

Student Loans

Stephen F. Austin State University | Center for Career and Professional Development

Now that you've walked across the stage and have your diploma in hand, you may be wondering what you need to do about your student loan(s). It may not be the answer you want to hear, but the biggest mistake you can make is to procrastinate! Take the advice of your parents and *start paying off your loan(s) as soon as you graduate and as quickly as possible.*

Get exit counseling

Many loans require that you partake in exit counseling (they may even hold your transcript until completed), so be sure to contact the Financial Aid office or review their website for full details. Exit counseling provides valuable advice on how to manage your student loan payments. It answers many basic questions about student loans such as what will happen when you fail to make payments or the fact that student loans will not be excused in a bankruptcy proceeding.

Know your grace period

Most student loans offer a grace period of six months before you must begin repayment. Hopefully, this will allow you enough time to find your first job before you begin making those monthly payments. Important: do not assume that you are automatically granted a grace period! Contact your loan company to confirm this feature is available. Also, you should receive a letter from your company stating the date your first payment is due. If you do not receive this letter within two months or so, make contact with your loan company.

Communicate your new address

Let your student loan company know your new address. Doing so will help them to inform you of any changes in your payment amount. Even if you have your payment directly debited from your bank account, still make sure they have your current address as you should receive tax information at the end of each year, which can save you money.

Determine if you should consolidate loans

Consider consolidating your student loans. Generally, this lowers your monthly payment, but more importantly it locks in your current interest rate. The rate is based on the weighted average interest rates of the loans being consolidated, rounded to the next nearest higher one-eighth of one percent, and cannot exceed 8.25%. In most cases, this can save you money.

Who said education was priceless?

As you pay month by month, you'll find that you really can put a price tag on your education. We know, there are a million things you'd rather be doing with your money than repaying a loan, but in all seriousness remember your education is indispensable and now is your time to put it to good use. It may be difficult, but just try to grin and bear it as you make those monthly payments. The sooner you pay it off the better and then you can begin using that money for other things, like that beautiful handbag that's calling your name.

Problems repaying

If you have difficulty making your payments, contact your loan company. As with most everything in life, communication is the key. Depending on loan type, they may be able to offer temporary or hardship deferments, which can help you avoid late fees and prevent negative marks on your credit report.

So, what is a deferment?

A student loan deferment allows you to temporarily stop making payments on your student loans. You may be required to continue making interest payments or you may be able to choose whether or not you pay the interest each month. The deferment will lengthen the period of time it will take you to pay off the loan as well as causing you to pay more interest on the loan, so it is important to be sure that you **really** need to put the loan on deferment.