

# IT'S PAYBACK TIME

A GUIDE TO STUDENT  
LOAN REPAYMENT

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## A Guide to Student Loan Repayment

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# Introduction

Hey You. Yeah you. Mr. big shot graduate with your new job, new apartment, and new car. It's me, your student loan. Remember me, and how I helped you through college? I even gave you a little extra money for beer ... Well, now it is time for me to call in the favor. Your grace period is over and its time to pay up buddy old pal.

As you were going through school you developed a survivor mentality of doing whatever it took to pass the classes, pay the tuition bill, and get the degree. In the process of chasing your dreams you pulled student loans from various lenders, read/scanned through the guidelines and went right back to the books.

In the midst of everything going on, you signed the contracts, took the money, and figured you would understand it later on. Now, 4 months after graduation as your grace period comes to an end you are left to wonder where those student loans are hiding and how much they are going to cost you.

Before you start panicking and defaulting on your student loan payments take a deep breath and repeat the following:

- Almost everyone has student loans
- Student loan debt is the best investment in yourself you can make
- Student loan debt is the most flexible and forgiving debt you will ever incur
- Pay or default are not the only repayment options

I hope now, you are feeling a bit better about your student loans and have started breathing normally again.

In this short and concise e-book I am NOT going to discuss the various types of loans, the complexities of interest rates, LIBOR, or anything to do with complicated equations. I AM, however, going to walk you through the steps necessary to becoming an empowered borrower with the knowledge and ability to leverage the limited income you have at this point in your life while building sound financial habits that will assist you in your future.

*Please Note that this e-book was written with the average recent grad in mind and the advice given may not be applicable in every situation. Read this book to gain the basic knowledge of your loans and approach your lender about other options that may better fit your specific situation.*

## How You Acquired Student Loans

In order to understand how you got to where you are today in terms of student loans, I would like to take you back 4 years to your senior year of high school. This was an amazingly exciting time, you were on the top of the world and off to college to become an independent adult.

During this time you and your family sat down, looked at the tuition bill and applied for financial aid either through the federal government or a private lender. Your parents read over the loan terms and told you to sign.

For most of us that was the end of the conversation. We went on our way to college and didn't think of loans, how they worked, or what it would take to repay them.

The first step in becoming an empowered borrower is to understand a bit about the two sectors that loans operate in and what mix you have of each.

## **The Two Loan Sectors**

As you approach your repayment options it is important to note that there are two sectors student loans operate in: Private and Federal. With the rising costs of higher education it is likely that you have some mix of private and federal loans. Private and Federal loans have very different options when it comes to repayment.

In the next few sections, I am going to walk you through finding both your private and federal loans, narrow down the repayment options and give you enough of an understanding to be informed rather than overwhelmed.

As a whole my approach to student loan repayment is to lower your Federal Loan obligation through the programs offered, while diligently repaying your Private Loan obligation and taking advantage of the historically low interest rates we are currently experiencing.