graduate students.
- The unpaid balance after 25 years will be forgiven but will become taxable income in the year forgiven
- You do not need to demonstrate partial financial hardship
- The monthly payment will be capped at 10% of your monthly discretionary income
- The monthly payment is always based on income and family size
- You must update your income and family size each year, even if there are no changes
- If married, spouse income tax information and loan debt will be considered
- Total amount of interest paid might be higher than under a different schedule
- Monthly payment under REPAYE may exceed monthly payment under the Standard Plan

**Income-Based Repayment (IBR) Plan**
- FFELP and Direct Loans are considered for this repayment plan
- You must demonstrate financial hardship (high debt to income ratio)
- **New borrowers** as of 7/1/14 will have
  - 20-year repayment period
  - monthly payment capped at 10% of your monthly discretionary income
- **Returning borrowers** as of 7/1/14 will have
  - 25-year repayment period
  - monthly payment capped at 15% of your monthly discretionary income
- The unpaid balance after 20/25 years will be forgiven but will become taxable income in the year forgiven
- Your monthly payment amount will be adjusted annually based on changes in income and family size
- You must update your income and family size each year, even if there are no changes
- If married, your spouse’s tax information and loan debt will be considered only if you file a joint tax return
- The total amount of interest paid might be higher than under a different repayment plan

**Income-Contingent Repayment (ICR) Plan**
- Only Direct Loans (Subsidized, Unsubsidized, Grad PLUS, Consolidation) are considered for this plan
- You do not need to demonstrate partial financial hardship.
- Your monthly payment will be the lesser of:
  - 20% of your discretionary income
  - The amount you would pay under a plan with a fixed payment over 12 years, adjusted for income
- 25-year repayment period
- Payments will be adjusted annually based on changes in income, family size, and loan debt amount
- You must update your income and family size each year, even if there are no changes
- If married, your spouse’s tax information and loan debt will be considered only if you file a joint tax return
- Your monthly payments can be less than the amount that accrues in interest every month
- The total amount of interest paid might be higher than under a different repayment plan

**Choosing Your Repayment Plan**
While you will be required to choose a repayment plan during the online exit counseling session, your selection is **not final**. During your grace period, please review the different repayment plans available to you and contact your loan servicer to choose the plan that best suits you. You must select a repayment plan before the end of your grace period, otherwise, the loan servicer will place you in the Standard Repayment Plan, which has the highest monthly payment. Your loan servicer’s website should have a loan repayment calculator that will allow you to compare repayment plans. Be aware that by choosing an Income-Driven Plan, Extended Repayment Plan, or loan consolidation, you are extending the repayment period on your loans, which leads to paying more in interest over time.

**Loan Prepayment**
You can always choose to pay more than is due or repay your loans sooner than the expected pay off date. By doing this, you can reduce the total amount that you must repay in interest. If you choose to make extra payments on your loans, your loan servicer will first apply the excess amount to interest owed across your loans for that month, and then, apply the remaining payment to your unsubsidized loans principal amount starting with the loan with the highest interest rate. Please contact your loan servicer for more details.

If you choose to pay off your loans, realize that there are no penalties for repaying your loans early. If you wish to pay off your loan(s) in full, contact your loan servicer. They will give you a “10-day payoff” amount which gives you 10 days to make payment in full. Once the loan is paid in full, your loan servicer will send you confirmation. Keep this notice for your records.
Managing Loan Payments
Once your loans are ready to enter repayment, you will receive a statement from your loan servicer indicating the monthly amount due and the due date. You can always log in to the loan servicer’s website to make online payments. You can also sign up for Auto-Pay and have the loan servicer automatically withdraw your student loan payment from your checking or savings account on a specific date. By choosing Auto-Pay, you will receive a 0.25% interest rate reduction on your Federal Direct/FFELP loans.

If you have loans other than Direct/Stafford loans, please make sure to contact the loan servicers handling those loans. The repayment options and benefits offered by these loan servicers may be different. You must keep track of all of your loans and their payment due dates as they may differ from the due dates on your Federal Direct/Stafford Loans.

If you are struggling to make your monthly payment, deferment or forbearance options can give you temporary relief. However, at the end of the deferment or forbearance period, the amount owed on your loans is usually higher due to interest capitalization. Before choosing one of these two options, consider switching to an Income-Driven Repayment Plan, which will allow you to make minimum payments on your loans, and consequently, reduce the total amount of interest that you must pay back. For more information on these programs, please visit https://studentaid.gov

HEALTH PROFESSIONS AND INSTITUTIONAL LOAN PROGRAMS

Health Professions Loan Program (HPSL) & Loan for Disadvantaged Students (LDS)
These federal loans are regulated by the Health Resources and Services Administration (HRSA). The school acts as the lender and contracts with the loan servicer, University Accounting Services to provide billing services.

<table>
<thead>
<tr>
<th>Terms</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>5% Fixed - interest free during in-school, grace period and deferment periods</td>
</tr>
<tr>
<td>Grace Period</td>
<td>One year (allowed immediately following graduation/withdrawal)</td>
</tr>
<tr>
<td>Repayment Length</td>
<td>10 years exclusive of deferment periods</td>
</tr>
<tr>
<td>Repayment Plan</td>
<td>Standard or Graduated (Graduated must be approved by Tufts Student Loan Office)</td>
</tr>
</tbody>
</table>

Deferment Provisions:
- Active duty in the uniformed services (maximum 3 years)
- Peace Corps volunteer (maximum 3 years)
- Advanced professional training such as General Practice Residency (Unlimited)
- Leave of absence to pursue related educational activity (maximum 2 years)
- Training fellowship, training programs and related educational activities for graduates of health professions schools (maximum 2 years)

Deferments are granted only after the end of the grace period. There is no additional grace period allowed after a deferment period unless you enroll full-time in another health professions school that begins before the grace period expires. Keep in mind that if you have been approved for a deferment or forbearance for repayment of your Direct Loan/Stafford loans the deferment WILL NOT be applied to your HPSL or LDS loans, unless you complete a separate request with the loan servicer managing those loans.
Tufts Loan Program

Tufts University Loan funds are comprised of individually named student loan funds that were established through the generosity of various donors. Tufts University is considered the lender of these loan funds. The names of the specific loan fund you borrowed appears on copies of the Tufts Loan promissory notes.

Deferment Provisions:
- Maximum total of five years while pursuing an internship, residency, or full-time course of graduate study
- Interest will accrue during deferment period
- Unpaid interest will capitalize at the end of deferment period

Tufts Loan Deferment Forms:
To request a deferment on your Tufts Loan, please visit the Tufts Student Loan Office’s website http://students.tufts.edu/financial-services/student-loan-repayment/deferment-forbearance-and-cancellation/tufts-loans

Federal Perkins Loan

<table>
<thead>
<tr>
<th>Terms</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>5% Fixed - interest free during in-school, grace period and deferment periods</td>
</tr>
<tr>
<td>Grace Period</td>
<td>9 months; 6-month post-deferment grace period given after an eligible deferment period</td>
</tr>
<tr>
<td>Repayment Length</td>
<td>10 years exclusive of deferment periods</td>
</tr>
<tr>
<td>Repayment Plan</td>
<td>Standard or Graduated (last one must be approved by Tufts Student Loan Office)</td>
</tr>
</tbody>
</table>

Deferment Provisions:
- At least half-time study at a postsecondary school
- Study in an approved graduate fellowship program or an approved rehabilitation training program for the disabled
- Unable to find full-time employment (up to 3 years)
- Economic Hardship – includes Peace Corps Service (up to 3 years)
- Engages in service listed under discharge/cancellation conditions
- Active Military Duty while the borrower is on active duty during a war or other military operation or national emergency and if the borrower was serving on or after Oct. 1, 2007, for an additional 180-day period following the demobilization date for the qualifying service

TUFTS STUDENT LOAN OFFICE - UNIVERSITY ACCOUNTING SERVICES (UAS)

The Tufts Student Loan Office is part of Student Financial Services, located in Dowling Hall on the Medford campus. That Student Loan Office is responsible for the management of the collection of Tufts Loans, Federal Perkins, HPSL and LDS.

Tufts University contracts with University Accounting Service LLC (UAS) to perform all aspects of billing, including processing deferment requests and providing loan payoff amounts as well as other general billing information. Please note that UAS DOES NOT have the authority to grant forbearance.
PRIVATE EDUCATIONAL LOANS

If you borrowed Private Educational Loans (including Residency and Relocation Loan), please be aware that the information that we can provide about these loans is limited since we are unfamiliar with the terms of these loans.

However, in general terms, private educational loans usually have a grace period of 6-9 months after graduation, depending on the lender. The lender may offer you different repayment plans, which tend to have long repayment periods. Also, the lender may have deferment options if you are continuing in a post-graduate program or residency. If you experience financial difficulty, please contact your lender immediately; forbearance may be available at the lender's discretion.

If you are a private educational loan borrower, please contact your lender(s) to review the terms of your loans. You may want to address the points below to your lender to make sure you are fully informed about loan repayment options and policies.

- Updating borrower contact information
- Confirmation of graduation date
- Confirm principal and interest outstanding
- Interest capitalization policy/when interest is due to capitalize
- Length of Grace Period and Repayment Period
- Repayment plan options
- Current interest rate and how it is determined (if you have multiple loans through the same lender ask if the rates are all the same)
- Deferment options
- Forbearance
- Billing and payment information
- Electronic access to borrower account information
- Borrower benefits offered by the lender
- Co-signer information/co-signer release option
- Death and disability policy

It is important to remember that private loans are not bound by the same set of federal regulatory requirements as federal student loans are. Private education loan lenders may not update your enrollment status information using the National Student Loan Clearinghouse information that your federal loan servicers utilize, which means you may need to provide written verification that you’re enrolled in school or you are participating in an internship or residency program.
FEDERAL LOAN CONSOLIDATION AND PRIVATE LOAN REFINANCING

Loan consolidation occurs when you combine multiple loans into one loan that has a fixed interest rate. The U.S. Department of Education offers the Direct Consolidation Loan, which gives you the option of combining multiple Federal loans into one loan, resulting in only one monthly payment.

Federal Loan Consolidation
When you apply for a Direct Consolidation loan, you are technically applying for a new loan. This new loan will pay off the balances (principal and interest) of all the loans you are consolidating. The interest rate on the Direct Consolidation Loan will be calculated as the weighted average of the interest rate of the loans you are consolidating rounded to the nearest one-eighth of one percent. This new interest rate will be fixed for the life of the loan which is a maximum of 30 years.

Advantages of Consolidation
- If you have multiple Federal loans handled by different loan servicers, consolidating your loans can help you simplify repayment by having you make only one monthly payment
- Loan consolidation can lower monthly payments since the repayment period will be extended (up to 30 years)
- If you are planning to work in the public health/non-profit sector, by consolidating your loans, you will be able to take advantage of the Public Service Loan Forgiveness Program. For more details visit https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service. You can consolidate variable interest rate loans into one fixed interest rate loan.

Disadvantages of Consolidation
- Since consolidation extends your repayment period, you will end up paying much more in principal and interest
- When you consolidate your loans, all the interest that accrued in your loans before consolidation, will be added to the principal (capitalization). The interest that accrues during the repayment period after consolidation, will be based on this new higher principal amount. Think about paying interest on interest.
- You may lose certain borrower benefits such as loan cancelation benefits (Perkins Loan), lose interest subsidy (Perkins, HPSL, LDS), or interest rate discounts. Please make sure to contact your loan servicer for guidance
- If you decide to consolidate your loans while making payments under an Income-Driven Repayment Plan or making qualifying payments under the Public Service Loan Forgiveness (PSLF) program, you will lose credit for any payments made under these two programs.

Federal Loans Eligible for Consolidation
You can select which federal student loans you wish to include in a Direct Consolidation Loan. Federal loans eligible for consolidation are as follows:
- Federal Perkins Loan
- Health Professions Student Loan (HPSL)
- Loans for Disadvantaged Students (LDS)
- Federal Subsidized Stafford Loan
- Federal Unsubsidized Stafford Loan
- William D. Ford Direct Subsidized Loan
- William D. Ford Direct Unsubsidized Loan
- Grad PLUS
- Federal Direct Grad PLUS
- FFELP Federal Consolidation Loan (if including one eligible loan other than a federal consolidation loan)
- Federal Direct Consolidation Loan (if including one eligible loan other than a federal consolidation loan)
Prior Federal Consolidation Loans
If you have prior Federal consolidation loans, you no longer have a grace period on these loans. Although, you will be able to defer payments on these loans while you are enrolled in school (or other eligible deferment type). Keep in mind, however, once deferment expires, you will enter repayment immediately. To determine if you have outstanding federal consolidation loans, please visit https://nslds.ed.gov. If you are a holder of this type of loan, the Financial Aid Office has included this information in your summary of indebtedness received during your exit counseling session.

Direct Consolidation Loan Application
To apply for a Direct Consolidation Loan, visit https://studentaid.gov and complete the online application. You can also request a paper application from your loan servicer.

Private Loan Refinancing
Similar to the Federal Direct Loan Consolidation Program, private loan refinancing allows you to pay-off existing loans with a single, large private loan. Several companies currently allow refinancing of both federal and private student loans together. If you have excellent credit, a high income, and a relatively modest debt-to-income ratio, you may be able to refinance at a lower interest rate than what you have received on your federal student loans. Keep in mind that most refinance lenders require borrowers to have made a certain number of on-time, regularly scheduled payments on their student loans before approval.

The Financial Aid Office cautions students considering this option as refinancing your federal student loans will result in loss of all federal deferment and forbearance provisions, repayment plans (such as the income-based options) and access to Public Service Loan Forgiveness. Refinancing cannot be undone so do your research before deciding to refinance your loans. Be aware that loan terms such as interest rate and repayment options, vary widely from lender to lender.

When considering loan consolidation or private loan refinancing, weigh the pros and cons of this decision. Even though loan consolidation can reduce your monthly payment drastically, you may end up paying much more in interest in the long run. Remember that you will always have the option of repaying your loans early without incurring any penalties. Please contact your loan servicer/lender for more information.

PUBLIC SERVICE LOAN FORGIVENESS (PSLF) PROGRAM
The Public Service Loan Forgiveness (PSLF) program was created by Congress to help graduates working in the non-profit or public sector ease their loan burden by forgiving the remaining balance on the student’s loans after they have met the following criteria:

- Work for a non-profit organization or a government agency (AmeriCorps and Peace Corps also count)
- Work full-time for the organization or agency (at least 30 hours/week)
- Have Direct Loans (you may consolidate other federal loans into a Direct Loan to qualify)
- Have made 120 qualifying payments (about 10 years) and
- Repay your loans under an income-driven repayment plan

If you know that you will be working in public health and want to apply for PSLF, please submit an annual employment certification form to your loan servicer to ensure that your employer, and the payments that you have made so far, qualify for PSLF. If it is determined that you qualify, your loans will be reassigned to a new loan servicer – FedLoan Servicing.

You will be able to apply for forgiveness once you have made 120 qualifying payments. You may contact FedLoan Servicing to request the application or you may download it from https://studentsaid.gov. If you are approved, any
amount remaining on your loan balance will be forgiven. On the other hand, if you are denied, the loan servicer will contact you with details.

You are encouraged to use the PSLF Help Tool at https://studentsaid.gov to help you navigate the program and its details.

TUFTS UNIVERSITY’S LOAN REPAYMENT ASSISTANCE PROGRAM (LRAP)

The Tufts Loan Repayment Assistance Program (LRAP) is a university-wide program that helps selected Tufts graduates working in public service pay a portion of their annual education loan bills. The purpose of the Tufts Loan Repayment Assistance Program (LRAP) is to encourage and enable Tufts graduates to pursue careers in public service by reducing the extent to which their educational debt is a barrier to working in comparatively low-salaried jobs in the non-profit and public sectors.

Qualification Criteria:

- All Tufts graduates with undergraduate, graduate and professional degrees are considered
- Must have educational loans incurred to attend Tufts
- Must be employed full-time by a non-profit (501c3 or equivalent) or public sector agency
- Must be currently repaying educational loans (or be in a grace period)
- Applicants who have deferred payments, defaulted on their loans, or are delinquent on their loan payment are not eligible for the program.

Awards will be made by a committee in each Tufts school. The committee will consider each applicant’s income, level of indebtedness, and overall need as compared to the entire applicant pool. Applicants may reapply each year. However, not every applicant will receive an award. Moreover, receiving an award in one year does not guarantee receipt of an award in subsequent years.

The Tufts LRAP is structured so that the awards should not be taxable, under special federal income tax rules that apply to the discharge of student loan debt (26 U.S.C. § 108(f)). Per this provision, Tufts LRAP awards are made in the form of loans that are forgiven when the award recipient completes a year of continued public service employment. Applicants should consult a tax advisor with specific tax-related inquiries.

Applications for the 2020 award cycle will be made available during Fall 2020 with a deadline of December 1, 2020. For more information, please visit https://students.tufts.edu/financial-services/student-loan-repayment/loan-repayment-assistance-program-lrap

LOAN REPAYMENT STRATEGY

It is important for your overall financial health to have a plan of action to manage your student loan debt. Realize that, as time goes on, you may need to modify your plan to incorporate life changes. The following provides some points for consideration when determining a plan that best suits your needs based on your career path and goals:

- **Know your creditors.** Using the information we provided to you during your exit session, you can easily get a complete list of your creditors/loan servicers and their contact information. Please call your student loan servicers to ensure they have your correct graduation date, find out about the date your grace period ends, and when your first payment is due. They will also be able to help you choose the best repayment plan for you.

- **Get to know your loans by placing your loans in a hierarchy of most favorable to least favorable.** By figuring out which loans are more costly to you (higher interest rate or unsubsidized loans) and making overpayments on these “unfavorable” loans you will be able to reduce the total interest that you pay. Do whatever you can to pay private education loans and/or higher rate loans off sooner rather than later.
Estimate a realistic timeframe in which you can repay your student loans. This is hard to do and realize that you might have student loan debt equal to most home mortgages which can range from 15-30 years. If you are part of a two-income household, try to reduce your living costs to the extent possible so that you may be able to repay your loans sooner. You should have a realistic goal as to when you’d like to be done paying off your student loans with the emphasis on sooner rather than later.

Begin devising a household budget. You will need to decide what you can or cannot afford in terms of living standards and student loan payments. Be honest with yourself when deciding if an expense is necessary or a luxury. The best approach is to be conservative when deciding your wants and needs. When determining the best type of student loan repayment plan is for you, think about what your overall goal is; do you need the lowest monthly payment, or will you focus on total cost savings? Keep in mind that life changes like buying a home, investing in a practice, or starting a family may occur, so you might have to shift your budget around to strike a balance. Recognize that if you selected an income-driven repayment plan, you may be forced to change once your income starts to increase.

Federal Student Aid Ombudsman Office
If you find you have issues with student loan repayment and are unable to rectify these issues between yourself and your lenders, you do have the right to contact the Federal Student Aid Ombudsman Office at the U.S. Department of Education to request assistance. Their contact information is noted below:

U.S. Department of Education
FSA Ombudsman Group
P.O. Box 1843
Monticello, KY 42633
Phone: (877) 557-2575
Fax: (606) 396-4821

Helpful Resources
- https://studentaid.gov: The U.S. Department of Education’s website offers comprehensive information about federal student loans including repayment plan options, loan consolidation and deferment eligibility criteria. Various loan calculators are also available.

- https://finaid.org: Offers general information on financial aid, student loans and various online calculator tools.


- https://aamc.org/services/fao-first/godental/: Excellent student loan calculator by the AAMC and ADEA that is focused exclusively on the dental student experience. Allows students to automatically import data from NSLDS. Provides guidance on the various federal student loan repayment plans and allows students to input information such as expected salary, residency information, and other dental-specific outcomes. Free for all dental students.

*NOTE: NSLDS does NOT track HPSL, LDS, Tufts Loan or any other private education loan or private consolidation loan. If you are interested in loan consolidation, your lender will utilize your NSLDS information to pre-populate your consolidation loan application but if adding loans such as HPSL and LDS to the consolidation loan will require you to manually update the consolidation loan to include those loans.
APPENDIX

LOAN FACTOR TABLE

The Interest Conversion Factor Table is useful in determining Monthly payments of your Direct/FFELP Stafford, Direct/FFELP Grad PLUS, PERKINS, HPSL/LDS and TUFTS LOANS.

INTEREST CONVERSION FACTOR TABLE

120-month payout of principal & interest

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Payment/Month per $1,000</th>
<th>Interest Rate</th>
<th>Payment/Month per $1,000</th>
<th>Interest Rate</th>
<th>Payment/Month per $1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0</td>
<td>10.607</td>
<td>8.0</td>
<td>12.133</td>
<td>11.5</td>
<td>14.117</td>
</tr>
<tr>
<td>5.5</td>
<td>10.853</td>
<td>8.5</td>
<td>12.400</td>
<td>12.0</td>
<td>14.347</td>
</tr>
<tr>
<td>6.0</td>
<td>11.102</td>
<td>9.0</td>
<td>12.668</td>
<td>12.5</td>
<td>14.638</td>
</tr>
<tr>
<td>6.5</td>
<td>11.335</td>
<td>11.5</td>
<td>14.117</td>
<td>13.0</td>
<td>14.931</td>
</tr>
<tr>
<td>7.0</td>
<td>11.611</td>
<td>12.0</td>
<td>14.347</td>
<td>13.5</td>
<td>15.227</td>
</tr>
<tr>
<td>7.5</td>
<td>11.870</td>
<td>12.5</td>
<td>14.638</td>
<td>14.0</td>
<td>15.527</td>
</tr>
</tbody>
</table>

To calculate monthly loan repayment amounts for a loan with a 10-year repayment period, use the following system: For a loan principal of $10,500 at 9% interest, move the decimal point in the loan amount 3 places to the left to adjust for thousands. Thus, $10,500 becomes 10.5, Find 9.0 in the Payment/Monthly column, multiply 10.5 x 12.688, the resulting number is the amount to be paid for 120 months.

ACCRUED INTEREST TABLE

The purpose of this chart is to help you estimate the amount of interest that would accrue on your loan every month to determine how much would be added to your loan’s principal at the appropriate scheduled time.

Approximate Monthly Accrued Interest If Interest Rate Is:

<table>
<thead>
<tr>
<th>Principal</th>
<th>6.0%</th>
<th>7.0%</th>
<th>8.0%</th>
<th>9.0%</th>
<th>10.0%</th>
<th>11.0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 500</td>
<td>$2.50</td>
<td>$2.92</td>
<td>$3.33</td>
<td>$3.75</td>
<td>$4.17</td>
<td>$4.58</td>
</tr>
<tr>
<td>1,000</td>
<td>5.00</td>
<td>5.83</td>
<td>6.67</td>
<td>7.50</td>
<td>8.33</td>
<td>9.17</td>
</tr>
<tr>
<td>1,500</td>
<td>7.50</td>
<td>8.75</td>
<td>10.00</td>
<td>11.25</td>
<td>12.50</td>
<td>13.75</td>
</tr>
<tr>
<td>2,000</td>
<td>10.00</td>
<td>11.67</td>
<td>13.33</td>
<td>15.00</td>
<td>16.67</td>
<td>18.33</td>
</tr>
<tr>
<td>2,500</td>
<td>12.50</td>
<td>14.58</td>
<td>16.67</td>
<td>18.75</td>
<td>20.83</td>
<td>22.92</td>
</tr>
<tr>
<td>5,000</td>
<td>25.00</td>
<td>29.17</td>
<td>33.33</td>
<td>37.50</td>
<td>41.67</td>
<td>45.83</td>
</tr>
<tr>
<td>7,000</td>
<td>37.50</td>
<td>43.75</td>
<td>50.00</td>
<td>56.25</td>
<td>62.50</td>
<td>68.75</td>
</tr>
</tbody>
</table>

The advantage of capitalizing interest is that you would not be required to make interest payments during any in-school, grace or deferment period. The disadvantage would be that you would pay more in interest charges over the life of your loan because your interest charges will be added to your principal balance. Your monthly repayment amount will be higher if you choose to capitalize.

For example, if you owe $500 in principal at an interest rate of 6.0 percent, then approximately $2.50 in interest would accrue on your loan every month. If you and your lender agree to capitalization on a quarterly basis (every three months), approximately $7.50 would be added to your $500 principal balance. As a result, at the end of one quarter you would owe, and interest would accrue on, $507.50 in principal.

Or, if you owe $4,000 in principal at an interest rate of 11.0 percent, then approximately $36.37 in interest would accrue on your loan every month. If you and your lender had agreed to capitalize interest on a quarterly basis (every three months), approximately $110.01 would be added to your $4,000 principal balance. As a result, at the end of one quarter, you would owe, and interest would accrue on $4,110.01 in principal.

Contact your loan servicer/lender if you have questions or need more information.
### Federal Stafford/Direct Loan and Grad PLUS/Direct Grad PLUS Loan Cancellation/Forgiveness and Discharge Summary Chart

<table>
<thead>
<tr>
<th>Discharge/Forgiveness Condition</th>
<th>Amount Discharged/Forgiven</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower’s total and permanent disability or death.†</td>
<td>100 percent</td>
<td>For a PLUS Loan, includes the death, but not disability, of the student for whom the parents borrowed.</td>
</tr>
<tr>
<td>Full-time teacher for five consecutive years in a designated elementary or secondary school or educational service agency serving students from low-income families. Must meet additional eligibility requirements.</td>
<td>Up to $5,000 (up to $17,500 for elementary/secondary special education teachers and secondary math and science teachers) of the total loan amount outstanding after completion of the fifth year of teaching. Under the Direct and FFEL Consolidation Loan programs, only the portion of the consolidation loan used to repay eligible Direct Loans or FFEL Loans qualifies for loan forgiveness.</td>
<td>For Direct and FFEL Stafford Loan borrowers with no outstanding balance on a Direct or FFEL Loan on Oct. 1, 1998, or on the date they received a loan on, or after that date. PLUS Loans are not eligible. At least one of the five consecutive years of teaching in an elementary/secondary school must occur after the 1997-98 academic year. Teaching at an educational service agency may count toward the required five consecutive years only if the consecutive five-year period includes teaching service at an educational service agency performed after the 2007-2008 academic year. To find out whether your school or educational service agency where you teach is considered to serve low-income students, go to <a href="https://studentaid.gov">https://studentaid.gov</a>, click on “How to Repay Your Loans,” or call 1-800-4-FED-AID (1-800-433-3243).</td>
</tr>
<tr>
<td>Bankruptcy (in rare cases)</td>
<td>100 percent</td>
<td>Cancellation is possible only if the bankruptcy court rules that repayment poses an undue hardship to the borrower.</td>
</tr>
<tr>
<td>Closed school (for borrowers who could not complete their program because the school closed while they were enrolled)</td>
<td>100 percent</td>
<td>For loans received on or after Jan. 1, 1986.</td>
</tr>
<tr>
<td>False loan certification (school falsely certified a borrower's eligibility to receive a loan)</td>
<td>100 percent</td>
<td>For loans received on or after Jan. 1, 1986.</td>
</tr>
<tr>
<td>False certification by reason of identity theft (loan was made as a result of the crime of identity theft, as determined by a court)</td>
<td>100 percent</td>
<td>Effective July 1, 2006</td>
</tr>
<tr>
<td>School does not make required return of loan funds to the lender</td>
<td>Up to the amount that the school was required to return.</td>
<td>For loans received on or after Jan. 1, 1986.</td>
</tr>
<tr>
<td>Loan forgiveness for public service employees</td>
<td>100 percent of the remaining outstanding balance on an eligible Direct Loan.</td>
<td>For a borrower not in default and who makes 120 monthly payments on the loan while the borrower is employed in a public service job after Oct. 1, 2007.</td>
</tr>
<tr>
<td>Loan Forgiveness under Income-based Repayment Schedule</td>
<td>Remaining balance of loans after 20- or 25-year repayment schedule</td>
<td>Amount forgiven is considered taxable income in the year in which it is forgiven.</td>
</tr>
</tbody>
</table>

†Total and permanent disability is defined as the condition of an individual who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death; has lasted for a continuous period of not less than 60 months; can be expected to last for a continuous period of not less than 60 months; or has been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected disability. For more information on qualifying for this discharge, contact your loan holder.
### Perkins Loan Cancellation and Discharge Summary Chart

<table>
<thead>
<tr>
<th>Cancellation Conditions</th>
<th>Amount Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bankruptcy (in rare cases - cancellation is possible only if the bankruptcy court rules that repayment would cause undue hardship) [a]</td>
<td>100 percent</td>
</tr>
<tr>
<td>Closed school (before student could complete program of study)-applies to loans received on or after Jan. 1, 1986 [a]</td>
<td>100 percent</td>
</tr>
<tr>
<td>Borrower's total and permanent disability [b] or death [a]</td>
<td>100 percent</td>
</tr>
<tr>
<td>Full-time teacher in a designated elementary or secondary school serving students from low-income families [a] [c]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time special education teacher (includes teaching children with disabilities in a public or other nonprofit elementary or secondary school) [a] [c]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time qualified professional provider of early intervention services for the disabled [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time teacher of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time employee of a public or nonprofit child- or family-services agency providing services to high-risk children and their families from low-income communities [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time nurse or medical technician [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time law enforcement or corrections officer [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time staff member in the education component of a Head Start Program [a]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>VISTA or Peace Corps volunteer [a]</td>
<td>Up to 70 percent</td>
</tr>
<tr>
<td>Service in the U.S. Armed Forces [a]</td>
<td>Up to 50 percent in areas of hostilities or imminent danger</td>
</tr>
<tr>
<td>Full-time teacher in a designated educational service agency serving students from low-income families [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time special education teacher (includes teaching children with disabilities in educational service agency) [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time staff member in a prekindergarten or child care program that is licensed or regulated by a State [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time fire fighter [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time faculty member at a Tribal College or University [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time speech pathologist with a master's degree working in a Title I-eligible elementary or secondary school [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Librarian with a master's degree working in a Title I-eligible elementary or secondary school or in a public library serving title-eligible schools [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Full-time attorney employed in a public or community defender organization [d]</td>
<td>Up to 100 percent</td>
</tr>
<tr>
<td>Service in the U.S. Armed Forces [d]</td>
<td>Up to 100 percent in areas of hostilities or imminent danger</td>
</tr>
</tbody>
</table>

[a] As of Oct. 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's promissory note. However, this benefit is not retroactive to services performed before Oct. 7, 1998.

[b] Total and permanent disability is defined as the condition of an individual who is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death; has lasted for a continuous period of not less than 60 months; can be expected to last for a continuous period of not less than 60 months; or has been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected disability. For more information on qualifying for this discharge, contact your loan holder.

[c] Detailed information on teaching service cancellation/deferment options can be found at [https://studentaid.gov](https://studentaid.gov). At the site, click on "Students, Parents and Counselors."

[d] As of Oct. 7, 1998, all Perkins Loan borrowers are eligible for all cancellation benefits regardless of when the loan was made or the terms of the borrower's promissory note. Service must include Aug. 14, 2008.