

outlook™

GRADUATE EXIT GUIDE to successful repayment

**Are you ready
for repayment?**

Take the borrower quiz

Student Loan Refresher

plus:

**What is your best
repayment option?**



Online financial planning guide

EDWISE

[www.edwise.org]



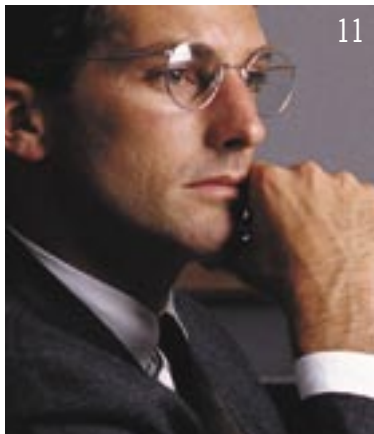
Financing a college education can be tricky. But with a simple-to-use tool called EdWise, you gain the budgeting skills necessary to help you figure out the most efficient way to manage your finances. With EdWise you can:

- create a college budget
- plan for future borrowing
- anticipate your overall loan debt and make sure you don't overdo it
- discover different ways to save money on your student loans
- check out the various ways to repay your student loan
- plan ahead and estimate your income and expenses when you're out of school

EdWise – YOUR PERSONAL ONLINE FINANCIAL PLANNING GUIDE.

CHECK IT OUT AT WWW.EDWISE.ORG

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exclusive

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be sure to:

- BE AWARE WHEN YOUR FIRST PAYMENT IS DUE
- KNOW WHICH PAYMENT PLAN YOU CHOOSE
- ASK ABOUT OPTIONS FOR REPAYING EARLY

salary

Your initial payment on your student loan should not exceed 8 to 12 percent of your before-tax salary. Whether your monthly payment is below or above the recommended percentage, you should still reduce your debt burden whenever possible. The reality is, starting salaries are often below expectations and it's difficult to get the exact job you want. Refer to the online budgeting tool EdWise to calculate future income and expenses.



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ake a quick look at the different financing options you may have taken advantage of when funding your education. It's a good idea to familiarize yourself with the interest rates, terms and conditions and repayment options.

Federal Stafford loans are administered under two student loan programs. Your school may participate in one or both of these:

- Federal Family Education Loan (FFEL) Program—Funded by lenders and guaranteed by a private nonprofit institution or a state agency.
- William D. Ford Federal Direct Loan Program (Direct Loan)—Funded by the federal government.

Fees up to 3 percent may be deducted from the Stafford loans, which may be comprised of a loan origination fee and a federal default fee.

FEATURE

Loan Refresher

SUBSIDIZED STAFFORD LOANS

Interest is paid by the federal government while you're in school at least half time, during the grace period and during periods of deferment. Repayment begins six months after you graduate, leave school or drop below half-time enrollment.

UNSUBSIDIZED STAFFORD LOANS

You are responsible for paying the interest which started to accrue at the time of your loan disbursement. You may have made in-school payments, but you also had the option to defer the interest and have it added to the principal balance. (See Capitalization in *Repaying Your Student Loan*.) Regular monthly payments begin six months after you graduate, leave school or drop below half-time enrollment.

“There is no substitute for hard work.” Thomas A. Edison



LOW INTEREST RATES

Interest rates on student loans are typically lower than those involving other types of credit. For Stafford loans with a first disbursement prior to July 1, 2006, the interest rate is variable and adjusted annually, not to exceed 8.25 percent; for loans first disbursed on or after July 1, 2006, the interest rate is fixed at 6.8 percent.

FEDERAL PERKINS LOANS

A Perkins loan features 0 percent interest while enrolled at least half time, a grace period of up to nine months and a 5 percent rate in repayment. A Perkins loan is campus-based, with the school serving as the lender.

PLUS LOANS FOR GRADUATE AND PROFESSIONAL STUDENTS

As a graduate or professional student, you may have borrowed a Graduate PLUS loan for your education. The interest rate is fixed at 8.5 percent through the FFEL Program—and begins to accrue the day funds are released. Repayment commences within 60 days after the loan has been fully disbursed. Students who are enrolled in school at least half time are eligible for an in-school deferment (see

deferment on page 10). However, this loan is not subsidized by the government so you are responsible for the interest. Once a Graduate PLUS loan enters repayment, monthly payments can be estimated at \$12.40 per month for every thousand dollars.

ALL FEDERAL LOANS

Borrowers must maintain Satisfactory Academic Progress (SAP) to remain eligible for any federal loan. Borrowers who withdraw early may become ineligible for funds they have already received, which then must be returned. For more information, contact your financial aid administrator.

PRIVATE LOANS

Private loans were another way to supplement your education costs. These loans are typically based on credit and have a

six month grace period. However, these loans vary in many ways: interest rates, fees, repayment terms and repayment incentives, among other factors. For repayment details, refer to the paperwork and promissory note associated with these loans.

savings

No matter how little you have to save, you should set aside something every month. As little as \$20 per month will get you into the habit of saving, help you succeed financially later on, and provide you with a cushion should unexpected needs arise.



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he lender. The servicer. The guarantor. Who are all these people? To help you navigate your way through the maze of players in the FFEL Program loan process, here's a bit of background on each one.

FINANCIAL AID COUNSELOR

The financial aid counselor/administrator is your on-campus source for information on student loans and other forms of financial assistance. This individual's primary role is to guide students and parents through the financial aid process.

FEDERAL GOVERNMENT

The federal government provides guidelines for the FFEL Program, which is overseen by the U.S. Department of Education.

GUARANTOR

Also called the guaranty agency, the guarantor is a private nonprofit or state agency that conveys to the lender the federal government's promise that the student loans will be repaid. The guarantor keeps a record of all loans under its jurisdiction and may also collect on defaulted loans. The guarantor also assists the lender in contacting delinquent borrowers in an effort to counsel the borrower on their repayment options.

LENDER

The lender is the source of the money you borrow—a bank, savings and loan or credit union. The lender can choose to keep the loan until it is paid in full, contract with a servicer to handle the paperwork or sell it to a secondary market. It is important to notify your lender/servicer in a timely manner of changes to your address, phone number or any other pertinent information.

SERVICER

The servicer is an entity hired by the lender or secondary market to track and collect loan payments and to process information on details such as address changes, deferments and billing.

SECONDARY MARKET

Secondary market refers to private companies that purchase student loans from originating lenders. The sale of a loan does not alter its terms.

FEATURE

Who's Who in the FFEL Program Loan Process

OMBUDSMAN

An ombudsman resolves disputes from a neutral or impartial viewpoint, and can be beneficial if you cannot resolve a student loan problem by employing standard procedures. The Ombudsman's office toll-free phone number is 877.557.2575; its Web site is: www.ombudsman.ed.gov.

NSLDS

The National Student Loan Data System (NSLDS) is the Education Department's main database for student financial aid records. NSLDS provides a centralized, integrated view of your federal Title IV education loans and grants, tracking from when they're approved until they are paid off. The NSLDS Web site is www.nsls.ed.gov.

CREDIT REPORTING AGENCIES

These agencies maintain your credit history, which reflects how well you repay your student loans, credit cards, car loans or any other credit you may have. Based on your performance, you are given a score that provides future creditors with information on whether or not you are considered a credit risk. Your credit history plays a big part in your future, because it is checked whenever you rent an apartment, buy a vehicle or apply for certain types of employment. Failure to pay back your student loan promptly will negatively impact your credit rating. To receive a free copy of your credit report from each of the three agencies, visit www.annualcreditreport.com.

Understand Your Rights & Responsibilities as a Borrower!

Take this quiz to find out how your loan savvy stacks up.

1 After 10 years of deferring or repaying my student loan, the remaining balance will be forgiven.

T/F

2 My borrower rights include the freedom to prepay all or part of my loans without any prepayment penalty.

T/F

3 I must notify my lender or current loan holder within 10 days if I drop below half-time status, withdraw from school or transfer to another institution.

T/F

4 After leaving school and after my grace period expires, I am required to make monthly payments on my loan, unless I am granted a forbearance or deferment.

T/F

5 As a student loan borrower, I have the right to receive a disclosure statement—including interest rates, fees, loan balance and size and number of payments—before the loan repayment term begins.

T/F

6 If I am having trouble with my finances, I can file bankruptcy and include my student loans.

T/F

7 I will be issued a deferment—temporary postponement of my loan payments—if I am eligible for it, apply for it and receive verification of acceptance.

T/F

8 If I ever have trouble making my student loan payments, I should first call my lender or servicer.

T/F

9 A Master Promissory Note (MPN) is a legal document that reflects my promise to repay my student loan.

T/F

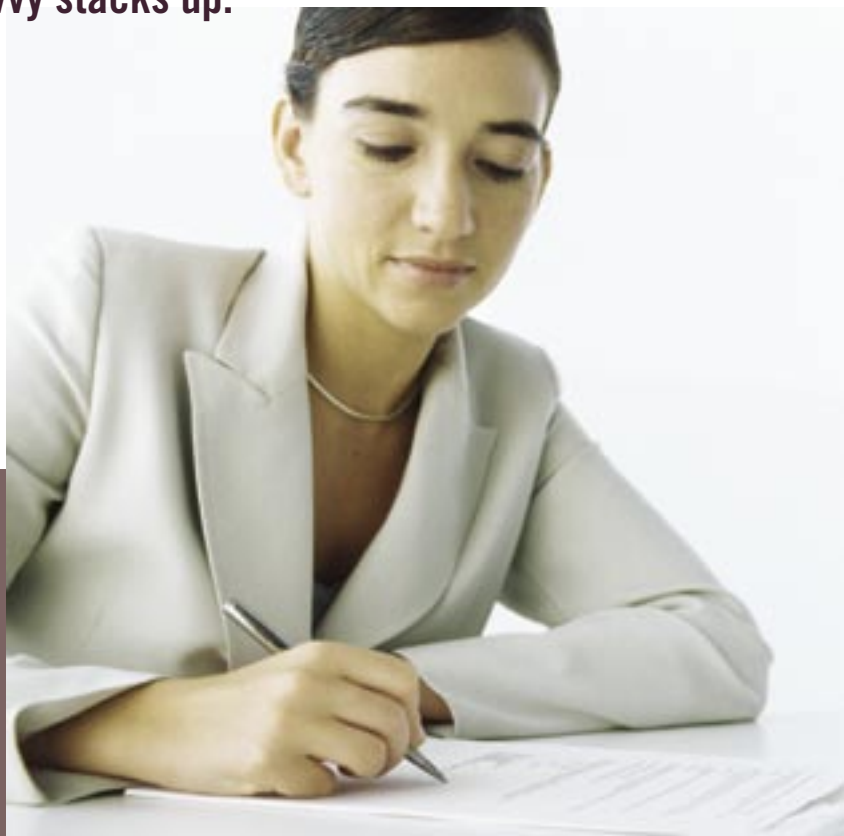
10 If my account becomes delinquent and I do not resolve this before I default, my credit will be negatively affected and my entire balance, plus collection costs, becomes due in full.

T/F

For a full listing of your borrower rights and responsibilities, see page 11.

ANSWERS

1. F 2. T 3. T 4. T 5. T
6. F 7. T 8. T 9. T 10. T





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raduation represents a new era of opportunity: pursuing or continuing a career, establishing and building a professional reputation and enhancing personal independence. It also affords you the chance to build a solid credit history that will help define the course of your life. Prompt and timely repayment of your federal student loan is an important step in developing a positive credit history.

THE GRACE PERIOD

After you graduate, leave school or drop below half-time enrollment, certain loans will offer you a grace period. During this time—which is typically six or nine months, depending on the type of student loan you received—you are not expected to make payments. You may have taken out loans during undergraduate studies or during a separate period of enrollment. If you have previously entered repayment on these loans, you may have already exhausted the grace period. Check with your lender for further details.

PLUS

Repaying Your Student Loan

The interest on subsidized loans is paid by the federal government during your grace period. On unsubsidized loans, you are responsible for the interest. The unpaid interest is capitalized—added to the loan principal—at the time of repayment. Repayment begins the day after your grace period ends and your first payment will be scheduled within 60 days.

REPAYMENT PLANS

Several options are available for repayment of your student loan, allowing you to choose the one that best meets your financial needs. If you prefer to switch to another plan, you can do so once every 12 months by contacting your lender.

“It is the mark of an educated mind to be able to entertain a thought without accepting it.” Aristotle

CAPITALIZATION

Capitalization is a process whereby the unpaid interest on your student loan is added to the principal, resulting in a higher loan balance and the possibility of a higher monthly payment. To avoid capitalization, look into the option of making interest-only payments on your unsubsidized loan while you’re still in school.

To illustrate capitalization, let’s use the example of two students, Jack and Kate. Both have \$4,000 in unsubsidized Stafford loans at 6.8 percent interest and have opted for a standard repayment plan. Both attended school for four years and had a six-month grace period on their loans. Jack paid the interest—totaling \$1,225—while he was still in school. Kate made no payments, so the total accrued interest of \$1,225 was capitalized at the time repayment began. By avoiding capitalization, Jack saved \$645 on the total amount of his repayment—enough money to cover a month’s rent or a car payment and a month of auto insurance.

To figure the **monthly interest** you will be accruing on your student loans while in school, follow the chart below

If your interest rate is:

4.7% multiply \$ _____ by .00392 = \$ _____ per month
(student loan amount)

5.3% multiply \$ _____ by .00442 = \$ _____ per month
(student loan amount)

6.8% multiply \$ _____ by .00567 = \$ _____ per month
(student loan amount)

8.25% multiply \$ _____ by .00688 = \$ _____ per month
(student loan amount)

You will not accrue interest on subsidized loans during in-school, grace and deferment periods.

CASE	TOTAL PRINCIPAL AT REPAYMENT	MONTHLY PAYMENT	NUMBER OF PAYMENTS	INTEREST PAID	TOTAL AMOUNT REPAID
Jack	\$ 4,000.00	\$ 50.00	107	\$ 1,346.00	\$ 6,571.00*
Kate	\$ 5,225.00	\$ 60.14	120	\$ 1,991.00	\$ 7,216.00
				Savings:	\$ 645.00

*Includes original \$ 1,225 paid during school

Standard Repayment

- Fixed (substantially equal) monthly payment amounts are paid over a specific period of time.
- Your monthly payment must be at least \$50 and cover the interest due.
- The payment amount may be adjusted to reflect annual changes in the variable interest rate (on loans first disbursed before July 1, 2006).
- The repayment term is 10 years, excluding in-school, grace and deferment or forbearance periods.

Graduated Repayment

- Payments are smaller at the beginning of the repayment period and gradually increase over time.
- No single payment may be more than three times greater than any other payment.
- The payment amount may be adjusted to reflect annual changes in the variable interest rate (on those loans first disbursed before July 1, 2006).
- The repayment term is 10 years, excluding in-school, grace and deferment or forbearance periods.
- Payment must cover at least the interest due.

Income-Sensitive Repayment

- Payments are adjusted annually based on your monthly gross income.
- The repayment term varies based upon your income, the percentage you request and the loan amount.
- Payment must cover at least the interest due.
- The repayment term can be 10 to 15 years.

Extended Repayment

- The extended repayment schedule is limited to borrowers with loans first disbursed on or after October 7, 1998, with an outstanding balance of principal and interest in FFEL Program loans totaling more than \$30,000. The lender may schedule the borrower for standard or graduated installments over a period not to exceed 25 years.
- Payment must cover at least the interest due.



housing

By looking for more economical housing options, you can greatly reduce your monthly housing costs. Look for one or more roommates to help share the cost. Don’t forget to factor in utilities when you compare one option with another. The location of your housing may save on travel expenses.

utilities

Determining whether utility payments for electricity, gas, water and garbage pickup are included in your rent payment is essential. If they’re not, you’ll need to include utility payments in your monthly financial plan. You can make a cost difference by simply conserving.

(continued on page 8)

(continued from page 7)

REPAYMENT INCENTIVES

Many lenders will offer repayment incentives which can save you hundreds—even thousands—of dollars. Read the fine print carefully to determine if you will qualify for the incentives offered. Examples of these benefits include:

- A 0.25 percent interest rate reduction for using automatic bill-pay.
- An additional 1 percent interest rate reduction after 36 consecutive on-time monthly payments.
- A one-time 3.33 percent principal reduction for 30 initial on-time monthly payments.

LOAN CONSOLIDATION

A Consolidation loan allows you to combine any or all of your outstanding federal student loans into a single new loan with new terms and conditions. When you sign a Consolidation loan application, be sure to read and understand before agreeing to the new terms and conditions, as well as keep a copy of all your paperwork for future reference. To determine if consolidation is right for you, consider the various loan provisions—including interest subsidy, deferment, forbearance, forgiveness and cancellation. FFEL Program consolidation borrowers have the option of a standard, graduated or income-sensitive repayment schedule. To qualify, you must:

- Have no other consolidation application pending or in process with another lender.
- Be a borrower in good standing or have defaulted and will re-enter repayment through consolidation.

REPAYING A PRIVATE LOAN

Many graduate and professional level students take out private loans to help fund their education. Repaying a private loan is not entirely the same as a federal loan.

- Consider prepaying the accrued interest prior to capitalization (see capitalization on page 7).



- Many lenders don't have prepayment penalties. When making a prepayment, be sure to specify that the funds go to the principal instead of crediting the interest that accrues.
- Private loans are unsecured debt; consider life insurance or long-term disability insurance to cover the amount of private indebtedness.
- You cannot include private loans in a federal Consolidation loan.
- Typically, if you can't pay you have deferment or forbearance options.
- Your repayment terms may be different; check with your lender for specifics.
- You may have a different grace period or not have one at all.

In most cases, missing any scheduled payment will disqualify you from receiving repayment incentives. Be sure to read all of your loan terms and conditions before entering repayment.

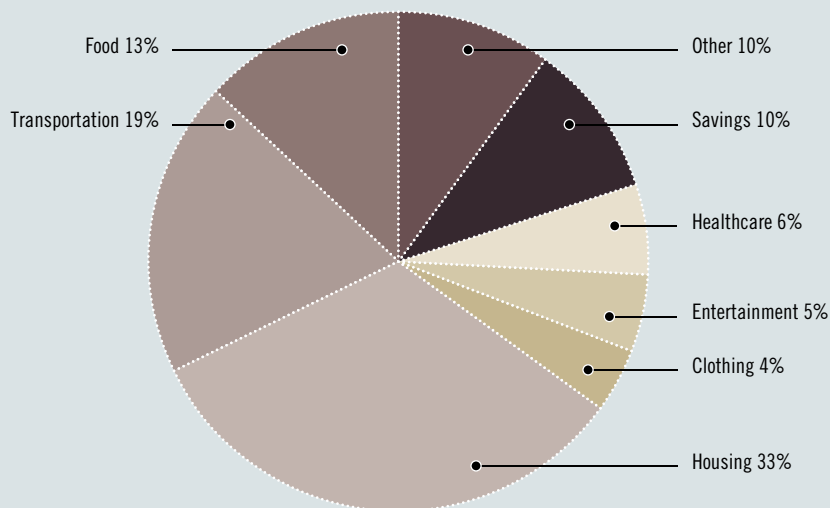
food

A great way to plan for food costs is to monitor your spending for several weeks, figure out which purchases are necessary and those that are impulsive or excessive, and then project a realistic weekly or monthly expenditure. Be aware of the most expensive items in your food plan (gourmet coffee, muffins, ice cream, prepackaged foods and restaurant meals) and work to keep them at a minimum. Clip coupons and check the weekly food ads in newspapers for specials to cook inexpensive meals.

entertainment

Sporting events, clubs, museums, theatre and concerts are forms of entertainment that have something in common; they can be quite costly. Be sure to either plan for these expenses in your budget or find other forms of entertainment such as bike rides, renting movies and hiking, etc. Keeping a week-to-week record of entertainment expenditures will help you gauge whether you're spending more on entertainment than you can afford.

How much of a payment can you afford?



According to the Bureau of Labor Statistics, the above chart illustrates the average person's after-tax expenses

IT'S CRITICAL TO KNOW HOW MUCH you can comfortably afford to pay back each month. Borrowing conservatively, budgeting wisely and planning ahead all combine to help make repayment as stress free as possible. Use this worksheet to calculate your income and expenses.

	ESTIMATED MONTHLY TOTAL	ESTIMATED YEARLY TOTAL
INCOME		
SPOUSE'S INCOME		
OTHER		
TOTAL INCOME		
Expenses		
	ESTIMATED MONTHLY TOTAL	ESTIMATED YEARLY TOTAL
RENT/MORTGAGE		
UTILITIES/HOME SUPPLIES		
INSURANCE/health, home, auto		
FEDERAL STUDENT LOAN		
PRIVATE LOAN		
CELL PHONE		
CABLE/INTERNET		
CHILDCARE		
SAVINGS/RETIREMENT		
TRANSPORTATION		
FOOD		
CLOTHING/LAUNDRY		
ENTERTAINMENT		
CREDIT CARD PAYMENT		
MEDICAL/DENTAL		
MISCELLANEOUS		
TOTAL EXPENSES		
Total income less expenses		

If your expenses are greater than your income, consider options for reducing them. A consumer credit counselor may be able to help, or you can check out the expense-cutting tips on EdWise, the online financial planning guide at www.edwise.org. Take a look at the pie chart to see what your expenditures might look like.



It's easier than you might think. What's more, it will save you considerable headaches and eliminate negative consequences when applying for other forms of credit in the future.

FAST FACTS TO HELP KEEP YOUR LOAN PAYMENTS ON TRACK

- On-time repayment of your student loan is a great way to develop a good credit history, which follows you wherever you go and whatever you do.
- Delinquent payments are reported to national credit reporting agencies and will damage your credit report, reflect poorly in your credit score and hinder your future ability to borrow.
- Your lender or guarantor can provide you with repayment options if you're having difficulty making payments.
- If you default on your student loan:
 - you lose the privilege of monthly payments and the full amount of your loan becomes immediately due and payable,
 - your wages and/or your entire tax refund may be garnished,
 - collection charges and attorney fees may be assessed, increasing the loan payoff amount,

AVOID LATE PAYMENTS

It Will Impact Your Credit

- you lose your eligibility for any additional federal student financial aid,
 - your payments may increase, further straining your ability to repay, and
 - you lose the options of deferment and forbearance.
- If you received a student loan prior to July 1, 1993, additional factors may constitute eligibility for deferment—a graduate fellowship, military duty, parental leave and more. Talk to your lender for details.

Forbearance

- Forbearance is the temporary cessation or reduction of principal payments on your student loan.
- You are still responsible for all accrued interest during the forbearance period.
- If you do not qualify for a deferment, but are having a hard time repaying your student loan, you may be eligible for forbearance.
- Common reasons for forbearance include:
 - poor health,
 - a rigorous residency program, or
 - a loan payment that exceeds 20 percent of your total monthly gross income.
- Forbearance is allowed at the discretion of the lender.
- Forbearance often results in an extended repayment period.

Loan Cancellation

- A loan may be cancelled under extreme circumstances:
 - permanent and total disability,
 - inability to complete a course of study because your school closes if certain conditions prevail,
 - eligibility falsely certified by your school, or
 - death.

Deferment

- A deferment is the temporary postponement of payments on your student loan.
- Your lender or guarantor can advise you on your deferment eligibility status.
- Primary reasons and time considerations for deferment include:
 - returning to school at least half time (unlimited periods),
 - unemployment (six-month period with a maximum of three years),
 - economic hardship (12-month period with a maximum of three years), and
 - active duty during war, national emergency or military operation.
- Deferments are not automatic; you must apply for one and receive approval from your lender.
- When subsidized loans are deferred, the principal payments are postponed and the interest is billed to the federal government.
- When unsubsidized loans are deferred, the principal payments are postponed, but you accrue interest which will then be capitalized at the end of the deferment period.

“What can be added to the happiness of a man who is in health,
out of debt and has a clear conscience?” Adam Smith – Economist

Your Rights & Responsibilities as a Borrower

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hen you accept a loan, you accept legal and financial responsibilities that last until the loan is repaid.

Here’s a checklist of your responsibilities, as well as your rights as a borrower.

When you accept a student loan, you agree to:

- repay your loan(s), including accrued interest and fees, whether or not you complete your education, obtain employment or are satisfied with your education,
- attend exit counseling before you leave school or drop below half-time enrollment,
- notify your lender or current holder of your loan within 10 days if you change your name, address or phone number; drop below half-time status, withdraw from school or transfer or change your graduation date,
- direct all correspondence to the current holder or servicer of your loan,
- make monthly payments on your loan after leaving school, unless you’re granted a deferment or forbearance, and
- notify your lender or the current holder of your loan of anything that might change your eligibility for an existing deferment.

You have rights as a student borrower. You have the right to:

- receive a copy of your promissory note either before or at the time the loan is made,
- receive a disclosure statement before repayment on your loan begins, including information about interest rates, fees, loan balance and the size and number of payments,
- a grace period after you leave school or drop below half-time enrollment and before your loan payments begin,
- prepay all or part of your loans without a prepayment penalty,
- receive written notice if your loan is sold to a new holder,
- apply for deferment of your loan payments for certain specified periods, as long as you’re eligible,
- request forbearance from the holder of your loan if you’re unable to make payments and don’t qualify for deferment (you must qualify according to the loan holder’s requirements).
- receive a proof of discharge when your loan is paid in full.

transportation

Even if you buy a car, you can ease your budget by using public transportation occasionally. Don’t forget to add gas, maintenance, insurance, registration and parking fees to your transportation expenses. Insurance payments, though they may be assessed annually or semiannually, should be divided for a monthly expense figure.



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Starting out with a sound money management plan will help ensure a solid financial future. It is never too early to consider

various savings, retirement and investment options. Take a moment to familiarize yourself with some facts about credit, credit cards and credit reports. Managing these basics will help you prepare to take advantage of future financial planning strategies.

FREE CREDIT REPORTS

Curious about what's on your credit report? Find out by visiting, www.annualcreditreport.com. All consumers are entitled to one free credit report from each of the three major credit reporting agencies annually (TransUnion, Equifax and Experian). You can order all three reports at one time, or you can order a report from a different credit reporting agency once every four months.

Review your credit report to ensure the data is accurate. If you find erroneous data on your report, visit the credit reporting agency's Web site to learn more about disputing errors.

SPECIAL

Money Management

By reviewing your credit report you'll see what future lenders see. If you find late payments or other negative marks, you may be living beyond your means. Take a little time to make a budget. You can improve your credit by making on-time payments reducing your overall debt and resolving issues with your creditors.

Despite prevailing practice in America, carrying a lot of credit card debt just doesn't make sense. Credit cards typically feature high interest rates, a short grace period and cash advance fees. They often lead to impulse purchases and emotional spending—both of which can cause your debt to spiral out of control. What's more, if your financial situation requires you to make only minimum monthly payments, it can take a long time to pay off the principal.

“Your worth consists in what you are
and not in what you have.” Thomas A. Edison

CREDIT CARD TRAPS

The world of credit cards can be a minefield—especially the fine print. This sample of fine print, taken directly from a popular credit card offer, shows how confusing it can be:

Cash Advance Fees

All cash advances: 3% of the amount of the advance, but not less than \$10.00.

- ▶ **Translation:** You will pay 50% on a \$20 advance or 10% on a \$100 advance.

2.9% Fixed Interest Rate

You understand that the terms of your account, including the APRs (Annual Percentage Rates), are subject to change.

- ▶ **Translation:** Your rate will increase and it is not fixed at all.

Selling Additional Products

We may share information about you among our affiliates in order to offer products and services of interest.

- ▶ **Translation:** Your name and address will be sold and you'll receive more junk mail and telemarketing calls.

Method of Computing the Balance for Purchases

Two-cycle average daily balance method (including new purchases).

- ▶ **Translation:** If you have a balance, the bank will include charges from both the prior month and current month to compute the average daily balance against which interest will be charged.

Default Rates

Your APR may increase if you fail to make a payment to us or any other creditor when due.

- ▶ **Translation:** You may pay us on time faithfully, but if you miss a payment on another loan, we'll increase your rate significantly.

REDUCING UNWANTED OFFERS

Did you know that about five billion credit card offers are sent throughout the nation annually? Are you getting too much junk mail and too many telemarketing calls? Here's a free and easy way to reduce unwanted offers.

Visit the Web site, www.optoutprescreen.com or call toll free, 1.888.5.OPTOUT, to remove your name from pre-approved credit card offers.

Enjoy fewer interruptions during dinner by removing your phone number from telemarketing lists. Visit the National Do Not Call Registry Web site, www.donotcall.gov.

IDENTITY THEFT

We are all targets for identity theft. Ways that you can reduce the risk of becoming a victim include:

- Check your credit report often.
- Reduce credit card offers mailed to you.
- Mail and receive documents from a locked mailbox.

- Limit the use of your Social Security number.
- Shred discarded documents and pre-approved offers.
- Do not give out your Social Security number, bank account or other personal information over the telephone or Internet unless you have initiated the contact.

If you become a victim, you should immediately place a fraud alert on your credit file by contacting one of the credit reporting agencies. Once the alert is on your file, request a free copy of your credit report from each credit reporting agency. Report fraudulent activity in writing to both a credit reporting agency and your credit issuer, following the instructions on your credit report. Also, file a crime report with your local police or sheriff's department right away. Many victims feel the true impact of identity theft as they apply for credit when buying a car or a house. Take proactive steps; don't let this happen to you.



consumer debt

The cost of borrowing on credit cards is high — often 18 percent or more. If you roll over a balance to the next month, you will incur finance charges and the real cost of your purchase just increased. Avoid excessive and frequent use of your credit cards to keep monthly payments low. Keep an accurate record of all debt and work to pay it off.

figure your student loan payment

USE THIS CHART TO FIGURE YOUR FUTURE MONTHLY PAYMENT. If you don't see your loan amount, you can add multiple balances together. For example, if you owe \$35,000 in student loans, add the monthly payments from the \$25,000 and the \$10,000 loan amount column. For an online loan repayment comparison calculator, go to www.edwise.org.

LOAN AMOUNT (AT TIME OF REPAYMENT)	5.3%			6.8%			7.14%		
	INTEREST ONLY	STANDARD PLAN	TOTAL INTEREST	INTEREST ONLY	STANDARD PLAN	TOTAL INTEREST	INTEREST ONLY	STANDARD PLAN	TOTAL INTEREST
\$1,000	\$4.42	\$10.75*	\$290**	\$5.67	\$11.51*	\$381**	\$5.95	\$11.68*	\$402**
\$2,500	\$11.05	\$26.88*	\$725**	\$14.18	\$28.76*	\$953**	\$14.88	\$29.21*	\$1,005**
\$5,000	\$22.10	\$53.75	\$1,450	\$28.35	\$57.55	\$1,906	\$29.75	\$58.42	\$2,010
\$10,000	\$44.20	\$107	\$2,900	\$56.70	\$115	\$3,812	\$59.50	\$117	\$4,042
\$15,000	\$66.30	\$161	\$4,350	\$85.05	\$172	\$5,718	\$89.25	\$175	\$6,030
\$20,000	\$88.40	\$215	\$5,800	\$112	\$230	\$7,624	\$119	\$234	\$8,039
\$25,000	\$110	\$268	\$7,250	\$141	\$287	\$9,530	\$149	\$292	\$10,050
\$50,000	\$221	\$537	\$14,500	\$283	\$575	\$19,060	\$297	\$584	\$20,099
\$75,000	\$331	\$806	\$21,750	\$425	\$863	\$28,590	\$446	\$876	\$30,148
\$100,000	\$442	\$1,075	\$29,000	\$567	\$1,151	\$38,120	\$595	\$1,168	\$40,197
\$138,500	\$612	\$1,489	\$40,228	\$785	\$1,594	\$52,736	\$824	\$1,618	\$55,673
\$189,125	\$835	\$2,034	\$54,932	\$1,072	\$2,176	\$72,050	\$1,125	\$2,210	\$76,023

LOAN AMOUNT (AT TIME OF REPAYMENT)	8.25%			10%		
	INTEREST ONLY	STANDARD PLAN	TOTAL INTEREST	INTEREST ONLY	STANDARD PLAN	TOTAL INTEREST
\$1,000	\$6.88	\$12.27*	\$472.40**	\$8.33	\$13.21*	\$585.20**
\$2,500	\$17.20	\$30.68*	\$1,181**	\$20.83	\$33.03*	\$1,463**
\$5,000	\$34.40	\$61.35	\$2,362	\$41.65	\$66.05	\$2,926
\$10,000	\$68.80	\$122	\$4,724	\$83.30	\$132	\$5,852
\$15,000	\$103	\$184	\$7,086	\$124	\$198	\$8,778
\$20,000	\$137	\$245	\$9,448	\$166	\$264	\$11,704
\$25,000	\$172	\$306	\$11,810	\$208	\$330	\$14,630
\$50,000	\$344	\$613	\$23,620	\$416	\$660	\$29,260
\$75,000	\$516	\$920	\$35,430	\$624	\$990	\$43,890
\$100,000	\$688	\$1,227	\$47,240	\$833	\$1,321	\$58,520
\$138,500	\$952	\$1,699	\$65,349	\$1,154	\$1,830	\$81,135
\$189,125	\$1,300	\$2,320	\$89,235	\$1,576	\$2,499	\$110,791

let EdWise help

EDFUND has an online financial planning guide called EdWise. This tool will help you determine a budget, develop strategies to manage finances or find helpful tips on how to cut expenses. To access EdWise, simply go to www.edwise.org or EDFUND's home page at www.edfund.org.

tax planning

Evaluate your payroll deductions each year to avoid additional taxes when it comes time to file your state and federal taxes. Utilizing certain pre-tax benefits such as retirement plans may reduce your tax liability. A useful publication from EDFUND is *Tax Benefits for Higher Education*. In addition, you may need to consult a professional tax preparer.

* The standard plan has a minimum monthly payment of \$50. This chart shows less for the purpose of adding two amounts together to get the desired loan amount.

** The total interest paid over the life of the loan will drastically reduce when paying the \$50 minimum monthly payment.

“An investment in knowledge always pays the best interest.” Benjamin Franklin



loan = \$10,000, 10 years, 10 percent

FEE	LONG-TERM COST AT 10 PERCENT	INTEREST REDUCTION	LONG-TERM SAVINGS
1% (\$ 200)	\$ 158	.25% (9.75%)	\$ 168
2% (400)	317	.50% (9.50%)	330
3% (600)	476	1.0% (9.00%)	656
4% (800)	634	1.5% (8.50%)	979
5% (1,000)	792	2.0% (8.00%)	1,298

*These amounts will change with different interest rates and repayment plan terms.

CHOOSING A LOAN

Now that you are finished with school, you may be thinking about making larger purchases such as a car or a house. It is important to understand which loan is best suited for you. It is sometimes difficult to determine which one is a better deal. Some loans may offer a lower interest rate but higher up-front fees. Is the lower interest rate worth the fees? Take a look at this example:

If you pay a 1 percent fee (\$158) and receive a 0.25 percent interest rate reduction (\$168) you will save \$10 in the long run. Along those same lines, if you pay a 3 percent fee and receive a 1 percent interest rate reduction you will save \$180.

GETTING STARTED AFTER GRADUATION

It's time to start thinking about life as a non-student. According to the U.S. Census Bureau, the average annual earnings for those with an advanced degree is \$63,500, but until you've been in the workforce for several years, your starting salary will likely be lower. You won't need to live like a starving student any longer, but it's still necessary to watch your expenses. Here are a few short-term strategies that will help you keep your spending down without compromising on your quality of life:

- Rent an apartment, not a house. You'll save on utilities, small repairs and yard maintenance. Apartment living also means less time cleaning and doing yard work.
- Buy a quality used car and save big on depreciation, insurance and loan costs. A five-year-old BMW is just as comfortable and nice as a brand-new one, and far easier on your budget.

- Ask to have your interest rate on your credit cards lowered. Most banks will lower your rate rather than risk you going to a competitor. While you're at it, ask to have your annual fee waived. Often, a simple phone call is all it takes.
- If you have high credit card balances, plan on paying them off. Concentrate on either the card with the lowest balance or the one with the highest interest rate.

EdFUND Student Services
 P.O. Box 419045
 Rancho Cordova, CA 95741-9045
 877.2EDFUND
www.edfund.org

Your school's financial aid office phone number and/or e-mail address

Your lender's phone number and/or e-mail address

EdFUND Video Clips:
www.edfund.org, click on "Quick Links," then "EdFUND Video Clips"

EdWISE, the online financial planning guide: www.edwise.org

Ombudsman: 877.557.2575
www.ombudsman.ed.gov

Credit card comparison:
www.bankrate.com

Bureau of Labor Statistics:
www.bls.gov

Free Credit Report:
www.annualcreditreport.com

The following EdFUND publications offer additional information and are available in a PDF version on the EdFUND Web site, www.edfund.org. From the home page, simply click on "Forms and Publications."

- *A Step-by-Step Guide to Loan Consolidation*
- *Calculating Your Payments*
- *Can't Make Your Payments?*
- *Consider Loan Consolidation*
- *Credit Card Management*
- *Guide to Federal Tax Benefits for Tuition and Fees*
- *Loan Repayment*
- *Make the most of your free Credit Report*
- *Private Loans: Get Answers*
- *Resolving Your Defaulted Loan*

GLOSSARY of common loan terms

Accrued Interest: Interest that accumulates on the unpaid principal balance of a loan.

Administrative Forbearance: A temporary suspension, reduction or extension of time for making principal and/or interest payments on your student loan. This is granted by the current loan holder or servicer. Contact your lender for more information.

Borrower: The person responsible for repaying a loan by virtue of signing and agreeing to loan terms on a promissory note.

Capitalization: Adding accrued interest to the principal balance of a loan rather than paying it as it accrues; future interest is then based on the higher loan amount.

Consolidation: Combining several loans into one by selling and transferring all loans to one lender.

Credit Report: A compilation of information about a consumer's borrowing history, including payments on revolving credit accounts and outstanding balances on existing accounts. Provides lenders with information that helps determine any risk involved in giving a potential borrower credit or a loan.

Default: Failure to make loan payments or otherwise honor a loan's terms. Because default is reported to credit reporting agencies, it can influence future credit and the ability to receive financial aid.

Deferment: A temporary postponement of loan payments that must be approved by the lender.

Delinquency: Failure to make an installment payment when it is due or failure to meet other terms of the promissory note. Delinquency may lead to default.

Disbursement: The release of loan money by the school to the borrower.

Discharge: Releasing a borrower from his or her obligation to pay a loan; usually following the death or permanent and total disability of the borrower, or when the loan has been paid in full.

Disclosure Statement: A statement that reflects the actual costs of the loan—including interest and finance charges—to the borrower.

Expected Family Contribution: Based on a federal formula, it is the portion of your and your family's financial resources that should be available to help pay educational costs.

Federal Default Fee: A federally mandated 1 percent fee deducted from the borrower's loan amount that's used for default prevention services and programs.

Forbearance: Permission from a lender to temporarily postpone repaying the loan principal; interest continues to accrue, even on subsidized loans; not an option for loans in default.

Grace Period: The short time period after graduation during which the borrower is not required to begin repaying a student loan—six months on Stafford loans and nine months on Perkins loans. There is no grace period on PLUS loans.

Guaranty Agency: The agency that insures against defaulted loans made under the Federal Family Education Loan Program.

Interest: The fee charged to borrowers, by lenders, for using loan money.

Lender: The actual source for borrowed money.

Loan Discharge/Forgiveness: If you meet federally mandated requirements, your federal student loan may be discharged (cancelled), releasing you from all obligation to repay the loan.

Mandatory Administrative Forbearance: Must be granted by the lender for periods during which the borrower is involved in a local or national emergency or military mobilization, or resides in a designated disaster area. Contact your lender for more information.

Mandatory Forbearance: Allows you to temporarily delay principal payments on your student loan for a specific period of time. It must be granted by the lender if you are serving in a medical or dental internship or residency program, or if you are in a national service position such as AmeriCorps.

Master Promissory Note: A written promise to repay a sum of money to the holder of the loan within a specified time period.

Prepayment: Payment on a loan by the borrower sooner than it is due under the terms of the promissory note.

Principal: The original or remaining amount of a loan before interest is added.

Secondary Market: A private lending agency that buys loans from lenders.

Servicer: A company hired by a lender or secondary market to manage the day-to-day details of loan tracking and collection.

Subsidized Interest: Interest paid by the federal government while the borrower is in school, or during grace and deferment periods.

Unsubsidized Interest: Interest paid by the borrower rather than the federal government.

credits

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MY STUDENT LOAN INFORMATION

TYPE OF LOAN	AMOUNT	LENDER AND CONTACT INFORMATION
1.	\$.....	lender telephone
2.	\$.....	lender telephone
3.	\$.....	lender telephone
4.	\$.....	lender telephone
5.	\$.....	lender telephone
6.	\$.....	lender telephone
7.	\$.....	lender telephone
Estimated Total Loan Balance	\$.....	
Estimated Monthly Payment*	\$.....	
Anticipated First Payment Due Date /	
Anticipated Repayment Plan (if other than standard)	

*To estimate your monthly payment, see the back cover

figure your student loan payment

LOAN AMOUNT (AT TIME OF REPAYMENT)	5.3%			6.8%			7.14%		
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