

RISD Financial Aid Exit Counseling

(Federal/Private Loan
Considerations)

Rhode Island
School of Design

STUDENT FINANCIAL SERVICES
SPRING 2025



Requirement!

Federal Loan Exit Counseling:

Online program required for all students who borrowed federal loans

[Complete Student Loan Exit Counseling](#)

➤ **Complete by 6/1**

Private Loan Exit Counseling

Each individual lender will have their own requirements. Reach out to them, if you haven't already, and ensure that you are fully aware of their repayment requirements.

➤ **Complete by 6/1**

Best Practice Timeline

- **June 1st** Complete Exit Counseling

July 2025

- Prepare for repayment! November likely first payment due
- 6 month grace period after end of classes 5/23/2025

Rights

- Prior to your repayment, the loan holder is required to provide you with a disclosure statement containing a repayment schedule and information regarding interest rates, fees, balance owed and repayment options.
- You have the right to a grace period. (Federal Direct Student Loan).
- If you qualify, you have the right to defer payments on your loan(s) after the grace period expires (only applies to certain situations) and you have the right to request a forbearance.
- You may prepay the entire sum of your student loan or pay more than the minimum requirement at any time without penalty.
- You have the right to cancellation/discharge if the borrower dies, becomes permanently and totally disabled, is unable to complete a program of study because the school closed, is a victim of forgery, or if a loan is falsely certified by the school.
- The U.S. Department of Education may transfer servicing of your loans. If this occurs, you will receive notification from the current servicer and from the new servicer. <http://studentaid.ed.gov/repay-loans/understand/servicers>
- Under the Direct Loan Program, you can change repayment plans anytime.

Responsibilities

- The federal Master Promissory Note (MPN) that you signed was your promise to repay the funds. It provides important language about your rights and responsibilities with respect to obtaining and repaying the loan.
- Repay the loan(s) according to the repayment schedule (even if you have not received a bill). Notify the servicer of any circumstance that affects your ability to repay, or to confirm your eligibility for deferment or forbearance.
- Notify the servicer if you have graduated, withdrawn from school, dropped below half-time status, transferred to another institution, and/or changed your name, address, phone number or social security number, or if you fail to enroll for the period covered by the loan(s).
- Complete an exit counseling session before leaving school.
- Repay at least \$600 per year (\$50 a month, unless you have a deferment, Income Driven Repayment plan, or your lender agrees to a lesser amount).
- Remember that your loan(s) must be repaid even if you do not complete your education, are unable to obtain employment upon completion, or are dissatisfied with the educational program.

Federal Loan Exit Counseling

<https://studentaid.gov/h/manage-loans>

- Takes about 30 minutes

- Requires your FSA ID

<https://studentaid.gov/fsa-id/sign-in/landing>

- Federal website has greatly improved with useful information
- You do not finalize your repayment option during this session



I'm About to Graduate or Leave College

I'm completing my program or taking a break from school.

[Complete Exit Counseling](#)

[Start Making Loan Payments](#)

[Update Your Contact Info](#)



I Just Graduated or Left School

I'm in my grace period and preparing to repay my loan.

[Find Your Loan Servicer](#)

[Understand Grace Period](#)

[Estimate Your Payments](#)

[Choose a Repayment Plan](#)

[Start Making Loan Payments](#)

Tips for Exit Counseling Website:

1. Use PC over Mac
2. Don't use Safari; use Chrome
3. Clear cache and cookies
4. Use an incognito window
5. If there is an invalid graduation date, consider using a current date and pay attention to the format requested.

Your Federal Loans at RISD

Direct to student loans:

Federal Direct Student Loan (2 types)

Subsidized: Interest paid by government

Unsubsidized: Interest accrues while in school and deferment

Fixed interest rate set each year

Year	Interest Rate %	Origination Fee %
2019/2020	4.529	1.01
2020/2021	2.750	1.01
2021/2022	3.73	1.01
2022/2023	4.99	1.01
2023/2024	5.50	1.01
2024/2025	6.53	1.01

Graduate Rate
8.08%

Parent PLUS/Grad

Paid to parent or Grad student

Unsubsidized: Interest accrues while in school and deferment

Fixed Interest rate set each year

Year	Interest Rate %	Origination Fee %
2019/2020	7.079	4.228
2020/2021	5.30	4.228
2021/2022	6.28	4.228
2022/2023	7.54	4.228
2023/2024	8.05	4.228
2024/2025	9.08	4.228

How To Find Your Current Loan Information

Your Loan Servicer:

The 9 companies to which the Department of Education has awarded contracts to service your loans.

Examples:

- MOHELA
- Nelnet
- Great Lakes
- ECSI
- EdFinancial
- Aidvantage (former Navient)

National Student Loan Data System

Federal website that contains full accounting of your loan information (review once a year)

<https://studentaid.gov>

Federal Loan Repayment

- Variety of options
- No prepayment penalties
- Ability to change plans (be careful switching out of income driven repayment; defaults to 10 year plan)
 - **Standard:** 10 Years
 - **Extended:** 25 Years (\$30,000 or more in total fed loan borrowing)

Examples: (used a 7% average interest for demonstration purposes)

Gross Amount of Debt	\$60,000	\$70,000	\$100,000	\$150,000
Standard (10 year plan)	\$697	\$813	\$1,161	\$1,665
Extended (25 year plan)	\$424	\$494	\$705	\$1,058

Payments that exceed 15% of income are generally considered “excessively burdensome” and may not be sustainable

Federal Loan Repayment

Graduated Repayment:

- Assumption: \$60,000 gross debt
- Interest rate 7%
- Payment Timeline (10 years) - Payment timeline can be up to 30 years with over \$60,000 in consolidated debt

Year Range	\$60,000
Years 1-2	\$464
Years 3-4	\$557
Years 5-6	\$669
Years 7-8	\$804
Years 9-10	\$964

Federal Income Driven Repayment (1 of 2)

Powerful tool to help make student loan payments affordable.

- Income sensitive
- Payments based on AGI and family size, not how much you owe
- Low required monthly payments
- Multiple plans established over the years: Currently 3 plans available

PAYE: Pay as you Earn

IBR: Income Based Repayment

ICR: Income Contingent Repayment

PAYE and IBR: ***Payments Capped ****

(*Never more than 10 year Standard Repayment Plan, ICR can be higher if income higher)

- Bookmark these webpages for up to date info:

<https://studentaid.gov/manage-loans/repayment/plans/income-driven#idr-forgiveness>

<https://studentaid.gov/announcements-events/idr-court-actions>

Federal Income Driven Repayment (2 of 2)

- Apply when nearing repayment (end of grace period, late fall)
- Ability to change plans (be careful switching out of income driven repayment; defaults to 10 year “Standard Plan”)

Examples:

Plan	PAYE	IBR	ICR (no cap)
\$50,000	228	\$228	\$456
\$60,000	\$311	\$311	\$623
\$110,000	530	\$728	\$1456

Payments that exceed 15% of income are generally considered “excessively burdensome” and may not be sustainable

Sample Budget: From Recent Financial Planning Session



Sample Budget		
Annual	53,000	
Monthly	4,417	
4% to 401k	177	
Net taxable	4,240	
FICA & Medicare 7.65%	324	
MA tax 5.1%	216	
Fed Tax avg 17%	721	
Total deductions	1,261	
Net take home/mo	2,979	
Rent	1,200	
Utilities	200	
Student loan minimum	212	5% on \$20K, 10 years
Car loan estimate	230	5% \$10K, 4 years
Auto insurance	150	
Car expenses: gas etc	100	
fixed monthly expenses	2,092	



Default

Excessive delinquency* on student loan payments. Default if you fail to make your monthly payment for a total of at least 270 days.

Very Serious

- entire unpaid balance becomes due
- high collection fees
- wages garnished/loss of professional license
- lien on property
- lose eligibility for additional student aid and federal benefits

Very Avoidable!

- Stay in contact with your servicer, deferment, forbearance options.

<https://studentaid.gov/manage-loans/default>

*Delinquency starts after 1 day of late payments; after 30 days = late payment reported to at least one credit bureau.

Federal Loan Safety Nets

Deferment: required payment pause

- In-school (unsubsidized loans continue to accrue interest)
- Economic Hardship
- Military Service

Forbearance: Payment pause

- Up to 3 years total (no more than 12 months at a time)
- Requires application
- Life event

Future of these options... hard to predict.

<https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief/forbearance>

Loan Forgiveness

Public Service Loan Forgiveness.

Federal loan forgiveness after 10 years of repayment under qualifying employment and 120 payments (does not need to be consecutive)

Three Requirements:

Qualifying Repayment Plan

Right kind of employment

Remaining Loan Debt

<https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

PSLF Help Tool: <https://studentaid.gov/pslf/>

Loan Forgiveness as a benefit?

Employer Loan Forgiveness Programs:

<https://www.wsj.com/articles/companies-pay-down-workers-student-debt-as-supreme-court-weighs-forgiveness-f3ce6be4>

Loan Consolidation

Combining federal loans into one **new** loan, with a weighted average interest rate.

Pros:

- Simple way to manage loans
- Bring loans together if under \$30,000 to take advantage of extended repayment
- Interest rate becomes “weighted average of all loans consolidated;” minimal change to interest rates.

Cons:

- Interest rate slightly higher (consolidated loan 1/8 % higher rate)
- New loan!
 - If consolidating during your grace period, repayment begins immediately.
 - Lose benefits from individual loans

<https://studentaid.gov/app/launchConsolidation.action>

Refinancing

- Convert variable rate loans (if you have them) to a fixed rate loan
- Potentially lock in a lower interest rate (example, higher rate Grad PLUS loan to lower rate private loan)
- Simplify the borrower's life – one bill/one payment per month
- Receive an interest rate reduction for automatic monthly payments
- Provide for additional borrower benefits

Comparing Refinance Options

- Interest rate – Fixed or variable? Based on credit?
- Fees – What are they? Up front, back end or both? How much will they add to total cost?
- Repayment – How long is the term? What is the monthly payment?
- APR – Is the total cost of borrowing – including accruing interest, capitalized interest and fees - expressed as an annual interest rate? A tool which can be used to compare the total cost of one loan to another.
- What borrower benefits are offered by the lender? What must be done to achieve them?
- Does the loan have different repayment options? Does the loan have an Income-Based Repayment option?
- Is deferment or forbearance available?
- If the student who benefitted from the loan dies or is permanently disabled, is the loan forgiven?

Final Tips

- Closely review your monthly budget before deciding on a repayment plan
- Set Up Electronic Payment
 - Set it and forget it
 - .25% reduction interest rate

<https://www.nerdwallet.com/article/loans/student-loans/auto-pay-student-loans>

- Give yourself some “grace”
 - 68% of graduates from nonprofit colleges had loans in 2016*
 - Very few students default

* Student Loan Hero, student debt statistics

You Are Not Alone!

We remain a resource for you!
Feel free to continue to contact us as an alum.

- <https://www.risd.edu/sfs>
- 20 Washington Place, First Floor
- 401-454-6661
- sfs@risd.edu
- Office hours: Monday-Friday, 8:30 am-4:30 pm

Federal Ombudsman

Having an issue with your loan servicer? Other loan related issues?

You may contact the Federal Student Aid Ombudsman Office. They are a resource to help you resolve issues that you cannot resolve through your loan servicer.

Phone: 1-877-557-2575

<https://studentaid.gov/feedback-ombudsman/disputes/prepare>

Resources and Links

Federal Loans

Federal Loan Website:

<https://studentaid.gov/understand-aid/types/loans>

The Institute of Student Loan Advisors

<https://freestudentloanadvice.org/>

Financial Planning

[Foundation for Financial Planning \(probonoplannermatch.org\)](https://probonoplannermatch.org/)