

Tips for Successful Student Loan Repayment

Get organized. Capture and keep track of key loan information, such as your lender or loan servicer, balance, repayment status, interest rate, loan type, and grace period.

Establish an online relationship with your loan servicer(s) as soon as possible. That way, you'll be able to access repayment assistance, learn about options, and easily complete many tasks, such as requesting a deferment or forbearance, making a payment, or changing repayment plans, at any time.

Keep all of your lenders and servicers informed. It's important lenders and servicers know how to contact you. You're responsible even if you don't get (or open) communications from them. Avoiding servicers because you're having trouble making payments only makes it worse, so engage with these people; they're there to help you resolve problems.

Take time to learn about all of the repayment options available to you. There may be options—including income-driven repayment plans—that can make the repayment process work better for you. Do your research and choose your personal best option. Otherwise, you'll be set up with standard repayment, which may not suit your financial situation. Use the Repayment Estimator at studentaid.gov to determine which one may be right for you.

Stay calm, even if things seem bleak. You can use deferment or forbearance if needed, but before you do that, consider making interest-only payments, since interest may likely be accruing, depending on your situation.

Lower your principal, and you'll pay substantially less over time. Whenever you can, pay more than required. To ensure that additional amounts are put toward principal, send a written request to your servicer, and follow up to be sure they are correctly applied to your principal balance.

Pay off loans with the highest interest rate first. If you have both private and federal loans, start with the private loans, which generally have a higher interest rate and less flexible repayment options.

Consider loan terms and interest rates before consolidating. Before you consolidate your loans into one single monthly payment and interest rate, make sure you consider what your interest rate would be and what repayment benefits you may lose through consolidation.

Make changes to your repayment plan when your situation changes. Continue to provide your servicer with annual income information that keeps you enrolled in income-based repayment plans. If you fail to provide this, your payments can drastically change and put you in a bind until you are re-enrolled in a plan you can afford.