

EXPEDITION[®]

CREDIT UNION

How to Successfully Pay Off Student Loans

Understand How Much You Owe

Managing student loans can be stressful, especially with multiple servicers. You can check your loan balance through each servicer's dashboard. Most show how much you've borrowed and the interest that is accruing. A [loan calculator or simulator](#) can help you estimate your total repayment, including interest—which is the added cost of borrowing, calculated as a percentage of your unpaid loan balance. You should also know what types of loans you have. There are two types of loans- federal and private.

Types of Federal Loans

- **Direct Subsidized Loans**
- For undergrads with financial need. This covers interest while in school, during grace period, and deferment. **Direct Unsubsidized Loans**
 - For undergrads, grads, and professional students regardless of financial need. Interest is accrued from time loan is disbursed.
- **Direct PLUS Loans**
 - For parents of dependent undergrads, grads, and professional students. Eligibility is not based on financial need but requires a credit check. The maximum loan amount is the cost of attendance minus other financial aid.



Types of Private Loans

These types of loans are offered through credit unions, banks, and state agencies. These can include undergrad and grad loans, degree-specific loans, parent loans, international student loans, state-specific loans, and refinanced student loans. Private loans can either have fixed or variable interest rates, depending on who you service through.



Review Repayment Plans

In your final semester, your school will require you to complete exit counseling to help you understand your loan repayment responsibilities after graduation. Most federal loans include a six-month grace period, giving you time to prepare financially before monthly payments begin. Several repayment plans are available to fit different financial situations.

- **Fixed Payment Repayment Plans**

- Standard Repayment Plan
 - Payment is a fixed amount to ensure your loans are paid off within 10 years.
- Graduated Repayment Plan
 - Payment starts low and gradually increases around every two years. This plan ensures your loans are paid off within 10 years.
- Extended Repayment Plan
 - Payment can be fixed or graduated and will ensure your loans are paid off within 25 years

*It is important to know that you will automatically be enrolled in the Standard Repayment Plan unless you choose to pick a different plan. Different plans are eligible for certain types of loans and the amount borrowed.



- **Income-Driven Repayment (IDR) Plans:**

- Income-Based Repayment (IBR) Plan
 - 10% or 15% of income, never more than Standard Plan payments. Loans are forgiven after 20 years.
- Income-Contingent Repayment (ICR) Plan
 - 20% of income or what you'd pay on a 12-year plan (whichever is less). Loans are forgiven after 25 years.
- Pay As You Earn (PAYE) Plan
 - 10% of income, capped at Standard Plan amount. Forgiveness after 20 years. *Eligibility:* No loans before Oct 1st, 2007, and received a Direct Loan after Oct 1st, 2011.
- Saving on a Valuable Education (SAVE) Plan
 - 5–10% of income with interest subsidies. Loans are forgiven after 20 years as an undergrad or 25 years as a graduate.



*It is important to note that different plans are eligible for certain types of loans you borrowed. Income and family size must be updated yearly. Borrowers should be aware that forgiveness as a feature of the SAVE, PAYE, and ICR Plans is currently paused. Borrowers **can** have their loans forgiven if they are enrolled in the IBR Plan. Payments on PAYE, SAVE, and ICR are counted toward IBR Plan forgiveness if the borrower enrolls in the IBR Plan (Federal Student Aid 2025).

- **Other Federal Options**

- Public Student Loan Repayment

- Work full-time for a qualifying employer (e.g., government, non-profit) and make 120 qualifying payments for full forgiveness.

- **Private Student Loan Repayment Plans**

- Immediate Repayment:

- Start paying interest and principal right away.

- Interest-Only Repayment

- Pay only interest while in school; principal payments begin after graduation.

Automate Your Payments

Ensure you enroll in automated payments so that you never miss one. You become delinquent the day after you miss payment. If you cannot pay within 30 days, credit bureaus will be reported, and it will damage your credit score. After a certain period depending on the type of loan (270 days for federal, 120-180 days for private), your loans will default. Defaulting has serious consequences; your entire loan balance can become immediately due, and you also may lose eligibility for repayment plans or deferment/forbearance. Your tax withdrawals may be held, and your earned wages could take directly out of your paycheck to help pay for the loans.



What if I Can't Afford my Payments?

Let your servicer know immediately that you cannot afford your payments at the moment- there are options to change your repayment plan or request a temporary pause on payments.

There is an option to consolidate your loans; this means that instead of having multiple federal education loans from different servicers, you can combine them all into one Direct Consolidation Loan. The benefits of this would be only having one bill to worry about and one single fixed interest rate, simplifying your monthly bills greatly. Consolidating your



loans could also mean having a lower monthly payment by providing access to income-driven repayment plans if you originally chose the Standard or Graduated repayment plan. If you are consolidating loans other than Direct Loans, this may give you access to forgiveness options.

There are also disadvantages to consolidating loans. Because the payments become lower, you are not necessarily being given a discount. This just means that instead of paying off your loans within 10-20 years, you would be paying them off closer to 30 years. Any outstanding interest in the loans you are consolidating will become a part of the total amount owed as well, meaning your interest may accrue on a higher principal. You can also lose certain benefits of being a borrower. Any loans with benefits such as interest rate discounts, principal rebates, or any cancellation benefit should not be included in your consolidation.

The Bottom Line

Student loans can be scary and stressful, but you are not alone. There are many ways to pay them off and your servicer can work with you to determine the best repayment plan. If you need guidance, talk to a representative at Expedition Credit Union to see how we can assist you.

