



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

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Standard Loan Repayment Plans

Under a standard repayment plan, your monthly payment amount is fixed for a loan term as long as ten years. That might sound like a long time. But it's actually the shortest time frame available out of all the repayment options. You have the option, however, of prepaying any of your student loans if you're particularly flush with cash. However, most college grads will need ten years, and then some, to fully repay their college debts. Depending on how much money you borrowed in school, it's possible that your loan term could be shorter than ten years. But no matter how many years it takes you to repay your obligations, with the standard repayment plan you must make payments of at least \$50 a month until your loans are paid in full.

If you come out of school, land a high-paying job, and have managed to keep your other expenses fairly low, the standard repayment plan is your best bet. This is the plan that will let you pay off your student loans fastest and with the least amount of money paid in interest. Standard payment plans also offer the best interest rate out of all the plans available.

To give you a sense of what the average college grad might pay, coming out of school with \$20,000 in debt, I've used one of the online college loan calculators found on FinAid's Web site (www.finaid.org/calculators). All of the analyses have been calculated on FinAid's Web site to demonstrate the difference in these types of loans. However, there are many other calculators out there, and your lender can also assist you with the math.

Here's what the FinAid calculator showed:

Loan Balance	\$20,000
Loan Interest Rate	6.80%
Loan Term	10 years
Minimum Payment	\$50.00
Monthly Loan Payment	\$230.16
Number of Payments	120
Cumulative Payments	\$27,619.31
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Total Interest Paid	\$7,619.31

In this projection, the monthly loan payment was calculated at 119 payments of \$230.16 plus a final payment of \$230.27. According to FinAid, it's estimated that you'd need to earn at least \$27,619.20 a year in order to afford to repay this loan. That estimate assumes you'll be spending 10 percent of your gross monthly income on student loans. But if you earned far less than that \$27,619.20 figure, remember that your payments can be as little as \$50 a month with the standard repayment option. (Thus the FinAid "Minimum Payment" amount show is \$50). Also, the results above assume you're paying interest charges on any unsubsidized loans while you're in school. If you're not and if the interest is capitalizing, or being added to your outstanding balance, your total payments would be higher than the estimates above.