

DEBT MANAGEMENT & LOAN DEFAULT PREVENTION

Helpful Tips from the Office of Financial Aid & Scholarships

Debt Management

Managing student loan debt is a vital part of your college journey. Before you take out a student loan, here are some key considerations:

- Seek scholarships and grants. Sources include the federal government, state governments, private entities, and institutional aid.
- Borrow no more than you need. Estimate what you will need to attend college. Typical costs include tuition, housing, food, fees, books, supplies, and transportation.
- Learn what it means to borrow money. Loans involve interest rates and repayment terms. Some loans allow you to defer payment. Certain majors allow for the elimination of repayment altogether.
- Research your entry level earnings. As you consider your college major, look into your anticipated starting salary [here](#). This will enable you to see if your post-college budget will support expected living expenses and student loan repayment.

Loan Default

Loan default occurs when you fail to repay the loan according to its terms. Currently, for federal student loans, you will be in default if you have not made a payment in more than 270 days (approximately 9 months). Loan default can lead to these consequences:

- Harm to your credit rating.
- Loss of future financial aid eligibility.
- Difficulty obtaining a mortgage or car loan.
- Wage garnishment and/or tax refund seizure.
- The need to reestablish credit.

Loan Default Prevention

The following strategies can help you avoid defaulting on your student loan:

- Create & maintain a reasonable monthly budget.
- Understand your loan responsibilities.
- Avoid/minimize credit card debt.
- Explore all repayment options.
- Keep all loan records (e.g., documents, emails, letters, etc.).
- Notify your lender/servicer if you change your –
 - Address
 - Phone number.
 - Name.
 - School.
 - Enrollment status.
- Contact your lender/servicer if you have any questions about your loan.
- Make interest payments while you are in school.

If you have difficulty making payments on your student loan, contact your loan servicer immediately. Ask about repayment options, deferment, and forbearance.

Federal Student Aid Website

This [website](#) is your “go to” source of information before/during/after your college experience. Topics include the following:

- Types of Loans
- Loan Calculators
- Repayment Plans
- Loan Interest Rates & Fees
- Student Loan Servicers
- Consolidation Loans
- Loan Forgiveness
- Loan Entrance/Exit Counseling

Additional Resources

- [Financial Literacy](#)
- [Paying for College Guide](#)
- [Repaying Your Student Loans](#)

Office of Financial Aid & Scholarships

If you have questions regarding your student loans, feel free to stop by our office in the basement of the Thrift Library or [email](#) us – we are here to help!