



Student Loan Exit Counseling

West Virginia Junior College must ensure that students receive exit counseling when leaving school. This counseling session is to give you important information about Federal Student Loan Repayment.



ABOUT YOUR LOANS

Unlike grants that you may have received, a Federal Stafford Loan comes with fees, accrues (or collects) interest, and must be repaid.

If you are late with just one payment-or simply miss a payment-you will be considered delinquent and you may incur late fees. If you stop making your payments all together, you will default on your loan.



CONSEQUENCES OF DEFAULT

Loans must be repaid. If you are having trouble making payments contact your servicer or the college's Loan Assistance Department . They will work with you to avoid the serious consequences of default.

If you Default:

- **The entire unpaid balance and accrued interest becomes due and payable immediately.**
- **You lose your deferment options.**
- **Your account is reported to a collection agency**
- **Your account will be reported as delinquent to credit bureaus, damaging your credit rating.**
- **The federal government can intercept any income tax refund due to you or you and your spouse.**
- **Late fees, additional interest, court costs, collection fees, attorney's fees, and other costs incurred in collecting your loan will increase your loan debt.**
- **Your employer (at the request of the federal government) can garnish part of your wages and send them to the government.**
- **The federal government can take legal action against you.**
- **You may be unable to get financial aid to attend college in the future.**



Repaying your Student Loan

- You must repay your loan(s) in full even if:
 - You do not finish school
 - Do not get a job upon completing your studies
 - Become dissatisfied with your school
 - Do not receive the educational or other services you purchased.



Subsidized and Unsubsidized Loans

With both loan types, repayment begins six months after your last date of attendance. This six month period is called your grace period.

The interest on your Subsidized Stafford Loan is paid by the federal government while you are enrolled in school at least half-time, and during grace and deferment periods. However, you are responsible for paying the interest that accrues during repayment and during periods of forbearance. If interest payments are not made during periods of forbearance, any unpaid interest will be capitalized and increase the principal balance of your loan.

If you receive an unsubsidized Stafford loan, you are responsible for paying the interest from the date the loan is disbursed. You have the option to pay the interest while you are in school. If you do not pay the interest during your in-school period, during the grace period, or during periods of deferment or forbearance, the unpaid interest will be capitalized and increase the principal balance of your loans.



INTEREST RATES

Your Unsubsidized Stafford Loan will have a fixed interest rate of 6.8%.

Your Subsidized Stafford Loan will have a fixed interest rate as follows:

- ◆ 6.8% fixed interest rate for loans disbursed prior to July 1, 2008
- ◆ 6.0% fixed interest rate for loans disbursed on or after July 1, 2008
- ◆ 5.6% fixed interest rate for loans disbursed on or after July 1, 2009
- ◆ 4.5% fixed interest rate for loans disbursed on or after July 1, 2010
- ◆ 3.4% fixed interest rate for loans disbursed on or after July 1, 2011
- ◆ Beginning July 1, 2012, interest rates revert back to a fixed rate of 6.8%

If you have borrowed previously at our school or any other and disbursements were before July 1, 2006, these Subsidized and Unsubsidized Stafford Loans will have a variable interest rate but will never exceed 8.25%



Promissory Note

A promissory note is a legal binding contract between the borrower of a Stafford Loan and the Lender. It contains the terms and the conditions of the loan and explains how and when it should be repaid.

Before you received your loan funds, you signed a Master Promissory Note.

When you sign the Master Promissory Note, you are confirming that your school may make multiple loans for you for the duration of your education without having you sign another promissory note. You are also agreeing to repay your lender, all loans made to you under the terms of the note.

In fact, this same promissory note that you signed at WVJC can be used for loans in the future at other institutions. The note is valid for up to 10 years under most conditions.



YOUR RIGHTS

It is your right to Know:

- Your Loan Principal
- When your first payment is due
- Amount of payments
- Cancellation, loan forgiveness, deferment and forbearance options
- Your consolidation options

You also have the right to:

- A 6 month grace period
- Receive appropriate deferments or forbearances, if you qualify
- Change your repayment plan
- Prepay all or any part of the amount owed without penalty
- Decline all or part of your loan money before it is disbursed
- Receive a copy of your Master Promissory Note
- Receive documentation that your loan is paid in full



YOUR RESPONSIBILITIES

- To attend exit counseling when you leave school
- Contact your servicer when you:
 - Withdraw or graduate
 - Drop to a less-than-half-time status
 - Transfer to another school
 - Change your name, address, phone number or social security number
 - Change your expected date of graduation
- Make monthly payments on your loan after you leave school
- Keep your loan papers in one place



Repayment Options

- **Standard Repayment Plan:** You generally pay a fixed amount each month for up to 10 years. Your payment must be at least \$50 a month.
- **Graduated Repayment Plan**••: Your payments start out low at first and then will increase, usually every two years. You must repay your loan in full within 10 years. At a minimum, your payments must cover the interest that accumulates on your loans between payments. This plan is tailored to individuals with relatively low current incomes (e.g., recent college graduates) who expect their incomes to increase in the future. However, you'll ultimately pay more for your loan than you would under the Standard Plan, because more interest accumulates in the early years of the plan when your outstanding loan balance is higher.
- **Extended Repayment Plan:** If you're a FFEL borrower, you must have more than \$30,000 in outstanding FFEL Program loans. If you're a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. This means, for example, that if you have \$35,000 in outstanding FFEL Program loans and \$10,000 in outstanding Direct Loans, you can choose the extended repayment plan for your FFEL Program loans, but not for your Direct Loans.
Your fixed monthly payment is lower than it would be under the Standard Plan, but you'll ultimately pay more for your loan because of the interest that accumulates during the longer repayment period.
- **Income-Sensitive Repayment Plan (for FFEL Loans only)**••: With an income-sensitive plan, your monthly loan payment is based on your annual income. As your income increases or decreases, so do your payments. The maximum repayment period is 10 years.
- **Income-Contingent Repayment Plan (for Direct Loans and Direct PLUS ••Loans):** Your monthly payments will be based on your annual income (and that of your spouse, if married), your family size, and the total amount of your Direct Loans. Borrowers have 25 years to repay under this plan, the unpaid portion will be forgiven. However, you may have to pay income tax on the amount that is forgiven.
- **Income-Based Repayment (IBR):** Under this plan, your required monthly payment amount will be based on your income during any period when you have a partial financial hardship. Your monthly payment amount may be adjusted annually. The maximum repayment period under this plan may exceed 10 years. If you repay under this plan and meet certain other requirements over a specified period of time, you may qualify for cancellation of any outstanding balance on your loans. Contact the Direct Loan Servicing Center (for Direct Loans) or your FFEL lender (for FFEL Program loans) for more information about the Income-Based Repayment Plan.



Please locate the amount you borrowed below to determine the approximate monthly payment amount

SAMPLE LOAN REPAYMENTS

Based on 6.8% Interest Rate and with a Standard Repayment Plan (10 Year Loan Term)

Initial Debt When you Enter Repayment	Payment Amount per Month	Total Repaid
\$4,000	\$50	\$5,346
\$5,000	\$58	\$6,905
\$6,000	\$69	\$8,286
\$7,000	\$81	\$9,667
\$8,000	\$92	\$11,047
\$9,000	\$104	\$12,428
\$10,000	\$115	\$13,810
\$12,000	\$138	\$16,572
\$14,000	\$161	\$19,333
\$16,000	\$184	\$22,100



Deferment Options

- A deferment is a period in which repayment of the principal balance is temporarily postponed if you meet certain requirements. During a deferment, if the loan is subsidized, the government pays the interest charged. For all unsubsidized loans (including PLUS loans), you are responsible for the interest that accrues during the deferment period. If you have unsubsidized loans, when you resume making payments at the end of the deferment period, any unpaid interest will be capitalized (added to the principal balance). If you do not meet the requirements for a deferment, you may still be eligible for forbearance.

- Some of the reasons for requesting a deferment might be:
 - * Economic Hardship
 - * Re-Enrollment
 - * Unemployment
 - * Rehabilitation Training



FORBEARANCE OPTIONS

- Forbearance allows you to postpone or reduce your monthly payment amount for a limited and specific period if you are temporarily unable to make your scheduled loan payments for reasons including, but not limited to, financial hardship or illness.
- You must request forbearance from your loan holder.
- You are responsible for the interest that accrues during forbearance on all loan types, including Subsidized Stafford Loans. When you resume making payments at the end of the forbearance period, any unpaid interest will be capitalized (added to the principal balance).
- Your loan holder is required to grant you forbearance under certain conditions.
- These include, but are not limited to, the following:
 - While you are serving in an AmeriCorps position for which you are receiving an education award.
 - While you are serving in a medical or dental internship or residency program and meet certain other requirements.
 - If the total amount you owe each month on all of your FFEL, Direct Loan, and Perkins Loan program loans is 20 percent or more of your total monthly gross income.



Reasons for Loan Cancellation

There are certain situations that will allow federal student loans to be forgiven:

1. You become totally and permanently disabled (requires certification from a physician and may be subject to a conditional period of three years)
2. You die
3. Your school fails to pay a refund on your withdrawal
4. You are unable to complete your program of study because of a school closure
5. Your loan was falsely certified as a result of the crime of identity theft
6. You are the spouse or parent of a victim of the terrorist attacks of 09/11/2001
7. Teachers whose first loan was made on or after October 1, 1998, who also have worked at a low income school for 5 consecutive years
8. Child care providers whose first loan was made on or after October 1, 1998 who have a degree in early childhood education and work in a low income community as a child care provider



Loan Discharge or Forgiveness

- Some employers such as state or local governments offer loan repayment in return for working in a job that's in great demand. There are also programs offered by some schools that will assume a portion of your debt. If loan forgiveness is something you'd like to explore, begin by asking at your school or workplace.
- **What qualifies my loan for discharge?**
- Discharge refers to the cancellation of a loan, even one in default,* due to school closure, false certification, your death, or your total and permanent disability.
- **NOTE:** A loan, whether in default or not, cannot be discharged in bankruptcy in most cases.
- **What qualifies my loan for forgiveness?**
- Forgiveness of a loan is based on the borrower performing certain types of service such as teaching in a low-income school. A defaulted loan can't be canceled based on qualifying service (e.g., teaching).



LOAN CONSOLIDATION

A federal consolidation loan may help make payments more manageable for some by combining several federal student loans into one loan with one monthly payment. You need to apply for loan consolidation and choose a standard, an extended, a graduated, an income-contingent (for Direct Consolidation Loans) or an income-sensitive (for FFEL Consolidation Loans) repayment plan. Depending on the amount of your debt, standard and graduated repayment plans have 10- to 30-year repayment periods.

- The interest rate for both Direct and FFEL Consolidation Loans is a fixed rate for the life of the loan. The fixed rate is based on the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest one-eighth of 1 percent. However, the interest rate will never exceed 8.25 percent.

How can consolidation help me manage my debt?

Loan consolidation can offer you benefits to help manage your education debt. You can:

- Make lower monthly payments by increasing the repayment period (However, this will increase the total amount you repay over the life of your loan).
- Make a single monthly loan payment on one bill to one lender.

Is there a downside to consolidation?

- Although consolidation can help many students manage their monthly payments, there are some cases when consolidation may not be right for you.
- You may lose certain benefits (such as cancellation benefits, interest subsidies, etc.) that were offered on the loans being consolidated.
- If you are close to paying off your student loans, it may not make sense to consolidate or extend your payments. By extending the years of repayment for your loans, you may be increasing the total amount you have to pay in interest.

For more information on Direct Consolidation Loans visit www.loanconsolidation.ed.gov or call the Federal Student Aid Information Center at **1-800-4-FED-AID**. For FFEL Consolidation Loans, contact your lender.*



- **Availability of the FSA Student Loan Ombudsman's Office**

- You have the right to contact the Office of the Ombudsman with the U.S. Department of Education. Should you have any questions or concerns regarding any of your Federal Student Loans that cannot be answered by the college or your lender, you may contact the Ombudsman at the address and phone number below.

- Internet: <http://sfahelp.ed.gov> or <http://ombudsman.ed.gov>

- Telephone: 1-877-557-2575

- Mail: Office of the Ombudsman
- Student Financial Assistance
- U.S. Department of Education
- Room 3012, ROB #3
- 7th and D Streets, SW
- Washington, DC 20202-5144

- **Access to the National Student Loan Data Center**

- You have the right to access NSLDS to obtain information about your Federal student loan borrowing at WVJC.

- Internet: <http://www.nsls.ed.gov>

- You will need your Department of Education issued PIN number

- If you have lost or don't remember your PIN, it can be retrieved at <http://www.pin.ed.gov>

- Title IV loans and grants you received will be included on NSLDS. Individuals and entities with a legitimate interest in your information (i.e. lenders, guarantors, and institutions of higher education) may access data related to such grant and loan information through NSLDS.



Debt Management Strategies

- To get a handle on your expenses, preparing a monthly budget once you leave school can help you identify how you spend money so you can track your spending to make sure it stays within certain guidelines. A budget can also help you see how much of your loan you can repay each month. You might be able to afford larger monthly loan payments than you thought, or your budget could show that you need to cut back on nonessential spending. The budget planning worksheet can help you determine your expenses and estimate your total available income. Your budget should be as detailed and as accurate as possible, so add to the worksheet or create your own.

Estimated Income	Monthly Amount	Estimated Expenses	Monthly Amount
Income Sources		Rent/Mortgage	
		Gas/Electric/Water	
		Telephone/Cell Phone	
		Food	
		Transportation	
		Health	
		Dependent Care	
		Personal/Miscellaneous	
		Entertainment	
		Debt Obligations	
		Other	
Total Income		Total Expenses	



TAX BENEFITS

- There are two tax credits available to help you offset the costs of higher education by reducing the amount of income tax. They are the Hope credit and the lifetime learning credit, also referred to as education credits.

- The Hope Credit

- Generally, you can claim the Hope Credit if all three of the following are met:

1. You pay qualified education expenses of higher education
2. You pay the education expenses of an eligible student
3. The eligible student is either yourself, your spouse, or a dependent for whom you claim an exemption on your tax return.

The Lifetime Learning Credit

- Generally, you can claim the Hope Credit if all three of the following are met:

1. You pay qualified education expenses of higher education
2. You pay the education expenses of an eligible student
3. The eligible student is either yourself, your spouse, or a dependent for whom you claim an exemption on your tax return

If you are eligible to claim the Hope credit and the Lifetime learning credit for the same student for the same year, you can choose to claim either credit but not both.

See the IRS publication at the link below to find out more information about these tax benefits.

- <http://www.irs.gov/pub/irs-pdf/p970.pdf>



TAX BENEFITS

Student Loan Interest Deduction

There is a special deduction allowed for paying interest on a student loan used for higher education. This deduction can reduce the amount of your income subject to tax.

Tuition and Fees Deduction

You may be able to deduct qualified education expenses paid during the year for yourself, your spouse, or your dependent. The tuition and fees deduction can reduce the amount of your income subject to tax.

See the IRS publication at the link below to find out more information about these tax benefits.

- <http://www.irs.gov/pub/irs-pdf/p970.pdf>



HELP WITH YOUR STUDENT LOANS

The Financial Aid Office is available to help you with your student loans while you are in school. You may contact Margaret Bailey or Erica Crouse in the Financial Aid Office at 304-345-2820.

After you leave school, West Virginia Junior College's Loan Assistance Department will help you with your student loans. They have a team of experts ready to help you complete deferment or forbearance requests to postpone payments if necessary.

They are not working on behalf of the servicer to collect payments – they are working for YOU to help you with your loans and to avoid default.

**The Loan Assistance Department can be contacted at:
1-800-786-0479
Monday through Friday**