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Student Loan Repayment Starts for Many Recent College Graduates
Options available for federal student loan borrows to make repayment manageable

Des Moines, IA., December 7, 2012 – While the holiday season brings greeting cards, gifts, and general holiday cheer, for many recent college graduates, it’s also the time when their first payment on their student loans comes due.

“Federal student loans have a six-month grace period before repayment begins,” explained Karen Misjak, executive director of the Iowa College Student Aid Commission (Iowa College Aid). “It is easy to see how May graduates could get caught up with other life changes and now feel unprepared for loan repayment to begin,” said Misjak. “No matter the situation, the worst thing for a person to do is to ignore calls and bills from their loan holder because missing payments will negatively impact their credit.”

Iowa College Aid recommends recent college graduates review their loan obligations as well as the available repayment options to find an option that that works best for their circumstances.

National Student Loan Data System (NSLDS)

By visiting www.nsls.ed.gov, student loan borrowers can view their total federal student loan debt, the status of each loan and find contact information for each of their loan holders.

Repayment Plans

There are many different repayment plans available to help student loan borrowers successfully repay their federal student loans, including the following income-driven plans that base payment amounts on a borrower’s current income.

- **Pay as You Earn** – This newest option limits a borrower’s monthly payment amount to 10 percent of his or her discretionary income and any remaining balance is forgiven after 20 years of qualifying repayment. To be eligible, borrowers must have taken a loan out on or after October 1, 2007 and have received at least one loan disbursement on a Federal Direct Loan on or after October 1, 2011.

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- Income-Based – This repayment plan limits a borrower’s monthly payment amount to 15 percent of his or her discretionary income and any remaining balance is forgiven after 25 years of qualifying repayment.
- Income Contingent – This repayment plan can be helpful for borrower’s who do not qualify for Income-Based or Pay as You Earn plans. Student loan payments are limited to 20 percent of a borrower’s discretionary income and any remaining balance is forgiven after 25 years of qualifying repayment.

Deferment and Forbearance

Some recent graduates who have not found full-time employment or have other financial or medical issues may be unable to afford their student loan payments. In these instances, federal student loan borrowers may be eligible to postpone repayment through either deferment or forbearance. Borrowers in these situations should contact their loan holder to discuss their options.

“Remaining in contact with their loan holder is one of the most important things student loan borrowers can do,” said Misjak. “There are many solutions for borrowers looking to successfully repay their student loans, but they must take an active role in ensuring their student loan accounts stay on track,” said Misjak. “It is also important to note that these options apply to federal student loans only. Borrowers with private education loans will need to contact their lender for repayment options as these can differ with each private education loan lender.”

For more information on student loan repayment, contact Iowa College Aid at 877-272-4456. In addition, more information to help Iowa families plan, prepare and pay for college is available on Iowa College Aid’s website at www.IowaCollegeAid.gov.

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About the Iowa College Student Aid Commission

Iowa College Aid provides college access, financial literacy, and outreach services to Iowa’s students and families as they plan, prepare and pay for college. Iowa College Aid also administers state scholarship, grant, work study, and loan forgiveness programs totaling over \$60.0 million annually; provides I Have A Plan Iowa™, the state-designated career information system, free to all Iowans; partners with financial institutions in the state to offer an online financial literacy platform free to all Iowa high schools; conducts research and distributes higher education data; and offers Iowans assistance in obtaining student financial aid and college-related information. Additionally, Iowa College Aid is the administrator of the Federal GEAR UP Grant, a multi-year state-wide grant which is being used to provide early awareness programming and outreach initiatives to thousands of Iowa’s students and families. Through its role, Iowa College Aid also serves as the state-designated administrator of the U.S. Department of Education’s College Access Challenge Grant, which is designed to increase the college-going culture in Iowa. Iowa College Aid is also responsible for registering postsecondary institutions and other instructional schools under Iowa Code Chapter 261B and sections of Chapter 714. More information is available at www.IowaCollegeAid.gov.