



The Ins and Outs of Student Loans



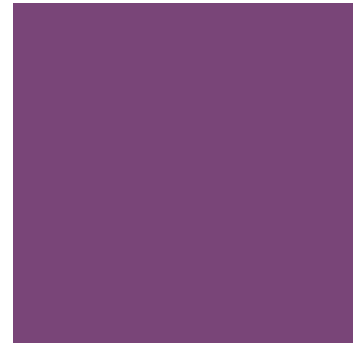
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This content is for informational and educational purposes only, and is not intended as legal advice. Please seek assistance from a professional, including those listed herein, for your individual student loan situation.



Key Terms and Concepts



Principal Balance – The amount of your loan, which includes the amount you borrowed plus any capitalized interest and origination fees. Interest is charged based on this amount.

Interest Balance or Accrued Interest – The amount of any unpaid interest accrued on your loan. Interest can accrue if you are in school, in a forbearance or deferment, miss a payment, or make a reduced payment.

Origination Fees – Extra fees sometimes charged by private lenders, which become part of your principal balance.

EXAMPLE: If you borrow \$10,000 with a 5% origination fee, the lender will pay \$10,000 for your tuition but you will owe a principal balance of \$10,500.

Fixed Interest – The interest rates stays the same for the life of the loan.

Variable Interest – The interest rate changes over time, typically quarterly or yearly. Rates can go up or down, and will result in payments that change over time.

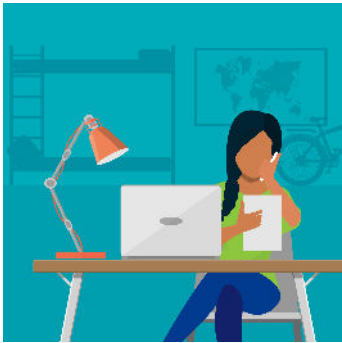
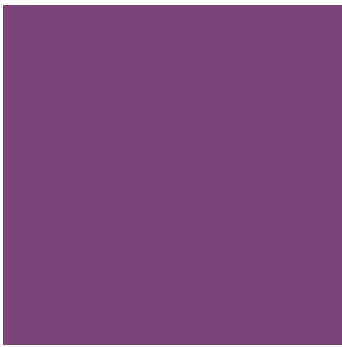
Daily Interest – Student loans build up interest every day. Your daily interest rate is the annual rate divided by 365 days.

EXAMPLE: If your interest rate is 8.6%, the daily rate is 0.024%

Capitalized Interest – Any unpaid interest can be added to the principal balance of your loan. This happens monthly, quarterly, or when you enter repayment. Because capitalizing interest increases your principal balance, interest will add up faster. This typically happens to unsubsidized loans while you are in school.

Subsidized Loans – Federal loans that do not accrue interest while you are in school.

Unsubsidized Loans – Federal or private loans that accrue interest while you are in school. If you do not pay off the interest, it will capitalize and increase your principal balance.



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FSA ID Username, Email, or Mobile Phone

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Federal Loans: studentaid.gov


- Review your loan and servicer information
- Learn about all repayment and forgiveness options
- Use planning tools to pick the best options for your loans
- Complete FREE applications for:
 - Repayment plans, including income-driven repayment
 - Loan consolidation
 - Forgiveness or discharge plans

INCOME-DRIVEN REPAYMENT PLANS


An income-driven repayment plan sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size. We offer four income-driven repayment plans:




REPAYE
Revised Pay As You Earn Repayment Plan



PAYE
Pay As You Earn Repayment Plan



IBR
Income-Based Repayment Plan



ICR
Income-Contingent Repayment Plan



Resources: Student Loan Assistance Unit of the Massachusetts Attorney General's Office

Student Loan Assistance

Are you struggling to afford your student loans or having problems with your loan servicer? If so, the Attorney General's Office may be able to help.

Online:

[mass.gov/student-loan-assistance](https://www.mass.gov/student-loan-assistance)

Find information on a wide variety of student loan issues, including litigation efforts by the Attorney General on behalf of all Massachusetts borrowers.

Hotline:

1-888-830-6277

Attorneys in the Student

Loan Assistance Unit can answer a variety of questions and explain many federal and private student loan programs over the phone.

Mediation:

[mass.gov/forms/submit-a-student-loan-help-request](https://www.mass.gov/forms/submit-a-student-loan-help-request)

For more complex issues, such as resolving a defaulted loan, submit a help request form to open a mediation file with the office. All assistance is completely free.

Resources: Student Loan Borrower Assistance

from the National Consumer Law Center (nclc.org)



Studentloanborrowerassistance.org

Detailed information for dealing with a variety of federal and private student loan issues.

Which steps can we help you with?



Cancel Student Loans



Manage Repayment



Challenge Collection

Student Debt Collection

NCLC | NATIONAL CONSUMER LAW CENTER

2 in 3 Students Graduate with Significant Student Debt



65% of the Class of 2017 graduated with debt. Nonprofit students and for-profit students graduated with \$28,650 and \$39,900 in student loans, respectively.

More than One Million Borrowers Default on Student Loans Each Year



One study predicts that by 2023, 40% of the sample group of 2004 college entrants will likely default on their student loans.

Student Loan Debt is Surging Among Older Consumers



Over 50% of baby boomers surveyed say college debt has damaged their quality of life in retirement.

200,000 Active-Duty Servicemembers Owe More than \$2.9 Billion in Student Debt



Servicemembers, veterans, and military families often file complaints with the CFPB about problems accessing affordable repayment options.