

# TACKLING STUDENT LOANS

Tips for managing student loan debt  
and reducing financial hassles

IF YOU ARE STILL  
PAYING OFF A  
STUDENT LOAN, YOU  
ARE NOT ALONE.<sup>1</sup>

**\$1.75**

Trillion

TOTAL STUDENT  
LOAN DEBT

**43.4**

Million

AMERICANS  
CARRY STUDENT  
LOAN DEBT

**\$37,113**

AVERAGE STUDENT  
LOAN BALANCE

## BEST PRACTICE TO PAY DOWN STUDENT LOANS

### Interest Rate

Compare your student loan's interest rate to those offered by banking institutions or reputable loan companies. Reducing interest rates – and consolidating loans – can help lower your monthly payments.

### Repayment Plan

Although you had a specific plan when you first began repaying your student loan, you can change repayment plans at any time—for free. Contact your loan servicing company to discuss repayment options.

### Loan Consolidation

The Department of Education may allow you to consolidate multiple federal education loans to simplify payments and potentially lower monthly payments by extending the term of service, as well as transferring variable interest rates into a fixed rate.

*NOTE: Consolidation can cause you to lose certain benefits, so review your options and determine the best course of action.<sup>2</sup>*

### Forgiveness Programs

In some scenarios, federal student loans may be forgiven, canceled or discharged, which means you are no longer responsible to repay some or all of your loan.

- Examples of qualification include being employed in certain jobs, having your higher institution permanently close or if a disability or death of the borrower occurs.
- Public Service Loan Forgiveness can also reduce or eliminate federal student loans after a period of time if certain criteria are met.
- Almost all states also offer forgiveness programs, usually tied to employment in a specific sector and requiring some type of commitment.<sup>3,4</sup>

## WHAT NOT TO DO

### Forbearance Programs

The government provided relief for borrowers during the COVID-19 pandemic by pausing repayments and lowering the interest rate to zero for a specific period of time. However, general forbearance programs should be avoided even though you're allowed to pause payments or make lower payments. Taking this step just pushes debt to the future and loans continue to accrue interest.

*Alternative:* Consider income-driven repayment programs, which bases your monthly payments on income and family size.<sup>5</sup>

### Interest-Only Payment Plans

As the term indicates, the borrower pays only the interest on the loan every month they are in school and during the separation or grace period. But to pay down the principal, you should always try to apply payment above and beyond just paying the interest. Otherwise, you are prolonging the inevitable repayment of the loan.

*Note: Federal student loans do not offer an interest-only payment.*

## Ready to start tackling student loans?

### NEXT STEPS:

- Review your student loan(s) and interest rates
- See if you qualify for any forgiveness programs
- Create a plan of action to begin paying down student loan debt successfully



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<sup>1</sup> [Hanson, Melanie. "Student Loan Debt Statistics." Education Data Initiative. Nov. 17, 2021.](#)

<sup>2</sup> [Federal Student Aid. "Student Loan Forgiveness." 2022.](#)

<sup>3</sup> [Federal Student Aid. "Public Service Loan Forgiveness \(PSLF\)." 2022.](#)

<sup>4</sup> [Federal Student Aid. "Consolidating your federal education loans can simplify your payments, but it also can result in the loss of some benefits." 2022.](#)

<sup>5</sup> [Federal Student Aid. "Student loan forbearance allows you to temporarily stop making payments." 2022.](#)

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