

A young Black woman is the central focus of the image, wearing a black graduation cap and gown. She is smiling widely, showing her teeth, and holding a white diploma with a red tassel. The background is a blurred brick wall. The text 'Student loans: there's more than one way to repay' is overlaid on the left side of the image in a white, sans-serif font.

**Student loans:  
there's more  
than one way  
to repay**



# Repayment options



1

## Consolidation

If you have multiple federal student loans, you may be interested in a Direct Consolidation Loan to simplify loan repayment. Consolidation combines two or more loans into one loan with one interest rate that is based on the weighted average of the original loans' rates. It does not offer any interest savings. However, Direct Consolidation can give you access to additional federal loan repayment and forgiveness programs. Private student loans cannot be consolidated with federal student loans in a Direct Consolidation Loan.

2

## Income-driven Federal Student Loan Repayment Plans

The US Department of Education offers income-driven repayment programs for borrowers with eligible federal student loans. Unlike its standard and graduated repayment plans that calculate payments based on the amount you owe over a 10-year term, income-driven plans set your payment amount at a percentage of your discretionary income, which is calculated as the difference between your adjusted gross (before taxes) income and 150% of the poverty line for your family size and state of residence.

3

## Student Loan Refinancing

Student loan refinancing allows you to take advantage of lower interest rates and reduce the total amount you owe over the life of the loan. Borrowers pay off their original student loans – both federal and private – and obtain a new, lower rate loan with different repayment terms. Certain deferment and forbearance options provided by the government will no longer be available.

# Consolidation



## Student Loan Consolidation

Consolidating student loans means making one payment to one servicer.

The term consolidating is limited to federal student loans and can only be done through the Direct Loan Program or the Department of Education.

Consolidated student loan may have new terms, such as a lower monthly payment, but it may have a longer repayment period, which could mean paying more over the life of the consolidated loans.

## Not all federal student loans can be consolidated, and there are limitations.

- Federal student loans—direct loans and Federal Family Education Loans – can be consolidated through the Federal Direct Loan Consolidation program.
- Only federal loans can be consolidated. Private loans cannot be mixed in.
- Consolidated loans have to be for the same borrower, so one loan cannot include student and Parent PLUS loans.
- PLUS loans provided through the Federal Family Education Loan program (none have been issued since 2010) can be consolidated.
- Parent PLUS Loans can be consolidated through a Direct Consolidation Loan. They cannot be combined with loans taken out in the student's name.

# **Income-driven Federal Student Loan Repayment**



# Income-driven Federal Student Loan Repayment Plans

- Offer some flexibility in repayment options
- You're locked into interest rates and terms that apply to any student and don't reflect your current financial situation and creditworthiness
- Your monthly payment amount is recalculated each year and can increase as your income rises
- Offer relief should your financial situation change for the worse during repayment. While deferment and forbearance can help you avoid default, they do not save you money over the life of the loan, and in some cases, could increase the total amount you owe
- Savings can be achieved if your student loans are forgiven



Unsure if you would benefit from Income-driven Federal Student Loan Repayment Plans?

Use our free student loan assessment tool at [laurelroad.com/loantool](https://laurelroad.com/loantool)

# Plan Overview

Plan	Monthly Payments	Repayment Period
<b>Revised Pay as You Earn (REPAYE)</b>	<ul style="list-style-type: none"><li>● 10% of your and your spouse's discretionary income</li><li>● Can be more than the federal 10-year Standard Repayment Plan amount</li></ul>	20 or 25 years
<b>Pay as You Earn (PAYE)</b>	<ul style="list-style-type: none"><li>● 10% of your discretionary income (and spouse's if filing taxes jointly)</li><li>● Never more than the federal 10-year Standard Repayment Plan amount</li></ul>	20 years
<b>Income-Based Repayment (IBR)</b>	<ul style="list-style-type: none"><li>● 15% of your discretionary income (and spouse's if filing taxes jointly)</li><li>● Never more than the federal 10-year Standard Repayment Plan amount</li></ul>	25 years

Note: These plans have different terms and conditions, and not all borrowers or all loan types qualify for all income-driven plans.

- ## Additional features

If your monthly payment doesn't cover the full amount of interest that accrues on your loans each month, the government pays the difference between your monthly payment amount and the remaining interest that accrues on your subsidized loans for the first three years of the plan. Under REPAYE, the government also pays half of the difference on your subsidized loans after this three-year period, and will pay half of the difference on your unsubsidized loans during all periods.



For those planning to take advantage of the Public Service Loan Forgiveness Program, the payments made on your Direct Loans under any income-driven plan count toward the 120 payments that are required.

The remaining loan balance is forgiven if your federal student loans aren't fully repaid at the end of the repayment period, but you may be required to pay income tax on the forgiven balance.

# Student Loan Refinancing



# Student Loan Refinancing

Student loan refinancing is typically an opportunity for those who are looking to:

Lower their interest rate(s)

Save money over the life of the loans

Pay off their student loans more quickly

Lower their monthly payments

Change from a fixed rate to a variable rate or vice versa

Reduce the number of loans in repayment

Gain terms and rates based on your current financial situation and creditworthiness

Our customers save **\$20,000+** on average over the life of their loan<sup>1</sup>

1. Average savings calculated based on single loans refinanced from 9/2013 to 12/2017 where borrowers' previous rates were disclosed. Assumes same loan terms for previous and refinanced loans, and payments made to maturity with no prepayments. Actual savings for individual loans vary based on loan balance, interest rates, and other factors.



Get smart, simple, and secure financial solutions based on your priorities. To learn more and apply online visit [laurelroad.com/student](https://laurelroad.com/student).

**For example, if you were to lower your interest rate by 2% on \$180,000 in student loans, you could potentially see savings\* like:**

	<b>Federal Direct PLUS loan with a 10-year standard repayment plan</b>	<b>Sample refinancing option: Laurel Road's refinanced 10-year loan</b>
Interest Rate	7% fixed	5% fixed
Monthly Payment	\$2,090	\$1,909
Yearly Payment	\$25,079	\$22,910
Total Paid	\$250,794	\$229,102

\*Information provided in the table is hypothetical. May not be current rates.

# The benefit of refinancing

Student loan refinancing has the potential to save a borrower thousands of dollars in interest over the life of their loan. Laurel Road customers save more than \$20,000 on average over the life of their loan\*, and that savings can be redirected to meet your financial and/or lifestyle goals.

Each lender has its own criteria for determining eligibility and rates, such as your credit history, total monthly debt payments and income. Those who are in good financial standing, demonstrate a strong career trajectory, have good credit scores and have shown they are responsible with debts and monthly budgeting are more likely to be approved. Some private lenders, such as Laurel Road, also offer support should the need arise from a change in your financial situation.

\*Average savings calculated based on single loans refinanced from 9/2013 to 12/2017 where borrowers' previous rates were disclosed. Assumes same loan terms for previous and refinanced loans, and payments made to maturity with no prepayments. Actual savings for individual loans vary based on loan balance, interest rates, and other factors.



It's taken hard work and determination, but you've earned your degree and your career is on the rise. Student loan repayment shouldn't be weighing you down. Laurel Road offers low rates, personalized service and an online application process that makes refinancing smart and easy. Use your hard-earned money to fund your future, not your past.

To learn more and apply online visit [laurelroad.com/student](https://laurelroad.com/student)



Laurel Road offers low rates, personalized customer service and technology that makes refinancing your student loans a seamless process. For more information, visit [laurelroad.com/student](https://laurelroad.com/student).

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