

## Managing Your Student Loans during Residency or Fellowship

### Make sure all your loans are in good standing.

- Review all Federal Loans and find the name of servicer here: [www.nslds.ed.gov](http://www.nslds.ed.gov).
  - The servicer's website is your primary management tool.
  - Typical servicers are Great Lakes, Nelnet, Fed Loan Servicing, Navient, Mohela.
- Institutional loans such as a University Loan, Perkins, HPSL, LDS, are managed here: <https://heartland.ecsi.net>.
- Private loans, consumer debt will report information to the Credit Bureaus: [www.annualcreditreport.com](http://www.annualcreditreport.com).
- Make note of critical information about your repayment.
  - Loan balances, accrued interest, interest rates, grace period.
  - Does the payment history match your records?

### Are you in the right repayment plan? You may change plans if you choose.

- Residents and Fellows should consider the Revised Pay As You Earn Plan (RePAYE). Because of the partial interest subsidy in this plan, you may be able to not only lower your payments considerably during Residency but also reduce how much interest accrues. This would be more beneficial than a Forbearance.
- A Federal consolidation can make some non-Direct Loans eligible for the REPAYE plan and its benefits.
- It is important to begin paying now, during Residency, if hoping for Public Service Loan Forgiveness (PSLF).
- Use the repayment estimator calculator at [www.studentloans.gov](http://www.studentloans.gov) to see what repayment for your federal loans will be like under all the available plans using current income/future expected incomes.

### If necessary, investigate postponement options.

<https://studentaid.ed.gov/repay-loans/deferment-forbearance>

- Residency status does not qualify for Deferment on Federal loans, however, some Institutional loans (the ones serviced by Heartland ECI) allow for Deferment during Residency.
- Fellowships may qualify you for Deferment using the [Fellowship Deferment Form](#).
- Forbearance can be pursued during Residency or times of economic hardship – but interest will continue to accrue.

### Should you consolidate (Federal consolidation)?

- Not everyone needs to consolidate, and there are pros and cons for each student's situation.
- Contrary to some websites and companies that may tell you this: consolidation is not a necessary step to qualifying for forgiveness programs if all of your loans are Direct Loans.
- Be aware: If you consolidate *after* making some payments toward your Direct Loans, the PSLF count of on-time payments is reset and begins again!
- *Pros:* Multiple servicers and payments can be made easier, can make FFEL, Perkins, HPL and LDS eligible for Income Driven Repayment plans and PSLF. *Cons:* may lose benefits of some loans with longer grace and/or extended deferment options, cannot target payments later to highest interest rate first since the new consolidation loan carries one rate, the weighted average interest rate is rounded up to nearest 1/8 of 1% (may add to cost). Federal Student Loan consolidation on-line application is easy and is at [www.studentloans.gov](http://www.studentloans.gov)

### Should you consolidate with a private lender?

- Private lenders are anxious to buy your debt because you are a good risk, and they want you as a customer for other financial products they will offer (such as home loans).
- Private loans do not qualify for the federal Income-Driven Repayment plans or forgiveness plans.
- Terms and conditions are all set by the lender; you must read the fine print and be sure you understand they will make you an individual offer of interest rate either fixed or variable; it might not be the one on the "as low as" statement on their literature.
- Federal debt is discharged in cases of death and disability; will the private debt?

### Make student loan repayment part of your overall financial plan and your budget

- Consider all of your debt, including credit cards and other consumer debt and pay higher interest rate debt most aggressively.
- Be sure to save for the unexpected expenses and opportunities by building a savings account and/or a Roth IRA.
- Save money by signing up for direct debit to qualify for interest rate discounts on repayment of Direct Loans.
- If you are in an Income-Driven Repayment plan for your Federal loans, be sure to calendar the annual recertification date so that you don't experience unexpected interest capitalization.
- If married, be sure you understand the implications of married filing jointly vs. married filing separately on student loan payments vs. your tax liability <https://studentaid.ed.gov/sa/sites/default/files/income-driven-repayment-q-and-a.pdf>.

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Call 415-476-4181 if you would like to schedule an appointment to discuss your loan management plan – we are here to help!