

Module 2 - Path to Repayment Options




COURSE INTRODUCTION

When determining a Student Loan Repayment Plan amount, considering your monthly budget is most important. Budgeting includes the costs of living expenses and whether you are single or have a growing family. Deciding the best loan repayment options requires borrowers to consider if they desire a short-term option of a higher aggressive repayment plan that the Standard Loan Repayment or Graduated Repayment plans offers. Similarly, borrowers should consider if they desire an extended repayment option that an Income-Driven or Income-Based Repayment plan offers. Having a budget gives a clear view of your repayment goals and gives opportunity to closely consider what your monthly income spending will comfortably allow.

In Module 2: "Path to Loan Repayment," Borrowers will begin their path by learning how the most suitable loan repayment options are determined using the Federal Student Aid Student Loan Repayment Simulator. Borrowers will have an opportunity to assess their understanding of various loan repayment options. Borrowers will then apply the knowledge learned to navigate determining their best suited loan repayment plan.

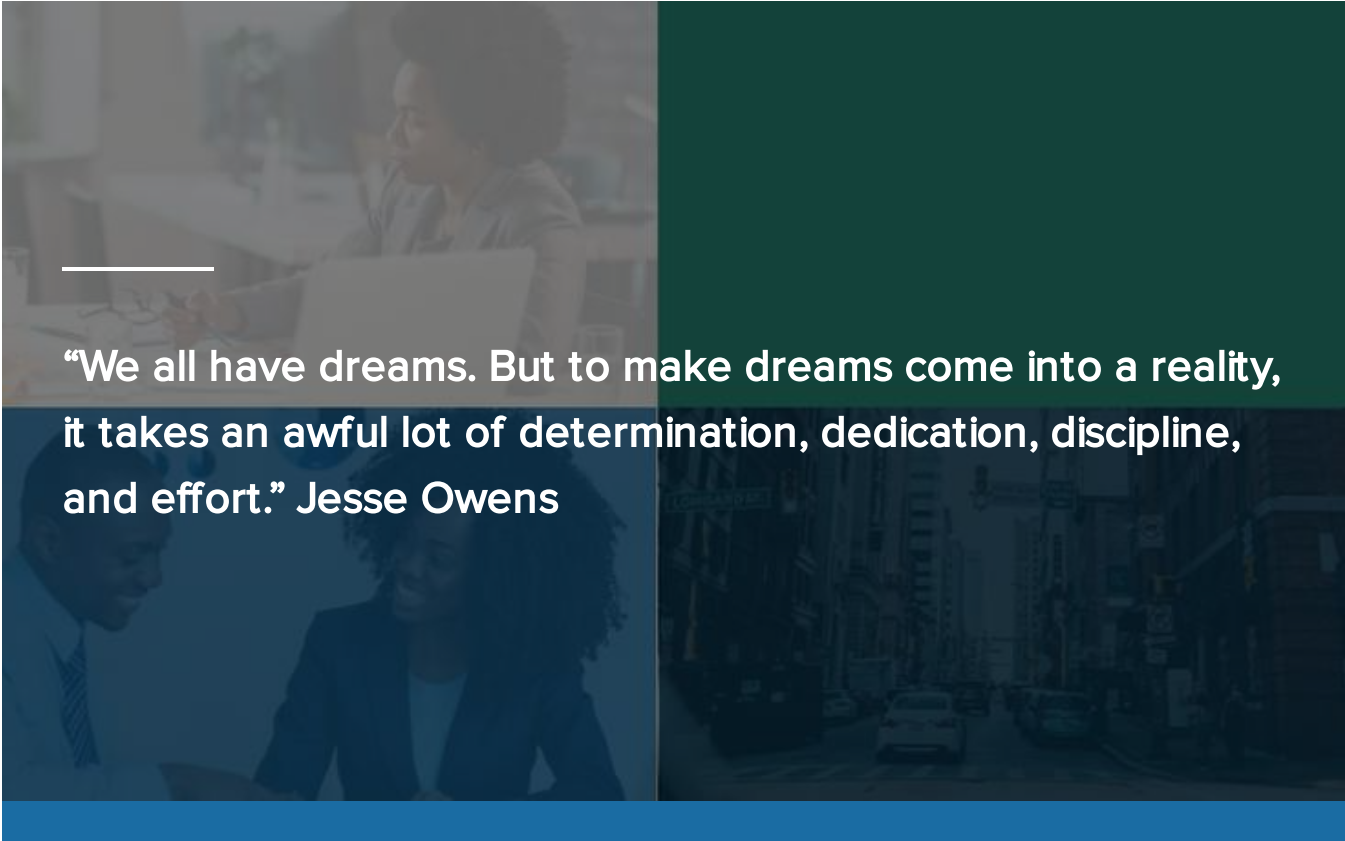
To ensure a successful continuation on your DISB P.A.T.H, Borrowers are encouraged to commit 45 minutes to focusing on completing Module 2: "Path to Loan Repayment."

 **START YOUR PATH**

 **REPAYMENT LITERACY CHECKPOINT**

 **FINAL DESTINATION**

ARRIVE



“We all have dreams. But to make dreams come into a reality, it takes an awful lot of determination, dedication, discipline, and effort.” Jesse Owens


Start Your Path 1

Welcome



Start Your Path 2

Learning Objectives



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**PATH TO LOAN
REPAYMENT**

IN THIS MODULE, YOU WILL

- Learn the different types of Student Loan Repayment Plans
- Determine best loan repayment option using the Federal Student Aid Loan Repayment Stimulator
- Choose the most suitable Student Loan Repayment Plan

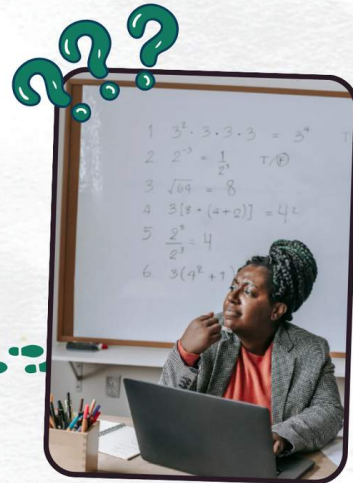
Essential Questions

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PATH TO LOAN REPAYMENT

QUESTIONS TO CONSIDER

- Why is student loan repayment important?
- What loan repayment options are available to pay off your student loan?



Start Your Path 4

Affirmation

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**PATH TO LOAN
REPAYMENT**

MONEY MINDSET AFFIRMATION

“MONEY CREATES A POSITIVE IMPACT ON
MY LIFE AND THE LIFE OF OTHERS.”

START YOUR PATH



“Challenges make you discover things about yourself that you never really knew.” Cicely Tyson

Glossary

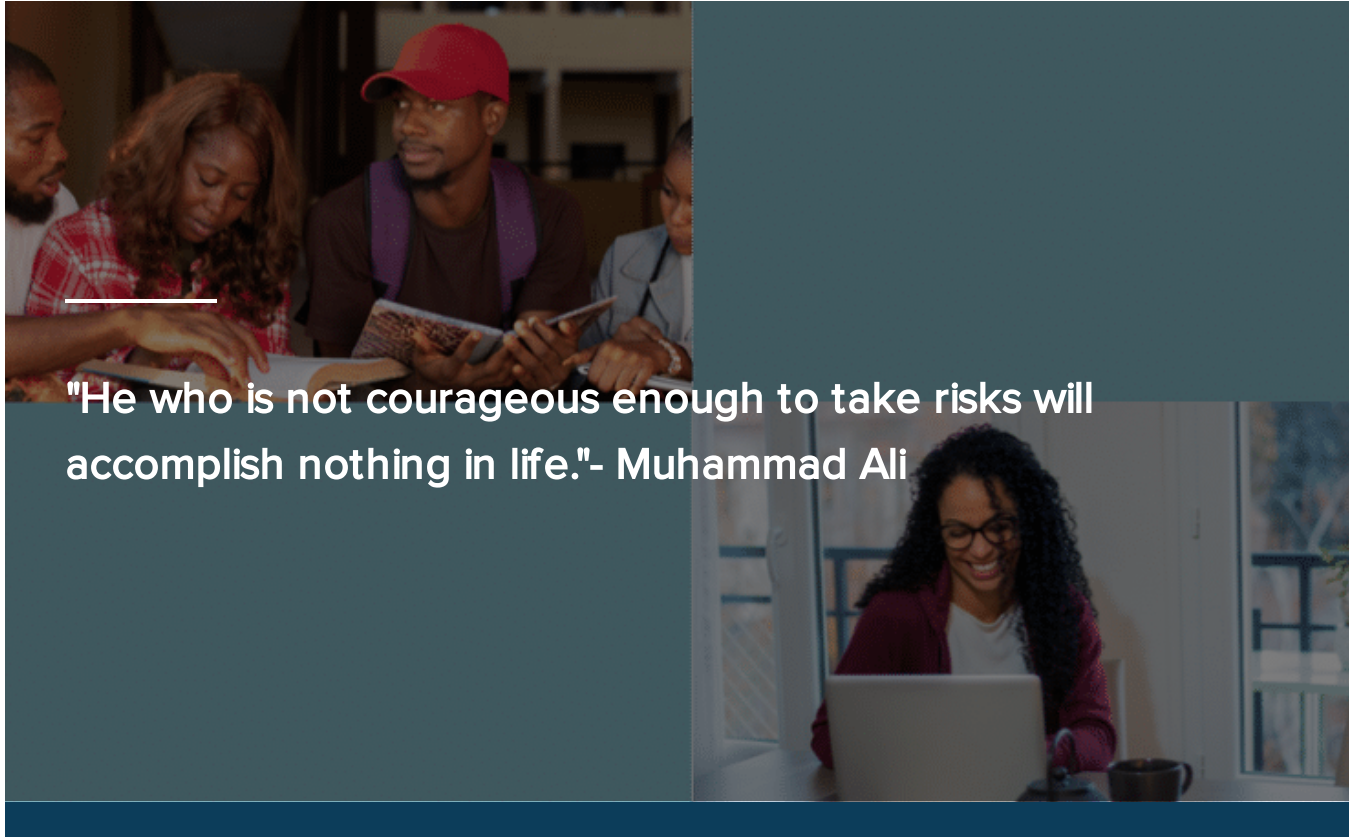
As you navigate your Loan Repayment Path, there are key terms to know. Take a moment to review.

Standard Loan Repayment

The Standard Repayment Plan is the basic repayment plan for loans from the William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Family Education Loan (FFEL) Program.

Graduate Loan Repayment	The Graduated Repayment Plan starts with lower payments that increase every two years. Payments are made for up to 10 years (between 10 and 30 years for consolidation loans).
Extended Loan Repayment	The Extended Repayment Plan allows you to repay your loans over an extended period of time. Payments are made for up to 25 years. Eligible Federal Loans. Eligibility for the Extended Repayment Plan.
Revised Pay As You Earn REPAYE	The REPAYE Plan is a repayment plan with monthly payments that are generally equal to 10% of your discretionary income, divided by 12.
Pay As You Earn PAYE	The Pay As You Earn Plan is a repayment plan with monthly payments that are generally equal to 10% of your discretionary income, divided by 12, but never more than the 10-year Standard Repayment amount.
Income Based Repayment IBR	The Income-Based Repayment Plan is a repayment plan with monthly payments that are generally equal to 15% (10% if you are a new borrower on or after July 1, 2014) of your discretionary income, divided by 12.
Income Driven Repayment IDR	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.
Income Contingent Repayment ICR	The Income-Contingent Repayment (ICR) Plan is a repayment plan with monthly payments that are the lesser of (1) what you would pay on a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income or (2) 20% of your discretionary income, divided by 12.

REPAYMENT LITERACY CHECKPOINT



Repayment Literacy Checkpoint



Josiah and his wife are happy that their son has been accepted into District HBCU this fall and are beginning the financial preparation of *FAFSA* so that they are able to consider all possible financial aid support options.

Meet Josiah

Josiah is a 53 year old married male with children. He was a good student, but really excelled when there was an opportunity for the non-traditional-hands-on approach to learning. With an interest in electrical work, he earned his certificate while in high school in a Career Technical Education Program.

Immediately after high school graduation, he was able to gain an entry level position at the local District Electric Company. A few years later, he gets married. As time passed, Josiah's wife became pregnant with their son. He knew more financial support would be needed for his growing family, so he decided to attend District College part-time to earn his Bachelors in Electrical Engineering.


He graduates in four years and accumulates a student loan debt of \$34,500. Upon the end of his grace period, Josiah chose an Income-Driven Repayment Plan to suit his family's monthly budget. He eventually is promoted to Senior Electrical Engineer, earning him a salary of \$85,000 a year and he welcomes his second child.

The Challenge

Josiah's son is a rising senior in high school. As they begin preparing to complete the Free Application for Federal Student Aid, also known as the FAFSA, he and his wife are considering the Parent PLUS loan to support their son's educational journey. Josiah would like to consider a more aggressive repayment plan that will allow him to repay his student loan sooner so that he is able to extend the financial support to his son. Josiah has reached out to the DISB P.A.T.H Center and has been encouraged to complete the Loan Repayment Simulator to determine the loan repayment plan that will best meet his repayment goals.


Josiah uses the Federal Student Aid Loan Repayment Simulator to help determine the most suitable loan repayment option. Let's follow along as he takes us through the Loan Repayment Simulator to explore the process and answer Guided Questions to help determine the most suitable loan repayment plan to meet his goals.

Loan Repayment Simulator



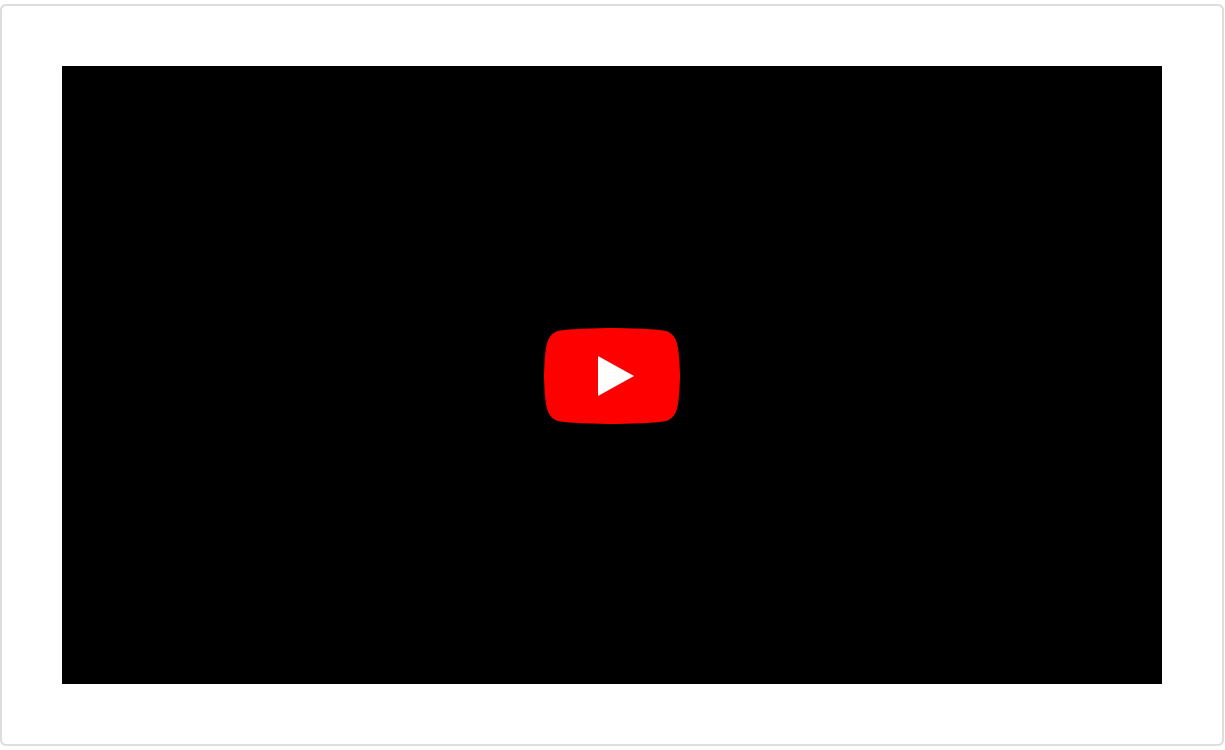
Loan Repayment Simulator.pdf

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Now that you have explored the *Loan Repayment Simulator*, let's put your knowledge to the test. Watch the Federal Student Aid "Student Loan Repayment Options" to review the consolidation process and highlight the benefits. Then answer a few questions to check your understanding.



Question 1: A Standard Repayment Plan allows you to make monthly payments at _____?

- A. A fixed rate each month
- B. Lower payment amount then increases every two years
- C. An amount chosen based on your income level

Question 2: A Graduated Repayment Plan allows you to make monthly payments _____?

- A. A fixed rate each month
- B. Lower payment amount then increases every two years
- C. An amount chosen based on your income level

Question 3: Which of the following repayment options are a part of the Income-Driven Repayment Plan?

- A. A fixed rate each month
- B. Lower payment amount then increases every two years
- C. An amount chosen based on your income level

Question 4: An Income-Driven Repayment Plan allows you to make monthly payments at _____?

- A. Revised Pay As You Earn REPAYE
- B. Pay As You Earn PAYE
- C. Income Based Repayment Plan
- D. Income Contingent Repayment Plan

Question 5: The Repayment Estimator is a tool to help you determine your monthly payment.

- A. TRUE
- B. FALSE

Question 6: TRUE OR FALSE: Student loan payments can be submitted directly to your service loan provider.

- A. TRUE
- B. FALSE

Answer keys

Question 1: A Standard Repayment Plan allows you to make monthly payments at _____?

Correct answer: A. A fixed rate each month

Feedback: You got it! A Standard Plan allows you to make monthly payments at a fixed monthly rate.

Question 2: A Graduated Repayment Plan allows you to make monthly payments _____?

Correct answer: B. Lower payment amount then increases every two years

Feedback: You got it! The Graduated Repayment Plan allows you to make lower monthly payments that gradually increase every two years.

Question 3: Which of the following repayment options are a part of the Income-Driven Repayment Plan?

Correct answer: C. An amount chosen based on your income level

Feedback: You got it! An Income-Driven Repayment Plan allows you to make monthly payments at an amount chosen based on your income level.

Question 4: An Income-Driven Repayment Plan allows you to make monthly payments at _____?

Correct answer:

A. Revised Pay As You Earn REPAYE

B. Pay As You Earn PAYE

C. Income Based Repayment Plan

D. Income Contingent Repayment Plan

Feedback: You got it! An Income-Driven Repayment Plan allows you to make monthly payments at an amount chosen based on your income level.

Question 5: The Repayment Estimator is a tool to help you determine your monthly payment.

Correct answer: A. TRUE

Feedback: You got it! True. The Repayment Estimator determines your monthly loan repayment amount.

Question 6: TRUE OR FALSE: Student loan payments can be submitted directly to your service loan provider.

Correct answer: A. TRUE

Feedback: You got it! True. Student loan payments can be submitted directly to your loan service provider.

Great job for **continuing the path!** The **Student Loan Repayment process** can feel overwhelming. You are on your path to **financial freedom** and that is **worth the extra push** to continue your journey.

Pause to take a **mindfulness moment** to remind yourself **“Money creates a positive impact on my life and the life of others.”** When you are ready, **“Continue”** the Path to Loan Repayment.

Application Checkpoint

Now that you have explored the Federal Student Aid *Loan Repayment Simulator* and watched the “Student Loan Repayment Options” video, it’s time to apply your knowledge and skills in completing the *Loan Repayment Simulator*. Click the link to complete the [Loan Repayment Simulator](#).

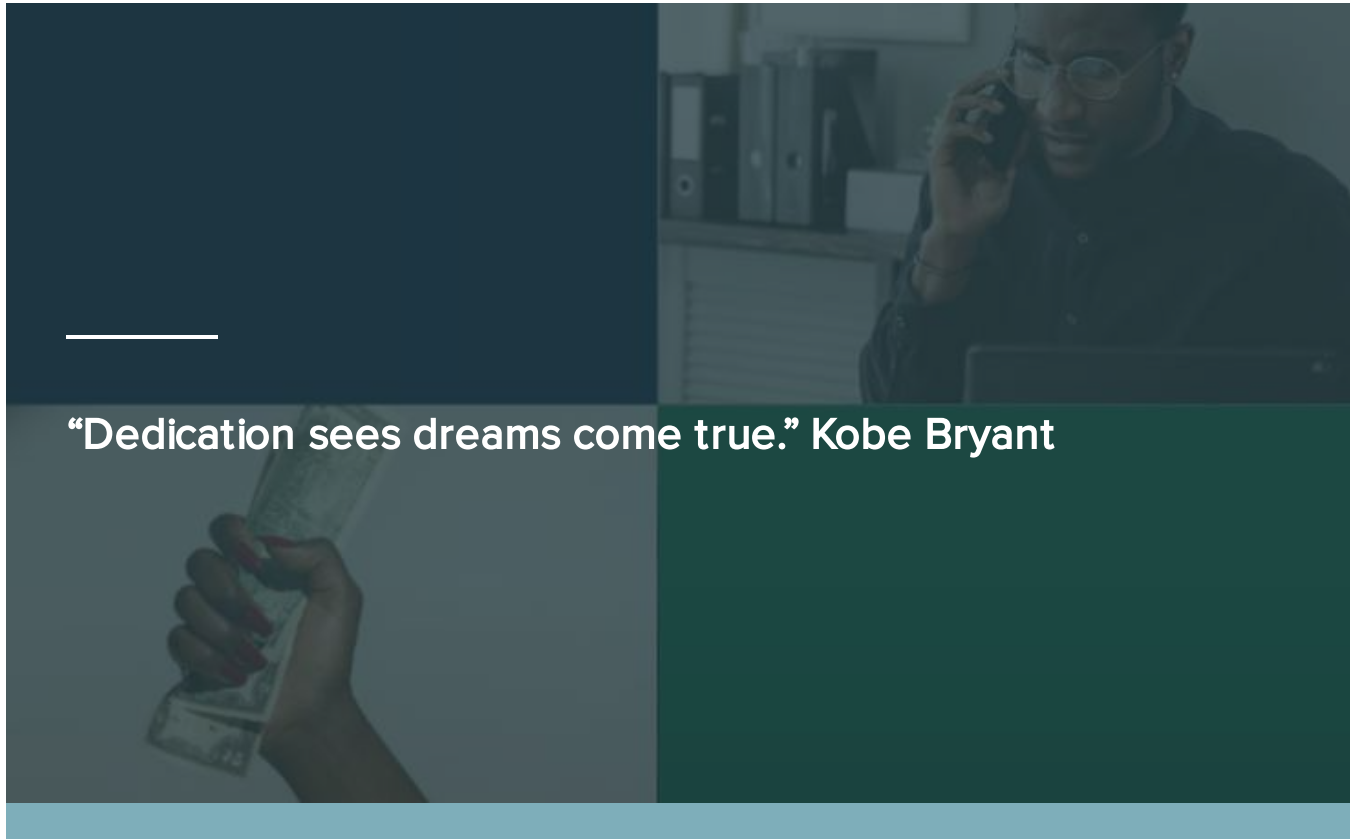


Loan Repayment Checklist.docx

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FINAL DESTINATION





DISB P.A.T.H to Resources

With time to navigate the Loan Repayment Course, engage in the Loan Simulator, and watch “Loan Repayment Options” video, you have gained a better understanding of the loan repayment options. To extend your learning about student loan repayment options, please browse to learn more.

Student Loan Ombudsman Repayment

To learn more about the DISB and how they can extend support, take a moment to view this informational video to learn about the many loan repayment options and support.

INFORMATIONAL VID...

Student Loan Repayment

Do you want to learn more insight about the student loan repayment options as well as what to consider when choosing a loan repayment plan? Visit *Federal Student Aid* for more details.

DIGITAL RESOURCE

DISB Financial Resource Guide

Would having a financial guidebook be useful when you need a reference to help understand student loan repayment options as well as what to consider when choosing a loan repayment plan? Visit *DISB Financial*

Resource Guide for more details.

DIGITAL RESOURCE



Path to Understanding

Match the numbered term with the correct letter meaning to demonstrate understanding of the different loan repayment options available.

Answer Choice	Loan Repayment Term		Loan Repayment Meaning
	1. Standard Loan Repayment	A	A repayment plan allows you to repay your loans over an extended period of time. Payments are made for up to 25 years. Eligible Federal Loans.
	2. Graduate Loan Repayment	B	A plan is a repayment plan with monthly payments that are generally equal to 10%

Answer Choice	Loan Repayment Term		Loan Repayment Meaning
			of your discretionary income, divided by 12.
	3. Extended Loan Repayment	C	A repayment plan is the basic repayment plan for loans from William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Family Education Loan (FFEL) Program.
	4. Revised Pay As You Earn <i>REPAYE</i>	D	A repayment plan sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size.
	5. Pay As You Earn <i>PAYE</i>	E	A repayment plan with monthly payments that are the lesser of (1) what you would pay on a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income or (2) 20% of your discretionary income, divided by 12.
	6. Income Based Repayment <i>IBR</i>	F	A repayment plan starts with lower payments that increase every two years. Payments are made for up to 10 years (between 10 and 30 years for consolidation loans).
	7. Income Driven Repayment <i>IDR</i>	G	A repayment plan with monthly payments that are generally equal to 15% (10% if you are a new borrower on or after July 1, 2014) of your discretionary income, divided by 12.
	8. Income Contingent Repayment <i>ICR</i>	H	A repayment plan with monthly payments that are generally equal to 10% of your

Answer Choice	Loan Repayment Term		Loan Repayment Meaning
			discretionary income, divided by 12, but never more than the 10-year Standard Repayment amount.

Answer keys

1. C 2. F 3. A 4. B 5. H 6. G 7. D 8. E

