Paying Back Student Loans? Take A Deep Breath!
Graduation is an exciting time for students here at UAMS, but for some graduates the thought of paying back student loans can be somewhat intimidating. You may wonder, “How will I ever afford this payment right after graduation?” As a student loan borrower, it is your responsibility to keep track of your debt as well as repay what you have borrowed. One thing to keep in mind is that most student loans have a grace period anywhere from six to nine months, with the intent that graduates will find a job during this time. Paying your student loans in a timely manner will help build a positive credit score, however, defaulting on your student loans can be detrimental to your credit. If you are having difficulty making a payment on your loan, contact your loan servicer immediately! You may need to switch to a different repayment option, or you may be able to postpone payments with a deferment or forbearance. The important thing to remember is that you have options. $TIP if you choose a plan with a “graduated” payment increase, you will end up paying more interest! The longer the repayment term the more you owe!

Federal Student Loan Repayment Options

- **Standard** Minimum payment is $50 or more depending on your loan amount; This is the plan you will automatically be placed in unless you choose otherwise with your servicer; Repayment term is 10 years
- **Graduated** Payments begin with a lower payment and steadily increase over the repayment period; If you expect your income to increase over time this plan may be right for you; Repayment term is 10 years
- **Extended** Payments can be fixed or graduated over time; Applies to new borrowers on/after 10/7/98 who have a balance of $30,000 or more; Repayment term is 25 years
- **Income Sensitive** (For FFEL Loans Only) Monthly payment is based on a percentage of your monthly income; Payments cannot be lower than your monthly interest amount; Repayment term is up to 10 years
- **Income-Based (IBR)** (For FFEL & Direct Loans) Offered to those who have a partial financial hardship; Payment can change as your income changes; Monthly payments can be significantly lower than the “Standard” plan; Repayment term is up to 25 years; Outstanding balance after 25 years will be forgiven, but you may be taxed on the forgiven amount!
- **Income Contingent (ICR)** (Not available for Parent Plus Loan Borrowers) Monthly payments are based on your adjusted gross income and family size; You must reapply annually; Repayment term is 25 years; Your outstanding balance may be forgiven, but you may be taxed on the forgiven amount!
- **Pay As You Earn (PAYE)** You must be a new borrower as of October 1, 2007 and must have received a disbursement of a Direct Loan on or after October 1, 2011; Monthly payments will be 10% of your discretionary income; Repayment term is up to 20 years and outstanding balance will be forgiven but you may be taxed on the amount! Payments change as your income changes.
Student Loan/Repayment Terms What Does it All Mean?

**Repayment**: The period of time for which you are responsible for paying back your student loans.

**Grace Period**: An allotted amount of time during which you are not expected to make payments on your student loans. 6-month grace for Subsidized/Unsubsidized Loans; 9-month grace on Perkins. *Grace periods vary on different loan types, so be aware of your repayment terms!*

**Delinquent**: Begins on the first day after you miss making a scheduled payment on your loans. Call your loan servicer to discuss payment arrangements or deferment options!

**Default**: When a borrower has been delinquent for 9 months (270 days) Call your loan servicer immediately to avoid this!

**Deferment**: A postponement of payment on your loan. You may qualify if you are returning to school or have an economic hardship. Contact your loan servicer.

**Forbearance**: Allows you to temporarily stop making payments on your loans or extend the amount of time for making payments. *Any unpaid interest during this "stop payment" period will continue to accrue and you will owe more on the loan."

Ways to Avoid Defaulting on Your Student Loans

1. When you apply for financial aid and are offered student loans, only borrow what is necessary. Remember you will eventually have to pay these loans back!
2. Keep a folder with all of your financial aid paperwork in one place for easy accessibility.
3. Keep in contact with UAMS Student Financial Services to make sure we have your updated contact information such as your most recent address and phone number.
4. Keep your credit card debt to a minimum or refrain from using credit cards unless it’s absolutely necessary.
5. Create a budget and strive to maintain the goals you set for yourself.
6. Contact your loan servicer and build a relationship with them by understanding all of your repayment options and obligations. Some repayment options require you to reapply every year!
7. If you are having difficulty making a payment, call your loan servicer immediately to make a payment arrangement. They want to work with you and are available to help guide you!
8. Make your payments on time!

If you are having difficulty making a payment, call your loan servicer immediately if you are having difficulty making a payment! They will work with you!

$ Medical Minute $ Spring Cleaning Time

Although washing your hands is a good rule to live by, it’s important to be aware of those unexpected places that germs live. Unfortunately, germs are everywhere and unavoidable, but you can prevent many illnesses by simply keeping your hands away from your eyes, nose and mouth. We generally think of public restrooms as the greatest danger for germs, but the truth is many of the most dangerous germs are living in our own households. Faucet handles on sinks have been studied and found to be a dangerous location for E-coli. Your washing machine, kitchen sink, and door knobs, can all be the perfect home for many types of microorganism’s since these are moist locations. Wash your laundry whites with hot water and bleach whenever possible. Not only will this properly clean your clothes/towels, it will also kill germs in your washing machine. Clean your kitchen sink and faucets with disinfectant and hot water. Wipe down your door knobs. Wipe down your cell phone with hand sanitizer containing alcohol. *STIP: Use White Distilled Vinegar and water for an inexpensive and earth-friendly cleaning solution. Visit www.vinegartips.com for 1001 Uses.*
Public Service Loan Forgiveness Program

The Public Service Loan Forgiveness Program was created to encourage individuals to enter and continue to work full-time in public service jobs. The only loans eligible for this particular forgiveness program are Federal Direct Loans. If you have FFEL and Perkins loans, you may be able to consolidate them with Direct Loans or a Direct Loan Servicer in order to take advantage of this program. Public service organizations include federal, state, local or tribal government organizations, agencies, or an entity such as a public school, college or university. Public child or family service agencies may qualify along with non-profit organizations under the 501C3 code that is exempt from taxation. In order to qualify for this program, you must apply and make 120 on-time payments. On-time payments must be received by your Direct Loan servicer no later than 15 days after the scheduled payment due date. It’s important to note that if you make multiple/partial payments in a month and the total of those payments equals or even exceeds the required full amount, those payments will only count as one qualifying payment. Only payments made after October 1, 2007 qualify. To benefit the most from this program, borrowers need to select the IBR or ICR Repayment Plan. Following the 120 payments, the remaining balance will be forgiven. In addition to the loan forgiveness, another great benefit is the borrower is NOT responsible for paying taxes on the amount that is forgiven!

Tips for Staying on a Budget

$ Determine the amount of money you can reasonably save each month.
$ Use Cash instead of a debit/credit card. Take out a set amount of cash allowance for yourself each week. This will allow you to clearly see what you are spending and prevent you from swiping your card for unnecessary purchases!
$ Set a time each week to balance your checkbook to avoid mistakes which can lead to expensive overdraft charges!
$ Take a look at your checkbook ledger to see where you are spending the majority of your money and cut back!
$ Avoid using credit cards if possible! Credit card debt leads to bigger balances and high interest charges!
$ Don’t get discouraged if you go over your budget! Unexpected expenses come up, so don’t give up!
Student Financial Services Staff
Gloria Kemp - Director
Alisha McReynolds - Assistant Director

Awards Division
Michelle Bradley - Awards Manager
Tammie Carter - Senior Awards Manager
Denise Evans - Awards Manager
Rebecca Jones - Awards Manager

Disbursement/Billing Division
Bridget Cornelius - Administrative Analyst
Stacie Mandeville - Disbursement/Billing Manager

Debt Management Program
Teresa Boothe - Student Financial Manager

On the Web
Studentfinancialservices.uams.edu

Coming Soon…
Direct Deposit for Student Refunds!

Coming in July…
In the next issue of “The Cure”
Perkins Loan Cancellation
Avoiding Identity Theft & More!

STUDENT LOANS: TAKE IN MODERATION

WARNING
Excessive dosage may cause:
- Financial despair
- Loss of sleep
- Poor credit rating (inability to purchase a home, auto, etc.)
- Excessive collection fees, penalties and interest
- Unnecessary dependence on parents

If you need student loan help, call toll free 665-275-1200 or e-mail studentloanhelp@oaasfaa.net

Message sponsored by:
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