As you plan for life after college, be sure to include preparations for paying back the student loans that helped finance your college experience.

By taking four simple steps now to prepare for your first payment, you'll ensure that you start off on the right track in repaying your education loans.

What's the maximum loan payment you can afford?

If your monthly student loan payment exceeds the range of loan payments listed below for your annual income, explore a flexible repayment option.

Maximum affordable monthly payments assume that payments do not exceed 8 percent to 10 percent of your gross monthly income.

Your Annual Income	Range of Affordable Monthly Loan Payments
$15,000	$100 – $125
$20,000	$133 – $167
$25,000	$167 – $208
$30,000	$200 – $250
$35,000	$233 – $292
$40,000	$267 – $333
$45,000	$300 – $375
$50,000	$333 – $417
$75,000	$500 – $625
$100,000	$667 – $833

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A nonprofit corporation, USA Funds® works to enhance postsecondary education preparedness, access and success by providing and supporting financial and other valued services. USA Funds is a guarantor of loans in the Federal Family Education Loan Program.

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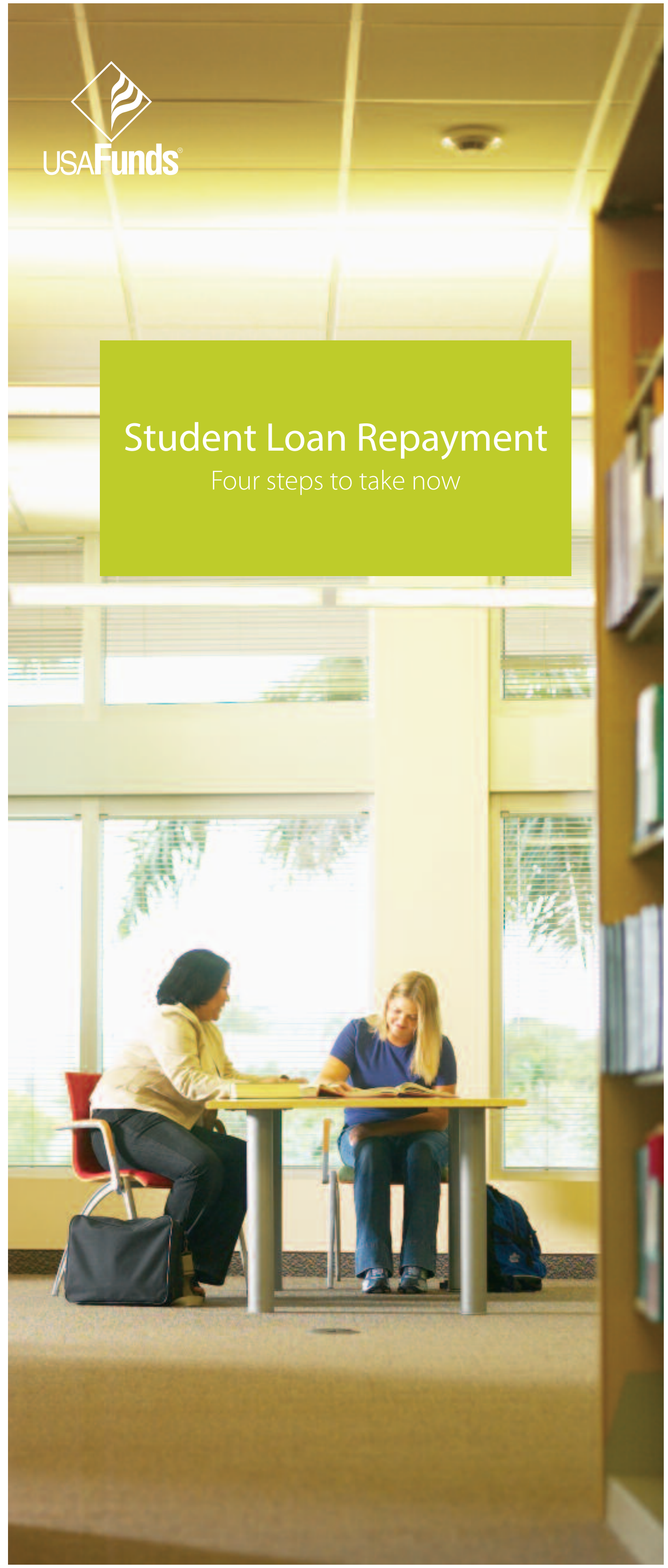

USA Funds®

Student Loan Repayment

Four steps to take now

Step 1 Know what you owe.

Students often underestimate their outstanding college debt. Some fail to maintain complete loan records, and others forget that interest accumulates on their unsubsidized loans while they attend school. Your lender and campus financial aid office provided information to you about the amounts you borrowed, and you should read this information and calculate the total amount you must repay.

If you have lost track of your loan documents, use the National Student Loan Data System Student Access website, **www.nslds.ed.gov**, to find your lender's or servicer's name and contact information. Contact that organization for detailed and updated information regarding your loan balance. NSLDS does not provide information about private student loans. For private loan repayment information, contact your lender.

Step 2 Determine how much you can afford to pay each month.

If you've already been hired for your first job, you should know your starting pay. If you're still looking for employment, consult the campus placement office about starting salaries for jobs in your field or consult the Bureau of Labor Statistics website at **http://stats.bls.gov/bls/blswage.htm**.

Education lenders usually recommend that student loan payments not exceed 8 percent to 10 percent of your gross monthly income. For example, if your starting salary is $25,000, generally you can afford monthly student loan payments of no more than $167 to $208. To determine an affordable monthly student loan payment, see the section "What's the maximum loan payment you can afford?"

Step 3 Choose a repayment plan.

If you have federal student loans — subsidized or unsubsidized and PLUS loans — you have several repayment plans from which to choose. See the brief descriptions of each repayment option in the "Repayment Options" section. To determine which option is best for you, use the online student loan Repayment Estimator at **studentloans.gov** to estimate your monthly payment.

Select the plan that provides a monthly payment that you can afford but also pays back the loan as quickly as possible. The longer you take to pay off your loan, the more interest you will pay. In fact, you may prepay your loan principal at any time, without penalty, to reduce your interest costs.

Step 4 Keep in touch.

If you move after you leave school, notify your school and lender or servicer of changes in your address and telephone number. Otherwise, you might not receive important information about your student loan account. As a result, you may face additional charges for missed or late payments and risk severe penalties for student loan default.

Contact your lender or servicer if you have any questions about these four steps to successful student loan repayment or any other issues regarding your student loan account.

Repayment Options

The following options are available for federal student loans issued under the Federal Family Education Loan Program or William D. Ford Direct Loan Program.

Standard repayment. Typically this is the least expensive option in terms of total interest costs. Also known as the level repayment plan, this option provides a fixed monthly payment of at least $50 over a period of up to 10 years. If your monthly payments under this option exceed 8 percent to 10 percent of your gross monthly income, however, consider one of the following flexible repayment options.

Graduated repayment. Monthly payments start low and increase over time. Graduated repayment may be a good choice if you currently have limited income but expect higher earnings in the future. The maximum repayment term under this option is 10 years. Total interest costs are higher under this option than with standard repayment.

Income-sensitive repayment. Available only for FFELP loans, your payments can be adjusted up or down annually to account for changes in your income. The minimum payment must be enough to cover accruing interest. The repayment period of 10 years can be extended to 15 years under a special forbearance provision. Total interest costs will be higher with this option than with standard repayment.

Extended repayment. This option is available only if you did not have a balance on a FFELP loan or Direct Loan as of Oct. 7, 1998, or at the time you received a FFELP loan or Direct Loan after Oct. 7, 1998. Extended repayment is available only if your outstanding FFELP loan or Direct Loan balance is more than $30,000.

Under this plan, you may reduce the amount of your monthly payment by spreading payments over a period of up to 25 years under a standard or graduated repayment schedule. Because payments are stretched over a longer term, total interest costs will be significantly higher than under the other repayment plans.

Income-based repayment. You may qualify for this repayment option if your loan payments during the year exceed 15 percent of your "discretionary" income. Under this plan you may limit your payments to 15 percent of your "discretionary" income. In addition, your payments may be less than accruing interest, you may qualify to pay back your loans over a period of up to 25 years, and you may qualify for forgiveness of any remaining amount you owe after 25 years of payment. Beginning July 1, 2014, new borrowers may qualify for income-based payments of no more than 10 percent of their discretionary income and are eligible for loan forgiveness after 20 years of repayment. Parent PLUS loans and consolidation loans that repaid a parent PLUS loan are not eligible.

Income-contingent repayment. This option is available for Direct Loans, except Direct PLUS loans to parents. Your payments are based on your income, family size and outstanding loan balance. Payments may be less than the accruing interest. If you haven't fully repaid your loan after 25 years, you may qualify to have the unpaid amount forgiven.

Pay as You Earn. Payments are limited to 10 percent of your "discretionary" income, and you may qualify for loan forgiveness after 20 years of repayment. The option is available only to Direct Loan borrowers — except for those with Direct PLUS loans to parents or Direct Consolidation loans that repaid a parent PLUS loan — who were new borrowers as of Oct. 1, 2007, and received a Direct Loan disbursement since Oct. 1, 2011.

Revised Pay as You Earn. Payments are limited to 10 percent of your "discretionary" income. There is no income requirement to qualify. You may qualify for loan forgiveness after 20 years of repayment for undergraduate loans, or after 25 years of repayment for loans received for graduate study. The option is available to Direct Loan borrowers, with no restrictions based on when a loan was received. Parent PLUS loans and consolidation loans that repaid a parent PLUS loan are not eligible.

Loan consolidation. Consolidation permits you to bundle all of your federal education loans into a convenient single monthly loan payment at a fixed interest rate. Depending on your total outstanding loan balance, you also may be able to extend your repayment period and lower your monthly payments. You are likely to pay more total interest, however, by extending your payment period and making smaller payments over a longer term.