



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Money Tip for Students, October 2016

Time to start repaying student loans

If you finished college in May and have student loans, it's almost time to begin repaying them. These tips from the Kentucky Higher Education Assistance Authority (KHEAA) may help.

One of the smartest things you can do is pay more than your scheduled payment amount. If you ask your lender to apply the extra to the principal, you will pay less interest over the life of your loan.

You have several repayment plans from which to choose. The standard repayment plan calls for equal monthly payments over 10 years. The minimum monthly payment is usually \$50. Other options include:

Graduated repayment, which starts with lower amounts that get higher over the 10-year period.

Income-driven repayment plans, with monthly amounts based on income and family size. Some of these will forgive the remainder of the loan if you make on-time payments for a certain period of time.

Extended repayment, which lets you take up to 25 years to repay your student loans if you borrowed more than \$30,000 and none of your loans were made before October 7, 1998.

You will probably pay more interest over the life of the loan if you use any option other than standard repayment. Also, you may have to pay taxes on any amount that is forgiven.

KHEAA is the state agency that administers Kentucky's grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES). The agency also provides financial literacy videos at <http://itsmoney.kheaa.com>. and free copies of "It's Money, Baby," a guide to financial literacy, to Kentucky schools and residents upon request at publications@kheaa.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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