Student Loans Are Unique

Just as snowflakes are unique, so are federal student loans. They’re different than other types of loans, like car loans, personal loans, or mortgages. The built-in flexibility of student loans makes paying them back a lot easier.

When Loan Payments Begin
Unlike other types of loans, you’re not required to make payments on federal student loans right away. You don’t have to make payments while you’re enrolled in school at least half-time and you also receive a six-month grace period for your subsidized and unsubsidized loans before you’re required to start making payments.

Flexible Repayment Options
You have lots of flexibility in your monthly repayment options for federal student loans, too.
- You can switch repayment plans based on a variety of things, like if you’re unemployed, facing tough economic times, returning to school, or actively serving in the military.
- You may be able to lower your monthly payment to as low as $0 using an income-driven repayment plan.
- You may be able to postpone your payments through a deferment or forbearance.
- Your education or personal property cannot be repossessed.

Typical product loans, like car loans, may not have flexible repayment options, which can make them difficult to repay if you lose your job, return to school, or take a job that pays less money.

 Loan Forgiveness and Discharge
You might also qualify to have all or some of your federal student loans canceled or discharged. Teacher Loan Forgiveness and Public Service Loan Forgiveness are the forgiveness programs available.

There are also situations where your federal student loan may be discharged, Total and Permanent Disability Discharge or Closed School are two examples.

Typical product loans don't offer loan forgiveness and discharge based on the type of profession you choose or your extenuating life circumstances.

Loan Servicing
Your federal loan servicer can help you understand all of the options available to you as you repay your student loan. When the time comes to begin paying back your loans, remember that your servicer’s biggest goal is to help you succeed. Really, it’s true! The federal government evaluates servicer performance based largely on students successfully repaying their loans.

For more information go to mygreatlakes.org/educate/knowledge-center
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