Student Debt Solutions

FAQs

About Student Loans

What is the difference between Federal and Private Loans?

The current total of outstanding student loan debt is nearly 1.8 trillion dollars. Approximately 92% of the outstanding student loan debt is Federal while less than 8% is Private.

Federal Student loans are funded by the Department of Education. As of 2010, all Federal student loans are given directly by the US government. These federal loans are known as Direct Stafford loans. Prior to 2010, federal student loans were funded through public/private partnership administered at the state and local level. These loans were administered through the Federal Family Education Loan Program and known as FFEL Stafford loans.

There is an estimated 45 million federal student loan borrowers. 10 million of those borrowers are still paying on their FFEL loans.

Private student loans can be used to cover costs of education not covered by Federal Loans. Private loans are funded by banks or third-party financial institution. Unlike most Federal student loans, private loans require a credit check and offer the ability to have a co-signer. They are normally issued at much higher interest rates.

What is the difference between subsidized and unsubsidized loans?

When a borrower receives a student loan they are issued as a portion of subsidized and/or unsubsidized loans. Subsidized loans are need-based loans and are typically issued at lower interest rates. They differ from unsubsidized loans in that they do not accrue interest while the borrower is still in school or during times of deferment.

Where can I get a complete summary of my loans?

A borrower can view a compete summary of their Federal student loans by visiting Federal Student Aid website at studentaid.gov. If the borrower has private or state loans, it is recommended to contact the loan servicer to get a statement. If you are unsure of your loan servicer you can find your promissory note or call your school for more information. A credit report will also show all information on any education loan the borrower has received.

What is consolidation and which loans are eligible?

Direct Consolidation Loan allows a borrower to consolidate (combine) multiple federal student loans into one loan. The result is a single monthly payment instead of multiple payments.

Any one loan can be consolidated. In most circumstances, an already consolidated Direct Loan cannot be reconsolidated. An existing consolidation loan can only be reconsolidated when doing so provides the borrower a better monthly payment they were not eligible for unless they consolidated, they would like to gain eligibility towards Public Service Loan Forgiveness, or they are in default. A Direct Consolidation Loan can not be reconsolidated unless there is at least 1 other loan that was not originally included in the consolidation included in a new consolidation. Private student loans cannot be consolidated.

What is the difference between consolidation and refinancing?

Refinancing allows a borrower to combine all their student loans, both Federal and Private, into one loan. The borrower must meet financial eligibility criteria in order to qualify. Refinancing can allow the borrower to save more money over time by changing the interest rates of their current loans to better rates offered by a lender. Refinancing federal loans via private lenders causes those loans to lose eligibility for crucial federal protections (loan forgiveness, income-driven repayment plans, etc.).

What different repayment plans can I apply for?

Federal student loans have various monthly repayment options. There are fixed interest repayment plans and income driven repayment plans. Interest repayment plans include standard, graduated, extended and extended graduated repayment. Income repayment plans include income contingent, income based, pay as you earn, and revised pay as you earn.

The Standard Repayment plan is the default repayment plan for all borrowers when they go into repayment. It requires a monthly payment of $50.00. If the borrower has not consolidated they will have a repayment term of 10 years and if they have consolidated they can have a term of up to 30 years based on the balance of the loan.

The Graduated Repayment plan starts payments low, and those payments will increase every two years. They typically will start at interest only payments.

The Extended Repayment plan is eligible to borrowers who have at least $30,000 in outstanding student loan debt. It requires a monthly payment of at least $50.00. If the borrower has not consolidated they will have a repayment term of up to 25 years and if they have consolidated they will have a term of up to 30 years based on the balance.

The Income Contingent Repayment plan is eligible for Direct Loans only. Parent PLUS loans are eligible if consolidated. This is the only income driven plan that is eligible for Parent PLUS borrowers. Under this plan, monthly payment amounts will be the lesser of the following two calculations: The amount you would pay if you repaid your loan in 12 years, multiplied by an income percentage factor (ranging from approximately 55% to 200%) that varies with your annual income; or 20% of your monthly discretionary income.

The Income Based Repayment plan is eligible for Direct and FFEL Loans eligible. The monthly payment will be no more than 15% of the amount by which your AGI exceeds 150% of the poverty line income for your family size and state, divided by 12. Borrowers will received forgiveness after 25 years of eligible payments under an income driven plan. The borrower must have a partial financial hardship. There is a new version of this plan where new borrowers as of 2014 will be eligible to have the payments based off of 10% discretionary income and forgiveness after 20 years.

The Pay As Your Earn Repayment plan is eligible to borrowers who have both FFEL and Direct loans as long as they do not have had an outstanding balance on a FFEL or DL as of 10/1/2007 and have received a DL loan on or AFTER 10/1/2011.The monthly payment will be no more than 10% of the amount by which your AGI exceeds 150% of the poverty line income for your family size and state, divided by 12. The borrower must have partial financial hardship and will receive forgiveness after 20 years.

The Revised Pay As You Earn Repayment plan is eligible to borrower who have Direct Loans. Monthly payment will be no more than 15% of the amount by which your AGI exceeds 150% of the poverty line income for your family size and state, divided by 12. The borrower does not have to have a partial financial hardship and will receive forgiveness after 20 years if only undergraduate loans and 25 years with graduate loans.

What if I can't afford my student loan payments?

If a borrower is current or delinquent on their payments but sees problems with their budget going forward, they may want to consolidate their loans and select an alternative repayment plan, possibly an extended, graduated, or income-based plan. If the borrower does not have the ability to make payments but does not qualify for alternative repayment plans, they will pursue a deferment based on hardship. However, if the borrower does not qualify for a deferment then the borrower will want to apply for a forbearance.

What is the difference between a deferment and forbearance?

A deferment or forbearance is known as a postponement is it is a qualified time where a borrower does not have to make payments. The borrower can be current or delinquent when they apply but they cannot be in default on their loans.

Deferments can be requested when the borrower is in-school, has an economic hardship, unemployed, has cancer, has a disability or is an active military member. Borrowers in a deferment will not accrue interest on their subsidized loans and when they leave their deferment they will not have capitalization of any accrued interest.

Forbearances can be more easily requested and accepted than deferments. A borrower can request forbearance for any general reason or because of a student loan debt burden. Borrowers in a deferment will accrue interest on all loans and their interest will capitalize when they resume repayment.

What is the new Income Driven Repayment Plan?

Biden administration introduced a proposal for a new plan that will replace the current REPAYE and would cap payments at 5%-10% discretionary income. If a borrower has only undergraduate loans their payments will be capped at 5%, if they have only graduate loans their payments will be capped at 10% and if they have mix of undergraduate and graduate loans their payments will be capped at a weighted average rate based on the portion of the undergraduate to graduate loan amounts. This plan will also raise the income that is deemed non-discretionary from 150% to 225% of the poverty guidelines. In addition, it would allow that if the original balance of the undergraduate loans were less than $12,000 then they would be forgiven after 10 years of qualified repayment. For every $1000 more borrowed 1 year is added to forgiveness timeline. Borrowers would also be eligible to only consider the borrowers income in calculating the payments when the borrower is married but files taxes separately. Under this proposal the Department of Education is also proposing to eliminate the PAYE repayment plan.

About Student Debt Solutions™

What is Student Debt Solutions?

Student Debt Solutions is an online tool that helps borrowers simplify the complexity of their student debt and develop a plan for a debt free future.

By utilizing the online tool, within minutes, borrowers can understand their repayment options and how to put those repayment options into place with their servicers and the Department of Education.

SDS analyzes borrowers existing student loans, their financial situation, and goals to provide the best repayment scenario for the lifetime of the loan. We have created a truly simple process for the borrower to provide us their information, answer questions and get them an actionable plan in minutes. Backed with over a decade of hands-on experience, we have created a method to formulate action plans and provide them with all the necessary details and checklists to put their plan into place.

How does SDS work?

Borrowers can access our tool online by getting sent an invitation from our affiliate partners. Once the borrower receives the invitation, they will create an account. The borrower is then asked to provide their financial and personal goals, upload their student loan information, and answer a customized questionnaire.

In the last step, the borrower selects their repayment options. We present the borrower their options in a unique method where we have peeled back all the complexity, and in a step-wise approach, let the borrower build a plan. No option is left off the table. We address default, cancellation, forgiveness, postponements, consolidation or refinance and a multitude of repayment scenarios based on their eligibility toward any program above.

Once the borrower has created a scenario for repayment, they can explore a personalized dashboard where they have access to their action plan, documents, repayment calculators, and a view of their current situation. Based on the partners preference, the borrower may have access to document preparation, scheduling ability to speak to an expert and a refinance center.

The borrower is helped along the way with an integrated chat feature with a library of resources to help the borrower navigate their way through the online tool. They can submit questions and receive answers on any aspect of their situation either technical or subject matter based.

Will SDS help me understand my options for my private loans?

SDS is the only online platform that will truly give a borrower a complete picture of their repayment of their student loans. SDS provides an analysis of the borrower's entire student loan debt. When recommending the right plan, we evaluate both government (public) and private loans. We also go further and look at your:

- Loans in default and/or facing garnishment or collections
- Parent Plus loans, which are overlooked by most platforms
- Monthly payment today and total loan debt in the future

What is included in the product?

SDS is a self-service system that uses AI technology to ask you specific questions based on your student loan portfolio and financial situation. The borrower will get a downloadable PDF that includes a summary of your loans, your repayment estimates, a description of each solution and a checklist for next steps. If the borrowers situation changes, they can rebuild their plan, compare plans and more. With our calculators, the borrower will be able to get a full understanding of their repayment estimates and forgiveness timelines for this year and every year until the loan is paid off.

The product can also be offered with additional services. Document preparation is available for borrowers that are looking for help with filling out the documents associated with their repayment options. The documents are digitally prepared, so the borrowers can quickly and easily print and submit all their necessary paperwork. The borrower can also be given access to expert assistance if they are looking to discusss their situation one-on-one with a certified student loan specialist or attorney. They are able to utilize a scheduling tool to set up a time to connect with a trained student loan expert.

What do I need to get started?

Your most recent household tax return(s) and your student loan data. If you have federal loans, you can download this information from National Student Loan Data System. If you have private loans, a recent monthly statement should have everything you need.

How long does the process take?

If you have everything that you need, an average session from start to finish takes about five minutes. Most questionnaires end up being about 20 questions.

How will SDS help me?

We are 100% confident that we can find some type of solution for your situation. We can address various monthly payments you are eligible for or even find a solution such as cancellation or forgiveness. We are positive that you will walk away feeling more confident about your student loan debt and financial situation.

Why should I choose SDS over other Student Debt help tools?

We know there are a lot of options out there, and not all of them are respectable. We are a group of experienced, passionate people that want to help you tackle your student loan debt. We know it's complex and have spent years working on a self-service solution that is affordable and accessible. We also know some of those other companies (including studentaid.gov) don't take into account every option and look at your whole financial picture. SDS is an easy-to-use platform that gives you the confidence you're making the right decisions.