



## Student Loan Debt at the \$1.3 Trillion Mark – Know Your Payment and Deferment Options

Student loan debt now impacts more than 43 million Americans, so it shouldn't be surprising that Accel's student loan experts are busier than ever.

According to a recent New York Federal Reserve report, US student loan debt has surpassed \$1.3 trillion and continues to grow. The average 2016 college graduate has \$37,172 in student loan debt, up six percent from last year.

Every day, Accel assists people who are stressed out by student loan debt. Many contact us because they are confused by their repayment and deferment options. Here's a brief look at some of the basics.

### FEDERAL REPAYMENT PROGRAMS

Most student loans are funded by the U.S. government. These loans, called federal student loans, offer some flexibility in how they are repaid. Some of the most common federal loan repayment options include:

**Standard Repayment** – You pay a fixed monthly amount and pay off the loan in 10 years (or less). You pay the least amount of interest with this repayment plan.

**Graduated Repayment** – Starts with a lower monthly payment amount and then gradually increases the payment amount every two years. Like standard repayment, the repayment period is up to 10 years. However, you'll pay more interest over the life of the loan.

**Extended Repayment** – Stretches loan payments up to 25 years. This lowers the monthly payment, but increases the total paid in interest. Total student loan debt must be more than \$30,000.

**Income-Based Repayment (IBR)** – Monthly payment amount is recalculated each year, based on income and family size. Can lower monthly payment amounts, which are capped at 10-15 percent of discretionary income. Increases total interest paid, but remaining loan balance will be forgiven after 20-25 years of qualifying loan payments.

Estimate monthly payments using the government's Income-Based Repayment calculator.



**Public Service Loan Forgiveness (PSLF)** – Program for borrowers who work in certain kinds of "public service" jobs, including jobs in government and non-profit organizations. Remaining loan balance is forgiven after 10 years of eligible employment and qualifying loan payments. Can be used with the Income-Based Repayment (IBR) plan to help keep loan payments affordable.

**Pay As You Earn (PAYE) / Revised Pay As You Earn (REPAYE)** – Similar to IBR, the monthly payment amount is recalculated each year based on income and family size. Usually features the lowest monthly payment amount — no more than 10 percent of discretionary income. Increases total interest paid, but remaining loan balance will be forgiven after 20-25 years of qualifying loan payments. Use the government's "Pay As You Earn" calculator to see if you qualify for the "Pay As You Earn" repayment program.

### DEFERMENT / FORBEARANCE

Deferment or forbearance lets you temporarily suspend making your student loan payments. However, this is typically not your best loan repayment option. Unless you have subsidized loans, interest charges will continue to accrue and the size of the loan will continue to grow, during the deferment period.

**Education Deferment** – As long as you are attending school at least half-time, payments on the loan can be deferred until after you leave school. Usually, loan payments will resume six months after half-time enrollment ceases.

**Economic Deferment** – You may qualify for an economic deferment, if you are experiencing economic hardship, due to low income.

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## Student Loans *(continued from front)*

**Unemployment Deferment** – If you can't find a job, you may be eligible for an unemployment deferment for up to three years after you get out of school.

**Disability / Rehabilitation Deferment** – You may qualify for a loan deferment, if you're unable to work due to an injury or illness, if you're caring for a dependent or spouse that is disabled, or, if you're undergoing rehabilitation for injury or illness.

**Family Leave Deferment** – A parental or family leave deferment may be available, if you can't work or attend school because you're pregnant or caring for a newborn or a newly adopted child.

**Military Deferment** – You may be eligible, if you're on active duty as a member of the armed forces, or serving full-time in the National Guard or Reserves.

### EXPERT ASSISTANCE IS AVAILABLE

Accel's student loan experts are ready to assist you in understanding your student loans, exploring your repayment options, and dealing with your student loan servicers.

**You can call Accel's Student Loan Helpline at 877-332-2235.**



## GreenPath/Accel Premieres New Client Facebook Group – GreenPath Financial Wellness Friends

We are excited to announce an all-new Facebook group, exclusively for GreenPath/Accel clients.

Our new private Facebook community – GreenPath Friends – is now available at [www.facebook.com/groups/GreenPathFriends](http://www.facebook.com/groups/GreenPathFriends).

If you have a Facebook account, simply request access using the same email address that is on your Accel account. We will confirm your email address, and then you can jump right in!

Because this is a closed, private group, you will be able to interact with clients, like yourself, in a non-judgmental atmosphere. Hear from other people who are working on improving their financial health. Find out what's working for others, share your successes, offer support to clients just starting out, ask questions, and receive feedback and tips.

If you have questions or ways we can make your Accel experience even better, please email us at [suggestions@greenpath.com](mailto:suggestions@greenpath.com).

## Webinar Wednesdays in June

School may be getting out this month, but Accel webinars are extending their sessions, with three free webinars offered in June! These 30-minute, online programs are taught by Accel education specialists. The webinars are always free and informative without a sales pitch. There's also plenty of time for Q&A at the end of the program.

### Understanding your Credit Report and Credit Score – Wednesday, June 1 at noon ET

One of our most requested webinars! Become knowledgeable in topics such as: What is a credit report? What is a credit score? How can I obtain my personal credit report? How does my credit history affect me? You'll get the answers to these, and many other questions, at this informative webinar.

### Declare Independence from Your Debt – Wednesday, June 15 at noon ET

The Independence Day holiday is right around the corner!

Now is a good time to take control of your debt and grow your savings! Both the pros and cons of debt repayment strategies will be explored, during this informational presentation. You will also learn how much debt is too much, tips for communicating with creditors and how to avoid debt problems in the future.

### Learn about Your Creditworthiness – Wednesday, June 29 at noon ET

Your ability to borrow money, or your creditworthiness, is discussed during this webinar. Join us as we look at what creditworthiness really means, as well as what's on your credit report, how a credit score is determined and some facts and myths surrounding credit.

To sign up for any of these personal finance webinars, log on to [www.greenpath.com/accel-webinars](http://www.greenpath.com/accel-webinars).

As a member of Motor City Co-op Credit Union, you can take advantage of the **Accel**, a program of GreenPath, Inc. Accel is a **free** financial education and counseling service. For more information, call 1-877-33ACCEL (332-2235) or visit us on the web at [www.accelservices.org](http://www.accelservices.org).



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