



# Making the Grade

An Exit Counseling Resource

SOUTH CAROLINA  
**Student**  **Loan**®  
[www.scstudentloan.org](http://www.scstudentloan.org)

# Making the Grade

Dear Student Loan Borrower,

This guide, developed by SC Student Loan, provides a general overview of information to help you successfully repay your Federal Family Education Loan (FFELP). The information covered in this brochure is part of exit counseling, which must be completed before you leave school. You may also complete exit counseling online at [www.mappingyourfuture.org](http://www.mappingyourfuture.org), but check with your college's financial aid office first to see if you are required to attend an exit counseling session. If you need additional information about any of the topics covered, please see your Master Promissory Note or a copy of your Borrower's Rights and Responsibilities Statement.

You will need to complete the **Personal Information Form** included with this brochure. Please fill out the form in its entirety with the most current information, and return it to the financial aid office at the college or university you attended. If you have a loan with SC Student Loan, please create an online **User ID** at [www.scstudentloan.org](http://www.scstudentloan.org) to update your contact information.

For information on loan programs, applications, account information, repayment options, and deferment or forbearance forms, please contact SC Student Loan at (800) 347-2752, or visit our website at [www.scstudentloan.org](http://www.scstudentloan.org).

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# Facts About Repayment

For Federal Stafford Loan borrowers, your repayment will begin after the “**grace period**” has ended with the first payment usually due 45-60 days later. The grace period is a period of six months between the time you leave school, or are no longer enrolled on at least a half-time basis, and when you begin repaying your loan. Stafford Loan borrowers only receive one grace period.

During your grace period, you will receive a “**Repayment Schedule and Disclosure Statement.**” This will give you specific repayment information, including the terms of your repayment, the payment amount, and your first and subsequent due dates.

For Federal Graduate/Professional PLUS Loan borrowers, repayment begins the date the loan is fully disbursed, with the first payment due no more than 60 days later unless your loan is deferred during your in-school status.

**You will receive a monthly billing statement from which to pay your account. You will have only one payment per month regardless of the number of loans you have.**

SC Student Loan borrowers may also view their bill from the convenience of their personal computer by signing up for our Electronic Bill Presentment and Payment (EBPP). To sign up, visit our website at [www.scstudentloan.org](http://www.scstudentloan.org), log in to your account and select “Update My Profile” from the Borrower Menu. Select “Update Electronic Bill Presentment and Payment” (EBPP), and follow the simple instructions.

**REMEMBER:** You must repay your loans even if you do not graduate or finish your educational program. If you do not hear from your lender, you are still responsible for the repayment of your loans. **Make sure you provide your correct address and phone numbers so that you will receive the documents mentioned above.**

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If you have a dispute involving your Federal Family Education Loan that cannot be resolved by your lender or guaranty agency, contact the Department of Education’s Office of the Ombudsman:

**Mail:** U.S. Department of Education, FSA Ombudsman,  
830 First Street, N.E., Fourth Floor, Washington, DC  
20202-5144

**Phone:** (877) 557-2575

**Online:** [www.ombudsman.ed.gov](http://www.ombudsman.ed.gov)

**Email:** [sfaombudsmanoffice@ed.gov](mailto:sfaombudsmanoffice@ed.gov)

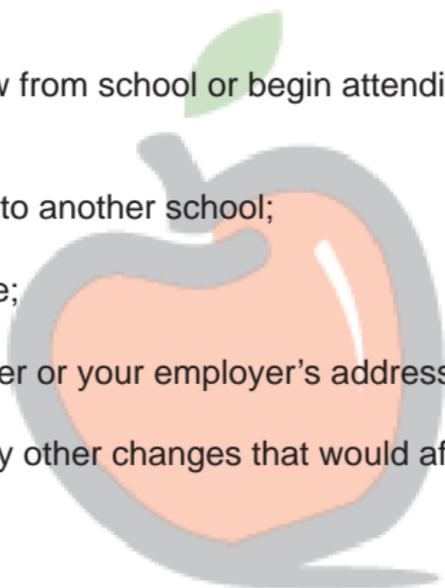
**Fax:** (202) 275-0594

# Rights and Responsibilities

As a student loan borrower, you have certain rights and responsibilities when participating in the Federal Family Education Loan Program.

## You have a responsibility to notify your lender if:

- Your name, address, telephone number, or e-mail address changes;
- You fail to enroll at least half-time at the school that certified your loan;
- You withdraw from school or begin attending less than half-time;
- You transfer to another school;
- You graduate;
- Your employer or your employer's address changes; or
- You have any other changes that would affect your loan status.



## You have a right to:

- Prepay all or part of your loan at any time without penalty;
- Defer repayment if you meet the eligibility criteria and apply for a deferment by sending the appropriate documentation to your lender; and
- Receive a copy of your promissory note or other appropriate documentation proving you have been discharged from your obligation after your loan has been fully repaid.

# Repayment Options

There are several ways you can repay your loan. The key is finding out which way is right for you. You can change repayment plans at any time after you begin repaying your loan. There is no penalty if you make loan payments before they are due or pay more than the amount due each month. Prepayment may substantially reduce your interest costs. The following plans are available to help ensure the successful repayment of your loan:

## Standard Repayment Plan

This plan provides substantially equal monthly payments during the life of the loan, not to exceed a repayment period of 10 years (\$50 minimum per month).

## Graduated Repayment Plan

This plan allows for a reduced payment initially with an increase in your payments every 24 months, providing the greatest relief from the 'cash crunch' of starting your career. More interest will accrue over the life of the loan because the principal balance decreases at a slower rate.

## Income-Sensitive Repayment Plan

Monthly payments are adjusted annually based on expected total monthly gross income from all sources. Payment will be the greater of your monthly interest amount or four percent of your gross monthly income. More interest will accrue over the life of the loan because the principal balance decreases at a slower rate.

## Extended Repayment Plan

For new borrowers on or after October 7, 1998 with Federal Family Education Loans (FFEL) exceeding \$30,000, this plan sets a fixed or graduated annual repayment amount paid over an extended period of time, not to exceed 25 years (\$50 minimum per month).

## Income Based Repayment Plan

This plan is available for FFEL borrowers who are experiencing a "partial financial hardship." Please contact a representative at our office for more information.

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SC Student Loan offers borrowers several methods for making a payment. Choose the one that is most convenient for you.

1. Automatic Bank Draft - Download and complete the form from our website and mail it to SC Student Loan or call our customer service representatives
2. Online payment
3. Mail a check
4. Phone - Use our Interactive Voice Response Telephone System

See back cover for SC Student Loan's contact information.

# Sample Repa

| Initial Debt when you Entered Repayment | Standard  |         |               | Extended <sup>2</sup> |         |          |
|---|-----------|---------|---------------|-----------------------|---------|----------|
|   | Per Month | Total   | Interest Paid | Per Month             | Total   | Inter Pa |
| 3,500                                   | 50        | 4,471   | 971           | Not Applicable        |         |          |
| 5,500                                   | 63        | 7,595   | 2,095         | Not Applicable        |         |          |
| 10,500                                  | 121       | 14,500  | 4,000         | Not Applicable        |         |          |
| 18,500                                  | 213       | 25,548  | 7,048         | Not Applicable        |         |          |
| 23,000                                  | 265       | 31,762  | 8,762         | Not Applicable        |         |          |
| 46,000                                  | 529       | 63,524  | 17,524        | 319                   | 95,782  | 49,      |
| 138,500                                 | 1,594     | 191,264 | 52,764        | 961                   | 288,387 | 149      |

1 The payments were estimated using a fixed interest rate of 6.8% for the life of the loan.

2 Amounts are fixed, rounded to the nearest dollar and calculated based on a 10-year term.

3 This is your beginning payment, which may increase during a 10-year term.

**For a more customized estimate, use our online repayment calculator.**

## Important Note:

The “holder of your loan” is the lender or the institution to which you owe the loan. Be sure you know their address and phone number. These are the people you should contact if you have any repayment questions or if you are having a difficult time making your monthly payment.

If you are not sure who holds your federal student loan, visit [www.nslds.ed.gov](http://www.nslds.ed.gov). This website is the U.S. Department of Education’s central database for financial aid.

To access your information you will need:

- Social Security number
- First two letters of your last name
- Date of birth
- FAFSA PIN - If you have forgotten your PIN, visit [www.pin.ed.gov](http://www.pin.ed.gov).

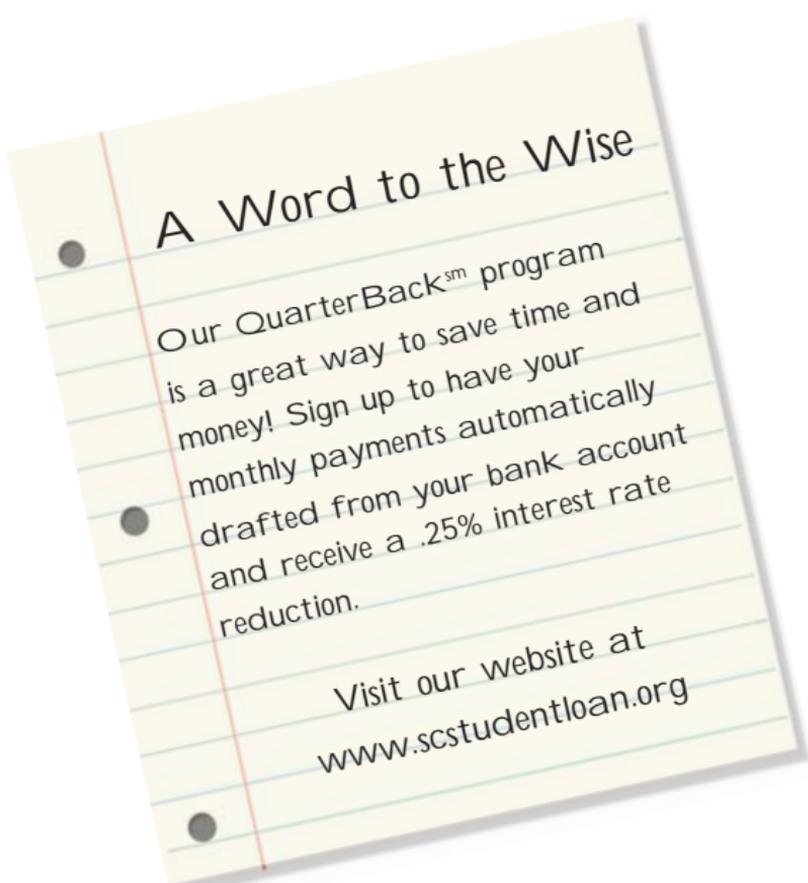
If you have a Federal Perkins Loan, contact your school for information because the school acts as the lender.

# Payment Chart

| Interest Paid | Graduated              |         |               | Income-Sensitive |         |               |
|---------------|------------------------|---------|---------------|------------------|---------|---------------|
|               | Per <sup>3</sup> Month | Total   | Interest Paid | Per Month        | Total   | Interest Paid |
|               | 25                     | 5,157   | 1,657         | 20               | 4,708   | 1,208         |
|               | 43                     | 8,007   | 2,507         | 32               | 7,628   | 2,128         |
|               | 83                     | 15,283  | 4,783         | 60               | 14,630  | 4,130         |
|               | 146                    | 26,929  | 8,429         | 105              | 25,825  | 7,325         |
|               | 182                    | 33,479  | 10,479        | 131              | 32,109  | 9,109         |
| 782           | 363                    | 66,956  | 20,956        | 261              | 64,265  | 18,265        |
| 1,887         | 1,094                  | 201,596 | 63,096        | 785              | 193,516 | 55,016        |

for loans made to students on or after July 1, 2006.  
 based on a 25-year repayment term.  
 30-year repayment term.

Payment calculator located at: [www.scstudentloan.org](http://www.scstudentloan.org)



SC Student Loan reserves the right to alter, suspend, or terminate benefits at any time. Some restrictions and/or conditions may apply to benefit programs.

# Cancellation, Forgiveness, and Discharge

Under certain circumstances, your student loan, or a portion of your loan, may be cancelled, forgiven, or discharged depending on the type of loan. Below are programs in which your loan or a portion of your loan may be subject to such conditions:

- Closed School Cancellation
- Death Cancellation
- Disability Cancellation
- False Certification by School Cancellation
- False Certification due to Identity Theft Cancellation
- Spouses and Parents of September 11, 2001 Victims and Public Servants Cancellation
- Teacher Loan Forgiveness
- Unpaid Refund Cancellation

Subject to appropriations:

- Education Component of Head Start Program Staff Member Cancellation
- Fire Fighter Cancellation
- Law Enforcement or Corrections Officer Cancellation
- Legal Assistance Attorney Cancellation
- Librarian Cancellation
- Military Service Cancellation
- Nurse or Medical Technician
- Professional Provider of Early Intervention Services for the Disabled Cancellation
- Public or Non-Profit Child or Family Services Agency Employee Cancellation
- Public Service Employees Loan Forgiveness
- Service in Areas of National Need Loan Forgiveness
- Speech Language Pathologist Cancellation
- Tribal College or University Faculty Cancellation
- Vista or Peace Corps Volunteer Cancellation

For detailed explanations of the above programs, please refer to [www.mappingyourfuture.org](http://www.mappingyourfuture.org).

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## Tax Credits and Deductions

Tax credits and deductions may also be available if you are saving for college or paying education costs for yourself or a student who is a member of your immediate family. For more information, please refer to IRS Publication 970, *Tax Benefits for Education* available at [www.irs.gov](http://www.irs.gov).

# Deferment & Forbearance

There are many reasons why you may be unable to make your scheduled payment. Several solutions are available such as a deferment and/or a forbearance. SC Student Loan borrowers should contact SC Student Loan for deferment or forbearance forms.

A **Deferment** postpones your monthly payments for a specific reason. The interest on subsidized loans is paid by the federal government during periods of deferment. With an unsubsidized loan, the borrower is responsible for the interest while on deferment and can pay it or add it to the principal (capitalized). Whenever possible, make payments toward the interest, even when payments are not required. Making payments toward accrued interest will minimize the growth of your loan balance.

The following are types of deferments that are available:

**Educational** - For borrowers in school or returning to school in an internship or residency program, in a rehabilitation training program, or teaching in a critical area.

**Public Service** - For borrowers on full-time active duty in the Armed Forces, or working full-time for the NOAA, Commissioned Officers in the Public Health Service, Peace Corps, ACTION Program, or tax-exempt organizations.

**Disability** - For borrowers temporarily totally disabled or who are caring for a dependent or spouse who is temporarily totally disabled.

**Unemployment** - For borrowers who are temporarily unemployed but are looking for work.

**Family** - For borrowers who are either working mothers or mothers re-entering the workforce.

**Economic Hardship** - For borrowers who are experiencing an economic hardship.

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A **Forbearance** postpones your monthly loan payments for a certain period of time. Your loan holder may grant forbearance if you are willing but temporarily unable to make full or partial payments and do not qualify for a deferment. Interest will continue to accrue on your account during a forbearance. You may choose to pay the interest on your loan, or you may opt to have it added to the principal balance of your loan (capitalized) at the end of your forbearance period.

# Consequences of Default

Failure to repay your federal loan - **defaulting** - can cause severe problems for you and your financial future. Default occurs when your loan becomes 270 days delinquent. First, SC Student Loan will assign your loan to our guaranty agency, SC State Education Assistance Authority, who will then report your default to all national consumer reporting agencies. Even after you default, collection efforts will not stop. The following are possible consequences of default:

- Your college records may be withheld;
- You may be charged collection costs necessary to collect the debt, up to 25% of your outstanding balance;
- Your state and federal tax refunds may be seized and applied to the debt;
- You will be denied any state, city, county, or local government employment, and employment obtained prior to default may be terminated;
- Your paycheck may be garnished up to 15%;
- Your loan may be assigned to the federal government; and
- You may lose any professional license held.

**All consequences also apply to all endorsers and cosigners.**



# Debt Management

The following tips are ways to help you successfully manage your student loan debt.

1. Establish a budget and stick to it. A budget is the best way to be in control of your finances and make sure your money is going toward the expenses that matter most to you. Refer to the back cover for a sample monthly budget.
2. Know your student loan rights and responsibilities which are listed on page 3.
3. Take advantage of your grace period. This period is a great time to get your finances in order. You can also use it to get a head start on repaying your loans which will reduce your interest cost.
4. Consider a Consolidation Loan if you want to combine several loans or types of loans into one loan. Although consolidation generally extends the repayment period and lowers your monthly payments, there may be some disadvantages to consolidating your loans such as paying more interest by extending your repayment period and loss of eligibility for certain types of deferment, cancellation, or forgiveness programs. In addition, if you consolidate while in your grace period, you could be giving up part of your grace period, which is permanent and cannot be reversed.
5. Establish a good credit history by repaying your student loan on-time.
6. Contact your loan holder immediately if you start to have problems repaying your loan. They may be able to provide you with some financing options and give you information about deferments and forbearances if you need to adjust or temporarily suspend your payments.
7. If you have an issue that has not been resolved with your school, loan holder, or guarantor, contact your student loan ombudsman. Refer to page 2.

# Sample Monthly Budget

|  |                      |
|--|----------------------|
| Estimated monthly loan payment:  | <input type="text"/> |
| Rent or mortgage payment:  | <input type="text"/> |
| Utilities<br>(gas, electric, phone, cable)   | <input type="text"/> |
| Transportation<br>(car payments, gas)  | <input type="text"/> |
| Groceries:   | <input type="text"/> |
| Entertainment/<br>dining out:  | <input type="text"/> |
| Average allowance for<br>non-monthly expenses:<br>(car and health insurance,<br>clothing, vacation, car and<br>home repairs and other<br>unpredictable expenses) | <input type="text"/> |
| Total expenses:  | <input type="text"/> |
| Savings:   | <input type="text"/> |
| Estimated Net Monthly Income:  | <input type="text"/> |

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## Contact Information

SC Student Loan  
PO Box 21337  
Columbia, SC 29221

Toll-free: (800) 347-2752  
Local: (803) 798-0916  
Website: [www.scstudentloan.org](http://www.scstudentloan.org)

For additional exit counseling information, please visit  
[www.mappingyourfuture.org](http://www.mappingyourfuture.org).