



BORROW

SMART

From the Start





I'm preparing for college and I want to keep the cost down.

Where do I start?

Borrowing money for school involves more than just completing the FAFSA and signing your Master Promissory Note (MPN).

You'll want to borrow smart from the very start of your college career to minimize your debt after graduation.

Regardless of where you are in your higher education journey, the path to smart borrowing begins now.

Complete the FAFSA

- ▷ If you haven't already, complete the Free Application for Federal Student Aid (FAFSA) as soon after Jan. 1 as possible.

Once you've received an award letter from your school, go for free money first

- ▷ Apply for as many grants and scholarships as possible. Complete the FAFSA every year; some grants and scholarships require it.

Check out the Scholarship Search page and Scholarship Success flyer at UCanGo2.org.

- ▷ If you've maxed out your grants and scholarships but still have financial need, tap into any college savings. Only then should you consider student loans.

Visit ReadySetRepay.org to learn more about federal student loans.

Limit Borrowing

- ▷ Borrow only what you need to pay educational expenses. Every penny borrowed must be repaid, plus interest!

- ▷ Exhaust your eligibility for federal loan programs before considering *private* or *alternative* loans, which can have higher interest rates and fewer flexible repayment options.

Your financial aid counselor can help you estimate how much you need to cover your school expenses.

Be Salary Savvy

- ▷ Keep your future salary in mind. Make sure the total amount you borrow to cover your college education won't exceed your expected first-year salary after graduation. Some experts recommend that your monthly loan payment should be no more than 8-10 percent of your monthly income.

Use the Interactive Debt/Salary Wizard on [ReadySetRepay.org](#) to figure out how much you can afford to borrow based on your expected earnings.

 Explore salary ranges for various careers through the Oklahoma Wage Network at [OESC.ok.gov](#).

Expected First-Year Income	Maximum Affordable Monthly Loan Payment
\$20,000	\$167
\$25,000	\$208
\$30,000	\$250
\$35,000	\$292
\$40,000	\$333

More Cost-Cutting Measures

- ▷ Compare tuition rates and other expenses for different school types and locations. What's the best fit for both your career goals and your budget?
- ▷ Focus on in-state schools to avoid paying out-of-state tuition.
- ▷ Explore taking general education courses at a two-year college and transferring credits to a four-year university to finish your degree.
- ▷ If you can balance work and school, consider taking a part-time job to help cover living expenses.



If you have questions, talk to a financial aid counselor at the school you'll be attending. Don't be afraid to ask for help.

Check out the *Money Management for College Students* self-paced learning module at [OklahomaMoneyMatters.org](#).

I'm in school and need money to pay for it.

What now?

There are steps you can take while you're in school to maximize financial aid, minimize borrowing and keep debt under control.

- ▷ **Complete a renewal FAFSA** as soon as possible after Jan. 1 each year you need financial aid. Skipping this step could mean missing out on valuable aid opportunities!
- ▷ **Keep applying for grants and scholarships.** Eligibility criteria change and new programs are added regularly.
- ▷ **Monitor how much you've already borrowed.** NSLDS, the National Student Loan Data System, is the U.S. Department of Education's database of federal student loan information. You can find a summary of your student loan activity there.

Access all your federal student loan information at NSLDS.ed.gov.

You'll need your PIN, which you can get at PIN.ed.gov.

NSLDS now has a *MyData* button, which allows you to download your own student loan information securely in a simple text file. Look for it on the NSLDS website.

- ▷ Review your financial needs each semester and adjust your borrowing accordingly. Commit to borrow only what you need to cover school expenses.
- ▷ Consider making interest payments while you're in school or pre-paying your loan. Interest payments are usually affordable, even on a college budget, and can save money over the life of your loan.
- ▷ Create a spending plan and stick to it. A realistic budget will help you successfully manage living expenses and stretch your aid dollars (visit the Students page at OklahomaMoneyMatters.org for helpful tools). Consider your credit, too. Poor credit could stand between you and your dream job, the perfect home or your ability to qualify for affordable insurance.
- ▷ Stay in touch with your financial aid office and lender(s). Don't wait until you've reached a crisis point before seeking help. At the first sign of trouble, call an adviser to discuss your options. Lender contact information is available through NSLDS.

For more ways to manage your money, download the *Your Money Matters* guide for college students at OklahomaMoneyMatters.org.



I'm no longer in school and need to repay my student loan.

Where do I go from here?

While focusing on job hunting, relocating and the other challenges you may face, don't let your student loan fall through the cracks.

- ▷ **Make a "my student loan" file** to keep track of all important loan documents and lender correspondence. Read everything when you receive it.
- ▷ **Don't wait until your grace period is over to start thinking about your monthly payments.** Review your current expenses and adjust your spending plan to make room for your student loan payments. Your loan payment is just as important as your rent, car payment or any other fixed monthly expense.
- ▷ **Ask your lender to explain all available repayment options** and choose one that best fits your financial situation. There are pros and cons for each repayment plan that you'll want to examine carefully. Your lender can explain the specific requirements of each and help you decide which option is right for you.
- ▷ **Make interest payments during your grace period** to save money over the life of your loan.

▷ **Make sure your lender has your current contact information** so you don't miss important loan-related updates.

- ▷ **Make your payments on time** and contact your lender immediately if you're struggling to make your payment.
- ▷ **Ask questions when you need help.** This is the easiest and most important step you can take to successfully repay student loans.

I've missed some payments.

Can I get back on track?

Sometimes life takes an unexpected turn, and you may find you're having trouble making your student loan payment. Talk to your lender at the *first sign* of trouble to prevent default.

Your lender can help you consider the following repayment options.

- ▷ **Income-based repayment** (payment is determined each year based on your annual income and family size)
- ▷ **Income-contingent repayment and "Pay as You Earn" program** (both for Direct Loans only; payment is determined by loan amount, annual income and family size)
- ▷ **Graduated payment schedule** (payments start low and gradually increase over time)

For resources to help you prepare for life after college, explore the *Transition to Independence* self-paced learning module at OklahomaMoneyMatters.org.



For more information about these options, visit *I'm Behind on My Payments at ReadySetRepay.org*.

- ▷ **Other repayment schedules**
(a comprehensive list is available at ReadySetRepay.org)
- ▷ **Deferment**
(delay your payment for a period of time)
- ▷ **Forbearance**
(temporarily postpone or reduce your payment)
- ▷ **Forgiveness**
(waives all or part of your outstanding loan balance if you meet specific requirements; speak with your lender(s) to see if you qualify)



Avoid default at all costs.

Defaulting on your student loan can have devastating effects on your finances, including:

- ▶ Wage garnishment.
- ▶ State and federal tax garnishment.
- ▶ Damaged credit rating.
- ▶ Loss of deferment, forbearance and future federal financial aid eligibility.

If you've already defaulted on your student loans, you still have options! Talk to your loan holder about:

- ▷ **Loan rehabilitation.** After making a set number of voluntary, on-time payments, your loan can be brought out of default and the negative rating removed from your credit report.
- ▷ **Loan consolidation.** This option allows qualified borrowers to combine all federal student loans and make one payment to the U.S. Department of Education.

More Direction

Links and Contacts

ReadySetRepay.org

OklahomaMoneyMatters.org

OCAP.org

UCanGo2.org

MappingYourFuture.org

NSLDS.ed.gov

StudentAid.ed.gov

Direct.ed.gov

Facebook.com/RepaymentScoop



Federal Direct Loan Program

315.738.6634

800.848.0979 (toll free)

Online Communication Portal:
www.MyEdAccount.com/WriteToUs.asp

Oklahoma Money Matters (OKMM)

405.234.4365

800.970.OKMM (toll free)

OklahomaMoneyMatters@ocap.org

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Ready Set Repay and **Oklahoma Money Matters** are initiatives of the Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education