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NEWS RELEASE

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PHEAA Provides Guidance to Recent College Graduates
Planning for student loan repayment affects almost 2 million 2010 graduates

Harrisburg, PA (May 20, 2010) – The Pennsylvania Higher Education Assistance Agency (PHEAA) is recommending graduating college students begin preparing for life after school, including developing a budget and researching options for repaying their student loans.

Federal student loan borrowers traditionally have a six-month grace period following graduation before their loan repayments begin. The grace period allows them time to secure employment and become financially stable prior to beginning monthly loan repayment.

“For graduates entering the workforce, now is the time for them to establish a solid financial-footing,” said Representative William Adolph, Jr., Chairman of the PHEAA Board. “Recent graduates need to develop a game-plan that allows them to cover all of their financial responsibilities, including repayment of any student loan debt they may have incurred during their college years.”

Borrowers should contact their student loan servicer if they have questions about the various repayment options which may be available to them, then choose the best option for their individual circumstances.

Deferments and forbearance may be available to borrowers who are unable to make their monthly payments. Details on deferring repayment are provided on their Master Promissory Note (MPN) and borrowers should contact their loan servicer to discuss their options as soon as they determine their inability to make payments.

“Many graduates will be facing a challenging employment environment which makes it more important than ever to plan ahead for their federal student loan repayment,” noted Senator Sean Logan, Vice Chairman of the PHEAA Board. “Graduates need to be aware that defaulting on their student loans can have serious consequences but that there are flexible options available to them to help avoid defaulting on their repayment responsibilities.”

PHEAA recommends that recent graduates who are in their six-month grace period:

- Keep track of the date that their first student loan payment is due to avoid late fees. The six-month grace period begins when a student graduates or their enrollment status drops below half-time (typically less than six credits).

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- Consider which repayment option best suits their situation by contacting their loan servicer.
- Limit credit card spending to avoid unmanageable debt levels.
- Set a monthly budget and stick to it.
- Maintain a favorable credit score by making payments on time
- Enroll in automatic debit program which make sure payments are made on time and could save money
- Notify their lender and loan servicer of any changes to address or phone number

During their student loan exit counseling, graduating students with private or alternative loans should have been provided repayment information for each of their private loans. If borrowers have remaining questions concerning their private loans, they should contact their financial aid administrator, lender or loan servicer.

PHEAA's free debt management website, YouCanDealWithIt.com, offers a comprehensive guide to decisions and situations that recent college graduates will encounter such as money management, student loan repayment information and options, living on a budget, the benefits and dangers of credit cards, and online student loan repayment tools and checklists.

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About PHEAA

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading nonprofit student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing systems and outreach programs. As a public corporation and instrumentality of the Commonwealth of Pennsylvania, PHEAA devotes its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for Pennsylvania's students, families, schools and taxpayers.