

**REPORT**

California Financial Aid Programs

**FEATURES**

Who's Who in the FFEL Program  
Loan Process

Financial Aid Made Simple

**PLUS**

Secrets of Successful Budgeting



# insight

**UNDERGRADUATE LOAN COUNSELING GUIDE** to successful repayment



# Financial Aid Programs

The state of California offers several financial aid opportunities through the California Student Aid Commission:

- Assumption Program of Loans for Education (APLE)
- Cal Grants A, B and C
- California Chafee Grant Program
- Child Development Teacher Grants
- Law Enforcement Personnel Dependents (LEPD) Grants
- Robert C. Byrd Honors Scholarships
- State Nursing Assumption Program of Loans for Education (SNAPLE)

## What is a Cal Grant and How Can I Use it For College Expenses?

Cal Grants are for California residents who demonstrate financial need, meet the program and academic requirements, and apply on time. Cal Grants A, B and C are for students who are pursuing an undergraduate degree or occupational and career training. It is important that you apply on time and accurately for the limited number of grants available. At a community college you can use your Cal Grant for books and living expenses.

## How Do I Apply For A Cal Grant?

You may apply for a Cal Grant by filing the FAFSA and a Cal Grant Grade Point Average (GPA) verification form by the March 2 and September 2 deadlines (the latter for community college students only). The electronic FAFSA application is available at [www.fafsa.ed.gov](http://www.fafsa.ed.gov); ask your financial aid counselor to verify your GPA.

## How Do I Get More Information?

Your high school counselor or college financial aid counselor is your main source of further information, or you can:

- Call 1.800.4FED-AID (that's 800.433.3243)
- Call the California Student Aid Commission toll-free at 1.888.CA.GRANT (that's 888.224.7268) for more on Cal Grant awards and other California state student aid.
- E-mail the Commission's customer service staff at: [studentsupport@csac.ca.gov](mailto:studentsupport@csac.ca.gov)
- Write to the Commission at:  
California Student Aid Commission  
P.O. Box 419027  
Rancho Cordova, CA 95741-9027



**Publisher:** EdFund  
**Design:** John Edwards  
**Cover Design:** John Edwards and Wiley Design  
**Writer:** EdFund Default Prevention Initiatives Unit  
**Editor:** Gina Maucieri

## Important Phone Numbers And Contacts:

EdFund  
 1.877.2EdFund  
[www.edfund.org](http://www.edfund.org)

Federal Student Aid  
 Information Center  
 1.800.4.FED.AID  
[www.ed.gov/offices/OSFAP/Students](http://www.ed.gov/offices/OSFAP/Students)

Ombudsman  
 Department of Education  
 1.877.557.2575  
[www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)

EdFund, EdShare, EdWise, EdTest and Fund Your Future are registered trademarks of EdFund. All other trademarks are the property of their respective owners. Copyright © 2008 EdFund. All rights reserved.



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.edfund.org/EdWise](http://www.edfund.org/EdWise)



# insight

# TABLE OF CONTENTS

|  |                 |  |   |
|--|-----------------|--|---|
|  | <b>Features</b> |  | <b>Plus</b>                             |
| <b>Who's Who in the FFEL Program Loan Process</b>  | <b>2</b>        |  | <b>Secrets of Successful Budgeting</b>  |
| Know the key players in the financial aid program. |                 |  | Manage your money.                      |
| <b>Financial Aid Made Simple</b>                   | <b>3</b>        |  | <b>Establish Good Credit</b>            |
| Explore your financing options.                    |                 |  | Repay your student loan.                |
|  | <b>Special</b>  |  | <b>Exclusives</b>                       |
| <b>Your Student Loan</b>                           | <b>4</b>        |  | <b>Your Rights and Responsibilities</b> |
| Borrow wisely.                                     |                 |  | <b>13</b>                               |
|  | <b>FAQs</b>     |  | <b>Avoiding Delinquency and Default</b> |
| <b>Sound Financial Management</b>                  | <b>6</b>        |  | Tips to manage your loan payments.      |
| Answers to frequently asked questions.             |                 |  | <b>Glossary of Loan Terms</b>           |
|  |                 |  | <b>16</b>                               |

## On The Cover:

Anna is a first-year college student. She recognizes the value of sound money management and has a part-time job to help defray her education expenses. Budgeting is a way of life for Anna and she's learned to do it wisely. She focuses on ensuring that the steps she takes now will help her avoid living like a student once she graduates.



## Be sure to:

- read all of your student loan documents
- keep copies of all relevant correspondence
- secure all loan paperwork in a single, safe place
- keep your lender updated with any status changes



## FEATURE

# Who's Who in the FFEL Program Loan Process

A key to your financial success is keeping your lender or loan servicer updated on any changes in your contact information—if you move, transfer to a new school or change your phone number, contact your lender immediately.

### Financial Aid Counselor

The financial aid counselor is your on-campus source for information on student loans and other forms of financial help. 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 Federal Family Education Loan (FFEL) Program, which is overseen by the U.S. Department of Education.

### Lender

The lender is the source of the money you borrow, such as a bank, a savings and loan or a 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.

### Guarantor

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 is available to assist you at any time.

To receive a free credit report annually, you can:

- visit [www.annualcreditreport.com](http://www.annualcreditreport.com);
- call 877.322.8228, toll-free; or
- mail a request to Annual Credit Report Request Service, P.O. Box 105283, Atlanta, GA 30348-5283.

### Ombudsman

The Federal Student Aid 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. Visit [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov).

### National Student Loan Data System (NSLDS)

The National Student Loan Data System is a central database for the U.S. Department of Education's student financial aid programs, and it contains a history of all your federal loans. You'll find it online at [www.nsls.ed.gov](http://www.nsls.ed.gov).

For a glossary of loan terms and to learn about other key players, see page 16.

*Exchanging the right information with the right people is vital to a successful loan repayment experience and the start of a healthy credit record.*

## FEATURE

# Financial Aid Made Simple

**All the facts you need to know about funding your education—from eligibility to free money and student loans.**

Thoughts of college conjure up images of tuition and fees, room and board, books and supplies. While there's no simple way to sidestep these essential costs of higher education, there are alternatives to help ease the burden. Once you understand the ins and outs of financial aid, you're well on your way to taking full advantage of the options available to you.

Let's start by exploring whether or not you qualify for assistance. Under most circumstances, eligibility for financial aid hinges on your need: the difference between the cost of attending school and the amount you and your family are expected to contribute. The cost, in this case, refers to basics such as tuition, relevant fees, textbooks, supplies, housing, meals, transportation and personal expenses. It's important to estimate your expenses conservatively, since you don't want to borrow—and have to pay back—more than you absolutely must.

If your expected family contribution (EFC) toward your education is less than the actual cost of attendance, you are deemed to have financial need. But to be eligible for financial aid, you must also meet the following requirements:

- Have a high school diploma, GED, or passing grade on an independently administered test approved by the U.S. Department of Education
- Be enrolled in an eligible program at an approved college, vocational school or correspondence program
- Meet satisfactory academic progress as defined by your school
- Be a U.S. citizen or eligible non-citizen
- Complete all required application forms

## Free Money Options



### Grants

Grants are gifts—available through state, institutional, and federal programs—that are absolutely free. Grants vary by state and institution, and can be defined for your particular area by contacting your state higher education agency or college financial aid office. Federal grants include:

**Federal Pell Grants**—Awarded to full- and part-time students based on need; available in amounts up to \$4,731\* per year

**Federal Supplemental Educational Opportunity Grants (FSEOG)**—Granted to qualifying full- and part-time students based on each school's eligibility criteria; ranging from \$100 to \$4,000\* per year; not available on all campuses

\*Amounts are subject to change. Check with your financial aid counselor for current amounts.

**TEACH Grant**—The TEACH Grant is available to undergraduate and graduate students pursuing a career in teaching, and who agree to teach at least four years in a high-need field, at a school serving low-income students. Each year \$4,000 is available for a maximum grant of \$16,000 for undergraduate study, and \$8,000 for graduate study. If the required four years of service are not completed within eight years after program completion, the TEACH Grant turns into a Direct unsubsidized loan, and interest is calculated retroactively from the date you received the funds. For more information visit [www.teachgrant.ed.gov](http://www.teachgrant.ed.gov).

### Scholarships

Scholarships—offered for academics, sports and special skills—are applied to schooling costs. To find out what's available to you, talk with your financial aid counselor, check references at your local library or explore the Internet. Try key word searches such as “scholarships” and “college scholarships,” which will generate several pages of hits. You can also look into additional sources, such as your employer, your parents' employers and civic and social organizations.

## SPECIAL

# Your student loan is real money.

You have to pay it back, so borrow wisely.

### Finding Free Money

Before you apply for a loan to fund your education, it's smart to explore other possibilities that don't require repayment. These include grants, scholarships and gifts from family and friends.

### Federal Work-Study

If your school participates in Federal Work-Study, you may be able to take on a job, either on or off campus, to assist with the cost of your education. Wages are paid directly to you to help defray college expenses.

### Borrowing Money

Once you have examined—and exhausted—your “free money” and employment options, it's time to consider loan programs. Loans must be repaid with interest, which

will begin to accrue either at the time you receive the money or six months after you graduate or cease to be enrolled in school at least half time.

### Federal Loans

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 state agency or a private nonprofit institution.

#### William D. Ford Federal Direct Loan Program (Direct loan)

Funded by the federal government.

Fees of up to 2 percent may be deducted from the loan amount in either program and may include origination and default fees.

### Low Interest Rates

Interest rates on student loans are typically lower than those involving other types of credit. You'll pay less interest funding your textbooks with a federal student loan than you would if you paid by credit card.

## Federal Stafford Loan – Annual Limits

| DEPENDENT UNDERGRADUATES<br>(except students whose parents cannot borrow PLUS) | BASE SUBSIDIZED AND UNSUBSIDIZED<br>(all students) | ADDITIONAL UNSUBSIDIZED | MAXIMUM SUBSIDIZED & UNSUBSIDIZED | ESTIMATED MONTHLY PAYMENT*<br>(on maximum) | ESTIMATED TOTAL PAYMENT AMOUNT*<br>(over 10 years) |
|--|--|-------------------------|-----------------------------------|--|--|
| First year   | \$3,500  | \$2,000                 | \$5,500                           | \$63                                       | \$7,595  |
| Second year  | \$4,500  | \$2,000                 | \$6,500                           | \$75                                       | \$8,976  |
| Third year and beyond  | \$5,500  | \$2,000                 | \$7,500                           | \$86                                       | \$10,375   |

### INDEPENDENT UNDERGRADUATE STUDENTS (and dependent students whose parents cannot borrow PLUS)

|                       |         |         |          |       |          |
|-----------------------|---------|---------|----------|-------|----------|
| First year            | \$3,500 | \$6,000 | \$9,500  | \$109 | \$13,120 |
| Second year           | \$4,500 | \$6,000 | \$10,500 | \$121 | \$14,500 |
| Third year and beyond | \$5,500 | \$7,000 | \$12,500 | \$144 | \$17,262 |

### GRADUATE & PROFESSIONAL STUDENTS

|  |         |          |          |       |          |
|--|---------|----------|----------|-------|----------|
|  | \$8,500 | \$12,000 | \$20,500 | \$236 | \$28,309 |
|--|---------|----------|----------|-------|----------|

## Federal Stafford Loan – Aggregate Limits

| DEPENDENCY STATUS         |          |          |           |         |           |
|---------------------------|----------|----------|-----------|---------|-----------|
| Dependent Undergraduate   | \$23,000 | \$8,000  | \$31,000  | \$357   | \$42,810  |
| Independent Undergraduate | \$23,000 | \$34,500 | \$57,500  | \$662   | \$79,405  |
| Graduate/Professional     | \$65,500 | \$73,000 | \$138,500 | \$1,594 | \$191,263 |

\*Assumes 6.8 percent interest rate

## Stafford Loan Interest Rates

| FIRST DISBURSED       | SUBSIDIZED STAFFORD<br>(UNDERGRADUATE STUDENT) | SUBSIDIZED STAFFORD<br>(GRADUATE STUDENT) | UNSUBSIDIZED STAFFORD |
|-----------------------|--|---|-----------------------|
| Prior to July 1, 2006 | Variable                                       | Variable                                  | Variable              |
| 7.1.2006 – 6.30.2008  | 6.8%   | 6.8%                                      | 6.8%                  |
| 7.1.2008 – 6.30.2009  | 6.0%   | 6.8%                                      | 6.8%                  |
| 7.1.2009 – 6.30.2010  | 5.6%   | 6.8%                                      | 6.8%                  |
| 7.1.2010 – 6.30.2011  | 4.5%   | 6.8%                                      | 6.8%                  |
| 7.1.2011 – 6.30.2012  | 3.4%   | 6.8%                                      | 6.8%                  |
| 7.1.2012 and later    | 6.8%   | 6.8%                                      | 6.8%                  |

### Federal Perkins Loans

Students with financial need who are enrolled at participating schools can derive benefit from a Perkins loan, which features a 0 percent interest rate during school, a 5 percent interest rate after school and a grace period of up to nine months. A Perkins loan is campus-based, with the school serving as the lender. Loan amounts, which are contingent on the availability of funds at your institution, can be up to \$5,500 per year for undergraduate and \$8,000 per year for graduate students.

### Subsidized Stafford Loans

Eligibility for a subsidized Stafford loan is based on need. 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

Unsubsidized Stafford loans are available to all eligible students at participating schools and are not based on need. You are responsible for paying the interest for the life of the loan. Interest begins to accrue at the time of disbursement, but you have the option to defer it and have it added to the principal balance when repayment begins. (See "Capitalization" on page 11.) Regular monthly payments start six months after you graduate, leave school or drop below half-time enrollment.

### Parent PLUS Loans

Parents with a good credit history may qualify for an unsubsidized PLUS loan, which allows them to borrow up to the total cost of your education—minus any other aid you receive. For loans disbursed after

July 1, 2006, the interest rate is fixed at 8.5 percent and begins to accrue the day funds are released. Payments on the loan may be deferred while you are in school, and repayment begins six months after you graduate, leave school, or drop below half-time enrollment. To defer payments you must make a request to your lender.

### Annual And Aggregate Loan Limits

An **annual** loan limit is the maximum amount of a Stafford loan that a student may borrow for a single academic year.

An **aggregate** loan limit is the maximum allowable unpaid principal amount a student may borrow throughout their academic career.



# Sound Financial Management

## Answers to frequently asked questions

**Q** Do I have to pay back my student loan even if I drop out of school?

**A** Yes. You are legally and financially responsible for completely repaying your student loan whether or not you complete your education, obtain employment or are satisfied with your education.

**Q** Am I required to attend student loan exit counseling before I leave school?

**A** Yes. Because exit counseling helps you manage your debt, it's required when you end an academic program for any reason.

**Q** Why is it so important that I communicate with my lender?

**A** Your lender/servicer is responsible for managing the day-to-day details of loan tracking and collection. To keep your loan on track, it is critically important to make sure your lender is apprised of any changes in your personal or academic information. It might surprise you to know that failure to update addresses is one of the leading causes of student loan default.

**Q** What kind of information must be reported to my lender?

**A** If you change your name, address or phone number; drop below half-time status; withdraw from school; transfer to another institution; move your graduation date; or experience any other change that might impact your eligibility for an existing deferment, you must report the specifics to your lender.

**Q** When do I have to start making payments on my student loan?

**A** You must start making monthly loan payments when your grace period expires after you graduate or drop below half-time enrollment.

**Q** What is a grace period, and how long does it last?

**A** A grace period is the time period after leaving school or dropping below half-time enrollment during which you are not yet required to begin repaying a student loan. It is intended to give you a chance to get settled and prepare for repayment. The duration is six months on Stafford loans and nine months on Perkins loans.



**Q** As a student borrower, what kind of written documentation must be made available to me?

**A** You have the right to receive a copy of your promissory note either before or at the time the loan is disbursed, a disclosure statement before the loan repayment terms begin, written notice if your loan is sold to a new holder and proof when your loan is paid in full.

**Q** What is a disclosure statement?

**A** A disclosure statement is an estimate of the actual cost of your loan and includes interest rates, fees, loan balance and the size and number of payments. Due to the variable nature of interest rates and your individual circumstances, the actual cost of the loan may change.

**Q** What is a promissory note?

**A** A promissory note is a signed legal document that indicates your promise to repay your student loan and formalizes your agreement to abide by its terms and conditions. The Stafford loan Master Promissory Note (MPN) is a contract between you and your lender and is good for either a single or multiple academic years.

**Q** Can I prepay my student loan?

**A** Yes, you have the freedom to prepay all or part of your loans without penalty.

**Q** Can I change my repayment plan?

**A** Once a year, you may contact your lender to change your repayment plan. For more information, take a look at "Repay Your Student Loan" on page 9. If you would like to change your plan or if you need additional details, contact your lender.

For a full listing of your borrower rights and responsibilities, see page 13.



PLUS

# Secrets of Successful Budgeting

**Few questions are scarier than “Where did all the money go?”  
Learn the secrets to sound financial management.**

The sooner you learn how to manage money effectively, the sooner you can avoid the stresses that stem from living beyond your means. It's easy to create a monthly financial plan, and it will help you make the best of your monetary resources.

## Start with a simple formula:

1. Calculate your monthly income.
2. Estimate your monthly expenses—including your student loan payment, all living expenses, credit cards, insurance, etc.
3. Determine what you have left. This is your discretionary income—money you can use as you choose.
4. For help, see “How Much Can You Afford to Borrow?” on page 8.

Obtain your free credit report each year at [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com)

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 nearly a lifetime to pay off the principal.

| Total Balance | Total Interest Paid | Number Of Years It Will Take To Repay* |
|---------------|---------------------|--|
| \$2,000       | \$2,709             | 21 years, 5 months                     |
| \$5,000       | \$7,547             | 31 years, 3 months                     |
| \$10,000      | \$15,612            | 38 years, 8 months                     |

\*Assume 15% interest rate and minimum payment of 2% of the principal balance

You'll find that the simplest cost-cutting strategies can add up to considerable savings in the long run.



# How Much Can You Afford to Borrow?

Before you borrow money for your education, 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 painless as possible. Use this worksheet to calculate your income and expenses.



Figure Your Future with EdWise® — Your Personal Online Financial Planning Guide  
[www.edfund.org/EdWise](http://www.edfund.org/EdWise)

| Income                             | Estimated Monthly Total | Estimated Yearly Total |
|------------------------------------|-------------------------|------------------------|
| Net Earnings                       | .....                   | .....                  |
| Spouse's Wages                     | .....                   | .....                  |
| Other                              | .....                   | .....                  |
| <b>Total Income</b>                | .....                   | .....                  |
| Expenses                           | Estimated Monthly Total | Estimated Yearly Total |
| Tuition                            | .....                   | .....                  |
| Fees                               | .....                   | .....                  |
| Books/Supplies                     | .....                   | .....                  |
| Student Loan Payments              | .....                   | .....                  |
| Savings                            | .....                   | .....                  |
| Rent/Housing                       | .....                   | .....                  |
| Child Care                         | .....                   | .....                  |
| Utilities                          | .....                   | .....                  |
| Gas/Electric                       | .....                   | .....                  |
| Telephone                          | .....                   | .....                  |
| Water                              | .....                   | .....                  |
| Other                              | .....                   | .....                  |
| Transportation                     | .....                   | .....                  |
| Car Payment                        | .....                   | .....                  |
| Gas                                | .....                   | .....                  |
| Maintenance                        | .....                   | .....                  |
| Insurance                          | .....                   | .....                  |
| Registration                       | .....                   | .....                  |
| Parking                            | .....                   | .....                  |
| Public Transportation              | .....                   | .....                  |
| Food                               | .....                   | .....                  |
| Groceries                          | .....                   | .....                  |
| Restaurants                        | .....                   | .....                  |
| Snacks                             | .....                   | .....                  |
| Clothing                           | .....                   | .....                  |
| Clothes                            | .....                   | .....                  |
| Laundry/Dry Cleaning               | .....                   | .....                  |
| Entertainment                      | .....                   | .....                  |
| Credit Card Payment                | .....                   | .....                  |
| Medical/Dental                     | .....                   | .....                  |
| Miscellaneous                      | .....                   | .....                  |
| <b>Total Expenses</b>              | .....                   | .....                  |
| <b>Total income minus expenses</b> | <input type="text"/>    | <input type="text"/>   |

If your expenses are greater than your income, you'll need to consider options for reducing them and/or supplementing your income. A consumer credit counselor can help, or you can check out the expense-cutting tips on EdWise, the online financial planning guide at [www.edfund.org/EdWise](http://www.edfund.org/EdWise).

Knowing in advance how much your monthly student loan payment will be makes it a lot easier to create a workable budget. As you plan for your financial future, use this chart to determine how much you can reasonably afford to borrow and repay.

# Establish Good Credit— Repay Your Student Loan

**Paying your student loan on time affords the chance for you to start building a solid credit history that will help define the course of your life.**

## Your loan is real money with real consequences.

Prompt repayment of your student loan is one of the first steps in this process. Repaying your student loan on time and as promised is the beginning of a responsible and rewarding future.

### The Grace Period

After you graduate, leave school or drop below half-time enrollment, you are entitled to one grace period. During this time—which is typically six or nine months, depending on the type of student loan you receive—you are not expected to make payments.

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. Monthly payments begin the day after your grace period ends; at that point, your first payment is due 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 wish to change the terms of your loan, you may ask your lender for a graduated repayment, income-based repayment, income-sensitive repayment or extended repayment plan. The lender must allow you to change your loan repayment plan at least once a year.

### Standard Repayment

- Fixed (substantially equal) monthly payment amounts are paid over a specific period of time.
- Your monthly payment must be at least \$50.
- For loans taken before July 1, 2006, the payment amount may be adjusted to reflect annual changes in the variable interest rate.
- The repayment term cannot exceed 10 years, excluding in-school, grace, and deferment or forbearance periods.

| Loan Amount | Monthly Payment | Total Paid* (Loan + Interest) |
|-------------|-----------------|-------------------------------|
| \$10,000    | \$115           | \$13,810                      |
| \$50,000    | \$575           | \$69,048                      |

\* A subsidized Stafford loan repaid at 6.8 percent interest, assuming the standard repayment plan of 10 years, or 120 payments.

### Graduated Repayment

- Payments are smaller at the beginning of the repayment period and gradually increase over time.
- No single payment can be more than three times greater than any other payment.
- For loans taken before July 1, 2006, the payment amount may be adjusted to reflect annual changes in the variable interest rate.
- The repayment term is generally 10 years.
- Payment must cover at least the interest due.

| Loan Amount | Beginning Monthly Payment | Ending Monthly Payment | Total Paid* (Loan + Interest) |
|-------------|---------------------------|------------------------|-------------------------------|
| \$10,000    | \$57                      | \$135                  | \$14,353                      |
| \$50,000    | \$283                     | \$677                  | \$71,784                      |

\* A subsidized Stafford loan repaid at 6.8 percent interest, assuming a graduated repayment plan of 10 years, or 120 payments.



## Income-Based Repayment Available July 1, 2009

- You must demonstrate partial financial hardship to qualify.
- Payments are 15 percent of your discretionary income.
- Payments are adjusted annually based on your Adjusted Gross Income and family size.
- Payments can be less than interest due.
- Additional benefits such as restricting capitalization, loan forgiveness, and interest subsidies are available.
- Contact your lender for more details.

| Loan Amount | Gross Monthly Income | Annual Poverty Level | Monthly Payment | Total Paid* (Loan + Interest) |
|-------------|----------------------|----------------------|-----------------|-------------------------------|
| \$10,000    | \$2,000              | \$10,400             | \$105           | \$14,442                      |
| \$50,000    | \$3,000              | \$10,400             | \$255           | \$76,500**                    |

\* A subsidized Stafford loan repaid at 6.8 percent interest, assuming the income-based repayment plan.

\*\*Balance remaining after 25 years of repayment will be forgiven and considered taxable income.

## Income-Sensitive Repayment

- Payments are adjusted annually based on your monthly gross income.
- The payment amount must cover at least the interest due.
- The repayment term cannot exceed 15 years.

| Loan Amount | Gross Monthly Income | Monthly Payment              |                    | Total Paid* (Loan + Interest) |
|-------------|----------------------|------------------------------|--------------------|-------------------------------|
|             |                      | First 5 years: interest only | Remaining 10 years |                               |
| \$10,000    | \$1,250              | \$57                         | \$115              | \$17,210                      |
| \$50,000    | \$4,000              | \$283                        | \$575              | \$86,028                      |

\* A subsidized Stafford loan repaid at 6.8 percent interest, assuming you requested the monthly payment to be based on 4 percent of your gross monthly income.

## Extended Repayment

- This option is available only to borrowers whose loans were taken out on or after October 7, 1998, with a FFEL loan balance greater than \$30,000.
- You can select either a standard or graduated repayment plan.
- The repayment term cannot exceed 25 years.
- Payment must cover at least the interest due.

| Loan Amount | Monthly Payment | Years in Repayment | Total Paid* (Loan + Interest) |
|-------------|-----------------|--------------------|-------------------------------|
| \$50,000    | \$347           | 25                 | \$104,112                     |

\* A subsidized Stafford loan repaid at 6.8 percent interest, assuming an extended repayment plan of 25 years, or 300 fixed monthly payments.

## Loan Consolidation

A Consolidation loan allows you to combine any or all of your outstanding federal student loans into a single new one. When you sign a Consolidation loan application, you are agreeing to new terms and conditions which may change your benefits, grace period, loan forgiveness, cancellation, total interest to be paid, fees to be paid, length of repayment or eligibility for deferment. To determine if consolidation is right for you, you need to consider the various loan provisions—including interest subsidy, deferment, forbearance, forgiveness and cancellation. Consolidation borrowers have the option of a standard, graduated or income-sensitive repayment plan.

Loan consolidation is available through both the FFEL Program and the Federal Direct Loan Program. To qualify, you must:

- Already be in repayment on each loan you wish to consolidate.
- Have no other consolidation application pending or in process with another lender.

## Capitalization

Capitalization is a process whereby the unpaid interest accrued during school, deferment of forbearance on your student loan is added to the principal when the loan enters repayment. This results in a higher loan balance and the possibility of a higher monthly payment. To find out when your unpaid interest will be capitalized, contact your lender or servicer. To avoid capitalization, take advantage of your option to make interest-only payments on your unsubsidized loan while you are 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 \$1,485—while he was still in school. Kate made no payments, so the total accrued interest of \$1,485 was capitalized at the time repayment began. By avoiding capitalization, Jack saved \$761.02 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.

| Case    | Total Principal at Repayment | Monthly Payment | Number of Payments | Interest Paid | Total Amount Repaid |
|---------|------------------------------|-----------------|--------------------|---------------|---------------------|
| Jack    | \$4,000                      | \$50            | 107                | \$1,345       | \$6,830*            |
| Kate    | \$5,485                      | \$63            | 120                | \$2,090       | \$7,575             |
| Savings |                              |                 |                    |               | \$745               |

\* Includes original \$1,485 paid during school

## Repayment Incentives

If you demonstrate good repayment behavior, your lender may offer incentives. Borrower benefits differ between lenders so check with your lender to find out about options such as a reduction in your interest rate if your monthly payments are deducted directly from your personal checking account. Such incentives can save you hundreds—even thousands—of dollars.



## Budgeting Wisely

In general, your monthly student loan payment should not be more than 8 percent of your monthly salary. The following chart ties income to estimated repayment amounts, demonstrating the amount of debt you may be able to afford based on your income. Use this chart to see if you fit within the recommended 8 percent. If you don't meet these guidelines, you may want to contact your lender to discuss repayment options.

| Annual Salary | 8% of Monthly Salary* | Cumulative Debt |
|---------------|-----------------------|-----------------|
| \$20,000      | \$133                 | \$11,584        |
| \$25,000      | \$167                 | \$14,480        |
| \$30,000      | \$200                 | \$17,376        |
| \$35,000      | \$233                 | \$20,272        |
| \$40,000      | \$267                 | \$23,168        |
| \$45,000      | \$300                 | \$26,064        |
| \$50,000      | \$333                 | \$28,960        |
| \$55,000      | \$367                 | \$31,856        |
| \$60,000      | \$400                 | \$34,752        |
| \$65,000      | \$433                 | \$37,648        |
| \$70,000      | \$467                 | \$45,544        |
| \$75,000      | \$500                 | \$43,440        |
| \$80,000      | \$533                 | \$46,337        |
| \$85,000      | \$567                 | \$49,233        |
| \$90,000      | \$600                 | \$52,129        |
| \$95,000      | \$633                 | \$55,025        |
| \$100,000     | \$667                 | \$57,921        |
| \$120,000     | \$800                 | \$69,505        |
| \$140,000     | \$933                 | \$81,089        |
| \$160,000     | \$1,067               | \$92,673        |
| \$200,000     | \$1,333               | \$115,841       |

\*Payments are based on a 10-year repayment term and 6.8 percent interest.



*“I budgeted my money throughout my college years and it made a huge difference in my financial picture.”*

# Loan Repayment Chart

Knowing in advance how much your monthly student loan payment will be makes it a lot easier to create a workable budget. As you plan for your financial future, use this chart to determine your **estimated** loan payment obligations on your federal student loans.

| INTEREST RATE         |                    | 5.00%           |                |                    | 6.80%           |                |                    | 8.25%           |                |  |
|-----------------------|--------------------|-----------------|----------------|--------------------|-----------------|----------------|--------------------|-----------------|----------------|--|
| TOTAL AMOUNT BORROWED | NUMBER OF PAYMENTS | MONTHLY PAYMENT | TOTAL INTEREST | NUMBER OF PAYMENTS | MONTHLY PAYMENT | TOTAL INTEREST | NUMBER OF PAYMENTS | MONTHLY PAYMENT | TOTAL INTEREST |  |
| \$1,000               | 27                 | \$40            | \$59           | 22                 | \$50            | \$67           | 22                 | \$50            | \$77           |  |
| \$3,500               | 110                | \$40            | \$870          | 90                 | \$50            | \$971          | 97                 | \$50            | \$1,307        |  |
| \$5,500               | 120                | \$58            | \$1,501        | 120                | \$63            | \$2,095        | 120                | \$67            | \$2,595        |  |
| \$6,500               | 120                | \$69            | \$1,773        | 120                | \$75            | \$2,476        | 120                | \$80            | \$3,066        |  |
| \$7,500               | 120                | \$80            | \$2,046        | 120                | \$86            | \$2,857        | 120                | \$92            | \$3,539        |  |
| \$9,500               | 120                | \$101           | \$2,591        | 120                | \$109           | \$3,620        | 120                | \$117           | \$4,482        |  |
| \$10,500              | 120                | \$111           | \$2,864        | 120                | \$121           | \$4,000        | 120                | \$129           | \$4,955        |  |
| \$12,500              | 120                | \$130           | \$3,410        | 120                | \$144           | \$4,762        | 120                | \$153           | \$5,898        |  |
| \$20,000              | 120                | \$212           | \$5,456        | 120                | \$230           | \$7,619        | 120                | \$245           | \$9,437        |  |
| \$31,000              | 120                | \$329           | \$8,456        | 120                | \$357           | \$11,810       | 120                | \$380           | \$14,626       |  |
| \$40,000              | 120                | \$424           | \$10,911       | 120                | \$460           | \$15,239       | 120                | \$491           | \$18,873       |  |
| \$57,500              | 120                | \$610           | \$15,686       | 120                | \$662           | \$21,905       | 120                | \$705           | \$27,130       |  |
| \$75,000              | 120                | \$795           | \$20,459       | 120                | \$863           | \$28,572       | 120                | \$920           | \$35,387       |  |
| \$100,000             | 120                | \$1,061         | \$27,279       | 120                | \$1,151         | \$38,096       | 120                | \$1,227         | \$47,183       |  |
| \$125,000             | 120                | \$1,326         | \$34,098       | 120                | \$1,438         | \$47,620       | 120                | \$1,533         | \$58,979       |  |
| \$138,500             | 120                | \$1,469         | \$37,781       | 120                | \$1,594         | \$52,764       | 120                | \$1,699         | \$65,349       |  |

*These numbers are accurate to the nearest dollar and are based on a standard 10-year repayment plan. For more detailed information, talk to your lender or the current holder of your loan.*



## Mail Bag

**Dear Editor:**

*How can I find out if I qualify for need-based financial aid?*

*Jenna K., Providence, RI*

**Dear Jenna:**

First, you must fill out a Free Application for Federal Student Aid (FAFSA), which can be completed via a paper form or online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). Your FAFSA will undergo a “need analysis,” a standardized assessment of a student’s or a student’s family’s ability to contribute toward education expenses. Once this information has been reviewed, you will receive a Student Aid Report (SAR) indicating your expected family contribution toward your education costs and determining your eligibility for all need-based financial aid. You can then review the results with your school’s financial aid counselor to determine how to proceed. You’ll need to re-apply for need-based financial aid every year.

**Dear Editor:**

*If I’ve borrowed more student loan money than I really need, can I cancel all or part of my loan?*

*Maria S., Boulder, CO*

**Dear Maria:**

Yes. Any time you decide you don’t want or need all or part of your loan, you can contact your school or lender to request cancellation. Even if you have already received funds, you can return the money within 120 days without having to pay interest or fees. After the 120-day period, this will be handled as a prepayment.

**Dear Editor:**

*I have more than one student loan, and my payments are getting out of hand. Do I have the option to refinance these loans?*

*Alex P., Boston, MA*

**Dear Alex:**

Loan consolidation allows you to refinance and combine any or all of your eligible outstanding federal student loans into a single new one. When you consolidate, your repayment period may be extended, usually resulting in a lower monthly payment. What’s more, the payback process is eased because you make only one payment each month. Just remember that a lower monthly payment may mean a significantly more expensive loan in the long run. For additional information, see “Repay Your Student Loan” on page 9.

## Your Rights and Responsibilities as a Borrower

When 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, complete the program within the regular time frame, obtain employment or are satisfied with your education;
- attend exit counseling before you leave school or drop below half-time enrollment;
- notify the 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 the current holder of your loan of anything that might change your eligibility for an existing deferment.

### 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 (if applicable);
- 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 proof when your loan is paid in full.

## AVOIDING

# Delinquency and Default

## Fast Facts To Help Manage Your Loan Payments

- On-time repayment of your student loan is critically important. It's also a great way to develop a good credit history, which follows you wherever you go and whatever you do.
- Delinquent payments are reported to a national credit agency and will damage your credit report and your future ability to borrow.
- Your lender or guarantor can provide you with options if you're having difficulty making payments.
- The consequences of defaulting on your student loan can be downright scary:
  - 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;
  - You lose your eligibility for any additional federal student financial aid;
  - Your payments may increase, further straining your ability to repay;
  - You lose the options of deferment and forbearance;
  - You may not be eligible for certain federal and state jobs;
  - You may lose your professional license; and
  - Your credit will be damaged.
- 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 are responsible for paying the accrued interest.

### 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
  - financial hardship.
- 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);
  - Your eligibility was falsely certified by your school;
  - Your identity was stolen and used to obtain the student loan illegally; or
  - Death.

### Forgiveness

All or a portion of your loan may be forgiven by the federal government through loan forgiveness programs. You can earn eligibility through certain volunteer work; military service; teaching or practicing medicine in certain types of communities; or meeting other criteria specified by the particular programs. To determine if you qualify for loan forgiveness visit [www.studentaid.ed.gov](http://www.studentaid.ed.gov).

### 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 six periods);
  - Economic hardship (12-month period with a maximum of three periods); or
  - Being on active duty (including National Guard duty) during war, national emergency or military operation.



# Saving Strategies And Budgeting Tips

Are you a saver or a spender?  
Answer these questions to find out—  
then use our helpful budgeting tips to  
start living within your means.

## Do You...

- Stop by your favorite coffee shop on your way to work every morning?
- Insist on having fresh flowers on your desk every day?
- Drink bottled “designer” water?
- Eat lunch out regularly?
- Order dessert?
- Consider a fun night out to be dinner and a movie?
- Buy popcorn and soda at the theater?

## If so, you're a bona fide spender.

Following are a few easy-to-implement suggestions  
that can save you about \$50 per month:

- Make coffee at home and fill a thermos to take to work.
- Stick to a grocery list when you shop.
- Don't shop when you're hungry.
- Clip coupons and buy bulk foods.
- Combine your errands to save on gas.
- Bring your lunch to work a few days a week.
- Leave your credit cards at home.

## Feeling up to the challenge?

Here are a few ways to save about \$250 per month:

- Shop at consignment and thrift stores.
- Drive an economy car or use public transportation.
- Eat only one meal out each week.
- Cancel your cable TV or cell phone service.
- Rent a DVD instead of going to the movies.
- Lower the thermostat in the winter and raise it in the summer.

## Want to sock away \$500 each month?

Try adding these relatively painless cutbacks:

- Eat out only once a month.
- Use public transportation often.
- Cancel your cable TV, cell phone and Internet service.



## Debt Management Tips

Are you ready to take control of your spending so you can get on the path to the lifestyle you really want? Implementing these strategies is the first step toward true financial independence.

- Identify your personal, professional and financial goals.
- Develop an affordable monthly budget and stick to it.
- Save a little money each month for emergencies.
- Keep accurate records of your spending.
- Maintain a strong credit history.
- Pay your bills—including your student loan—on time.
- Keep only one credit card and use it for emergencies only.
- Pay your credit card balance in full every month to avoid interest charges.
- Borrow from the library instead of buying at the bookstore.
- Share living costs with a roommate or two.
- Read books on ways to be thrifty.

It's critical to distinguish between the things you need and the things you want. The following chart can help:

### Need

|                        |                       |
|------------------------|-----------------------|
| <b>Food:</b>           | Groceries             |
| <b>Shelter:</b>        | Roommates             |
| <b>Transportation:</b> | Public transportation |
| <b>Clothes:</b>        | Basics                |
| <b>Phone:</b>          | Regular land line     |

### Want

|                        |                          |
|------------------------|--------------------------|
| <b>Food:</b>           | Eating out               |
| <b>Shelter:</b>        | Apartment or house       |
| <b>Transportation:</b> | Car                      |
| <b>Clothes:</b>        | Trendy styles and labels |
| <b>Phone:</b>          | Cell phone               |

# Glossary of Common Loan Terms

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

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

**Capitalization:** Adding 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 agency:** Maintains your credit history, which reflects how well you repay your student loans, credit cards, car loans or any other credit you may have.

**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.

**Default fee:** A 1 percent fee charged on student loans; it may be deducted from the loan to help defray the cost of the student loan program.

**Deferment:** A temporary postponement of loan payments that must be approved by the lender; not an option for loans in default.

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

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

**Expected family contribution:** Based on a federal formula, the portion of you and your family's financial resources that should be available to help pay education costs.

**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 a borrower is not required to begin repaying a student loan; six months on Stafford loans and nine months on Perkins loans; no grace period on PLUS loans.

**Guaranty agency:** The agency that insures against defaulted loans made under the Federal Family Education Loan (FFEL) Program.

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

**Lender:** The actual source for borrowed money.

**Loan discharge/forgiveness:** If a borrower meets federally mandated requirements, their federal student loan may be discharged (cancelled), releasing the borrower from all obligations to repay the loan.

**Origination fee:** Fee collected by the federal government to partially offset the cost of a loan program; deducted from the loan amount before a borrower receives the money.

**Prepayment:** Payment on a loan by a 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.

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

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

**Servicer:** The 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 a borrower rather than the federal government.

## Resources for Your Reference

EdFund Student Services  
P.O. Box 419045  
Rancho Cordova, CA 95741-9045  
877.2EdFund  
[www.edfund.org](http://www.edfund.org)

**EdWise, the online financial planning guide:**  
[www.edwise.org](http://www.edwise.org)

**Federal Student Aid Ombudsman:**  
877.557.2575  
[www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)

**Credit card comparison:**  
[www.bankrate.com](http://www.bankrate.com)

**Bureau of Labor Statistics:**  
[www.bls.gov](http://www.bls.gov)

**Free Credit Report:**  
[www.annualcreditreport.com](http://www.annualcreditreport.com)

**Income-Based Repayment Calculator:**  
[www.IBRinfo.org](http://www.IBRinfo.org)

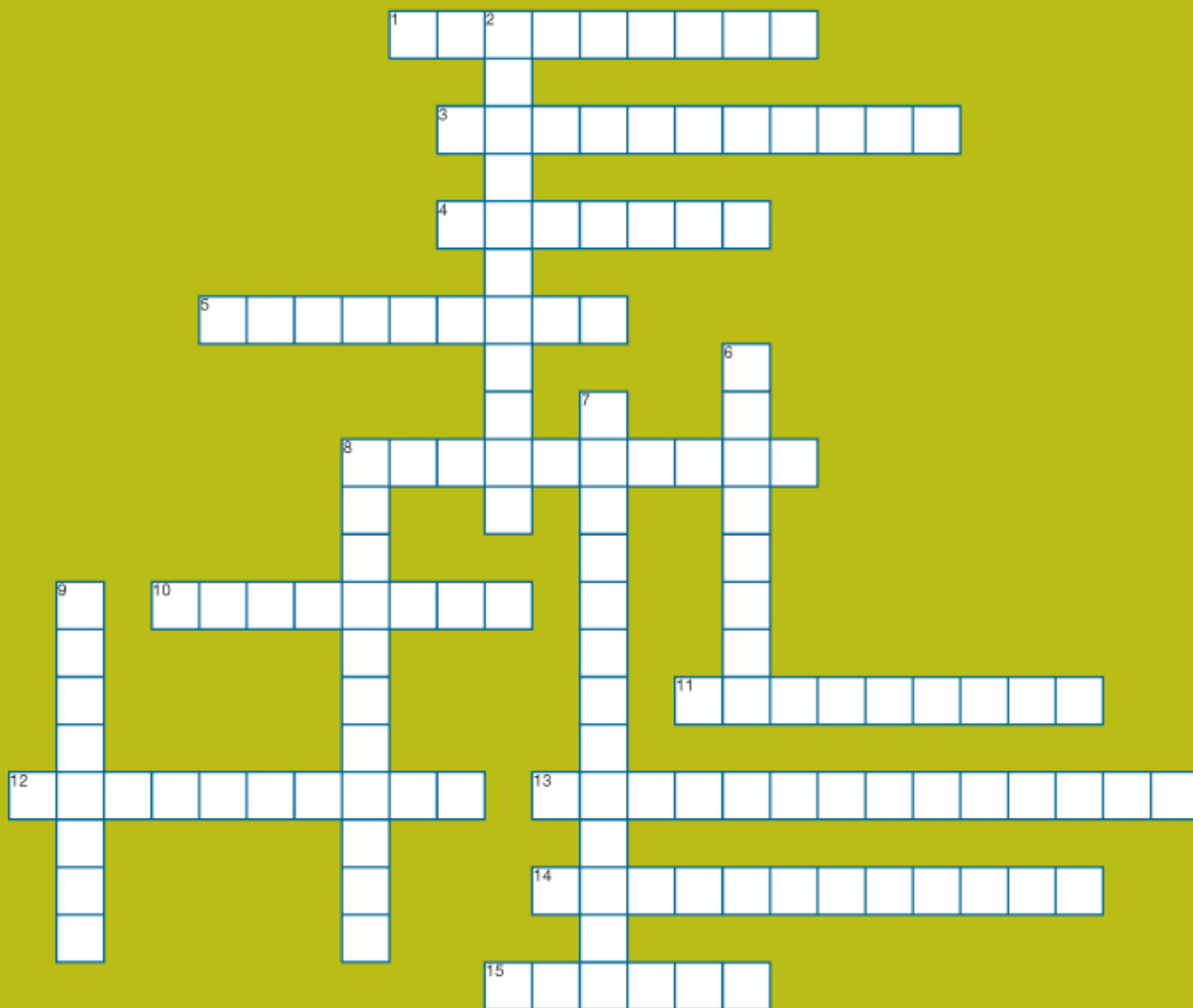
**Federal Student Aid:**  
[www.studentaid.ed.gov](http://www.studentaid.ed.gov)

## 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<br>(if other than standard) | .....         |                                |                 |

\*To estimate your monthly payment, see page 12.

# COMMON STUDENT LOAN TERMS



## ACROSS

- Temporary postponement of loan payments that must be approved by the lender
- Fee collected by the federal government to partially offset the cost of a loan program
- Failure to make loan payments or otherwise honor a loan's terms
- Releasing a borrower from his or her obligation to pay a loan
- Statement that reflects the actual costs of the loan to the borrower
- Company hired by a lender or secondary market to manage the day-to-day details of loan tracking and collection
- Original amount of a loan before interest is added
- Payment on a loan by the borrower sooner than it is due under the terms of the promissory note
- Adding interest to the principal balance of a loan rather than paying it as it accrues
- Release of loan money by the school to the borrower
- Actual source for borrowed money

## DOWN

- Permission from a lender to temporarily postpone repaying the loan principal
- Person responsible for repaying a loan by virtue of signing and agreeing to loan terms in a promissory note
- Combining several loans into one by selling and transferring all loans to one lender
- Failure to make an installment payment when it is due or to meet other terms of the promissory note
- Fee charged to borrowers by lenders for using loan money

ANSWERS:  
 Across  
 1. Disbursement  
 10. Lender  
 13. Capitalization  
 Down  
 1. Default  
 2. Discharge  
 3. Origination  
 4. Discharge  
 5. Discharge  
 6. Borrower  
 7. Consolidation  
 8. Delinquency  
 9. Interest  
 11. Principal  
 12. Prepayment

## PUZZLED BY THE PUZZLE?

If you had difficulty with any of the puzzle answers, check out the handy list on page 16 that defines common student loan terms.