

# MANAGING YOUR MONEY



## For College Grads, Paying On Time Pays

(NAPSA)—There may not be grades for life after college, but there are new challenges: the beginning of a career, living independently and planning for the future. It's also about repaying your student loans.

Once a student graduates from college, leaves school or drops below half-time enrollment, he or she has six months before the repayment period begins. This six-month window is called the "grace period."

Managing student debt right the first time can make a significant difference in a borrower's financial future. The majority of student loan lenders and servicers, including Sallie Mae, offer a variety of repayment options for borrowers to select from, so it's important to choose a plan that best meets individual budgets and financial circumstances.

Among the repayment plans typically available:

- A Standard Repayment plan, in which principal and interest payments are due monthly throughout the 10-year repayment period.

- A Graduated Repayment plan, in which payments are lower at the beginning of repayment and slowly increase at specific times and amounts over the life of the loan.

- An Income-Sensitive Repayment plan, in which monthly payments are based on a percentage of a borrower's monthly income.

- An Extended Repayment plan, in which borrowers have lower monthly payments by extending their repayment period up to 25 years.

- A Loan Consolidation plan, in which borrowers combine one or more federal education loans, creating an extended repayment term—to as many as 30 years—with lower monthly payments.



**THE LESSON is that managing student debt right the first time can make a big difference in a borrower's financial future.**

"It's important to stay in touch with your lender throughout the process, but particularly as you transition from your grace period to repayment," says Martha Holler, spokesperson for Sallie Mae, the nation's No. 1 paying-for-college company. "Oftentimes, lenders will reward their customers for making on-time payments by giving interest rate reductions or cash back. It may be true that there's no free lunch, but you can earn free money toward your student loans."

Above all, make paying education loans on time a priority. Not only will it help create a solid credit record, but will also translate into money in your pocket.

For more information, visit Sallie Mae's award-winning CollegeAnswer.com Web site. You'll find interactive payment calculators, information on repayment options and tax deductibility of student loan interest, as well as other resources.