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| **Don’t Stop Paying Your Student Loans. Do This Instead.****Student loan payments can take a big bite out of your monthly income. Don’t despair―you have options if these payments become unaffordable. You want to avoid defaulting on your loan as it can cause it to come due immediately.**Federal student loans offer several standard options when you can’t afford your payments. Private student loans are more challenging because each lender offers their own terms. However, you have several options you can pursue to avoid default and collection.**Contact your lender first.** Providers of private student loans frequently work with borrowers who are having trouble making on-time payments. Explore the options your lender offers with an open mind. Possible solutions might include a change to the terms of the loan to make monthly payments more affordable. If you have multiple loans (including a mix of private and federal loans), then consolidation might allow you to save you money each month. Whichever avenue you pursue, keep the lines of communication open with your lender in a show of good faith.**Some private lenders have special programs.** One popular private lender will defer your loan for up to 12 months if you become unemployed—simply show proof of unemployment and agree to work with its career counselors. Another provider offers partial forbearance if you are experiencing a financial hardship, as long as you pay their minimum monthly amount. Keep in mind interest will continue to accrue during the forbearance period. While these are not permanent solutions, they can help you make it through until you can resume regular repayments.**Consolidate your loans.** Private lenders can consolidate multiple private and/or federal student loans, whereas the federal government only consolidates federal student loans. When you consolidate two or more loans, you want to do so at a lower interest rate and possibly with a longer repayment term, thereby reducing your monthly costs (even if the overall cost rises). Bear in mind when you consolidate a federal student loan with one or more private ones, your new loan is private and therefore loses the federal options for income repayment plans and loan forgiveness.**Refinance your private student loan.** While consolidation is an option when you have multiple loans, you can try to refinance a single loan with your current lender or one of its competitors. You should attempt to reduce your interest rate, but even if that’s not possible, you can still lower your monthly repayments by extending the loan. For example, you might be able to lengthen the repayment period from 10 to 15 years or longer. The overall cost of the loan will increase due to the extra interest incurred over the additional five years, and there may be fees tacked on as well. It pays to comparison shop when refinancing a private student loan.**Do everything you can to avoid default.** Your credit score will thank you if you can find a way to avoid defaulting on your student loan. Contact me if you are having trouble keeping up with your student loan payments. Together, we can explore the options that make the most sense for your unique situation.

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