

Financial Aid Facts provides information for students, faculty and staff on changes in financial aid regulations on College policies affected by those changes.

Know Before You Owe

Because a student loan is an investment in your future, be sure that you:

- Borrow only what you need and fully understand the consequences.
- Before you borrow, learn the differences between a subsidized loan, an unsubsidized loan, a PLUS loan and a private or alternative loan.
- Carefully evaluate the future sacrifices you may have to make regarding such priorities as buying a new car or house, renting an apartment or taking a vacation.
- Factor into your budget that repayment of your student loans will begin six months after you drop below six enrolled credits, stop attending classes or graduate from the College.
- Always notify your loan servicer of your current mailing address.
- Open all your mail and read everything pertaining to your student loans.

Know Your Payment Options

With so many options available, never endanger your credit history by defaulting on your student loan. If you are unemployed, underemployed or having difficulty making payments, immediately contact your loan servicer for help in assessing the best option for avoiding default:

- **Graduated Repayment Plan** – lowers your repayment level early on and then increases it with time as you build earnings over your career.
- **Income-Based Repayment Plan (IBR)** – monthly payments are capped at a very reasonable percentage (currently at 15%) of your discretionary income, and a portion of your loan may be forgiven. You must demonstrate financial hardship to be eligible for the IBR.
- **Deferment** – temporarily postpones payment of your loan principal.
- **Forbearance** – postpones or even reduces your monthly payment due to illness, financial hardship or service in AmeriCorps or another eligible institution.
- **Loan Consolidation** – possibly lowers your monthly payment by combining multiple federal student loans which have varying repayment schedules into a single Direct Consolidation Loan.

Know Before You Default

Defaulting on a student loan is a matter to take seriously because:

- You will lose your eligibility for Pell grant, State grant and all other federal and state student aid.
- You will lose your student loan deferment options.
- Your account will be turned over for collection.
- Your credit history will be damaged, making it difficult to qualify for credit cards, a car loan, mortgage or renting an apartment.
- Your federal and state income tax refunds and Social Security payments can be withheld.
- Your wages may be garnished.
- Student loans generally cannot be discharged in bankruptcy.

For additional information, email the Office of Financial Aid at: FinancialAid@bcc.cuny.edu

...or check these websites: www.myfedloan.org www.nelnet.com www.salliemae.com