EVERFI

Pathways: Financing Higher Education™

How Should I Pay Back My Student Loans?

NAME ______________________________ **DATE** ______________

INSTRUCTIONS

Read the following scenarios and make an educated suggestion on how each graduate should plan to pay back their student loans based on their unique situations. Consider repayment, deferment, and loan forgiveness programs each graduate might qualify for. Be sure to include a detailed explanation of your decision for each scenario.

- Standard Repayment Plan
- Graduated Repayment Plan
- Extended Repayment Plan
- Income Driven Repayment Plan

1. Your friend just graduated with a nursing degree and has $50,000 to pay back in student loans. They have secured a new job , but starting salaries for nurses start out low and then increase exponentially over time, especially with additional certifications, training, and advanced degrees . Which student debt repayment program should they use and why?

2. Your brother just graduated with a degree in elementary education and has $25,000 to pay back in student loans. He has accepted a position in a teaching fellowship that places teachers in low-income, underserved communities. The fellowship is a one-year program, but your brother is open to teaching in his placement city after the fellowship ends. Which student debt repayment program should they use and why?

3. Your cousin just graduated with a Biology degree with a pre-medicine track. They took out $10,000 in student loans so far, but plan to take a gap year before starting medical school. During their gap year, they'll be volunteering for a public health organization that allows them to defer their student loan payments. Your cousin will use this time to save up some money for medical school, but they are anticipating taking out additional loans to cover the $200,000 price tag. Which student debt repayment program should they use and why?

4. Your friend just graduated with a general studies degree, but the job market in their city is relatively small. As a result, he took the best job offer available at $30,000/ yr. He is staying at home with his parents to save money since he has other debts to repay in addition to his $50,000 in student loans. Which student debt repayment program should they use and why?

5. Your sister graduated with a bachelor's degree 2 years ago and has since spent some time in the workforce. She wants to go back to school to earn a master's degree and is $10,000 short of having enough money in savings and her job's tuition reimbursement benefit to cover the cost of attendance. She thinks she'll have to take out a student loan to cover the difference until the tuition reimbursement kicks in. Which student debt repayment program should they use and why?

6. A co-worker of yours just graduated with a degree in finance and secured a great new job as a broker, with a starting salary of $90,000. They want to save up for a down payment on their first home, but also have to pay back $70,000 in student loans. Which student debt repayment program should they use and why?

7. Your cousin just started a new job with great benefits. One of the benefits is a company match of 8% retirement savings, meaning that for every 1% of earnings she sets aside in the company sponsored retirement plan, the company will match it up to 8%. Wow! Your cousin wants to take advantage of this benefit, but won't be able to make her $500 student loan payments if she contributes the full 8%. Which student debt repayment program should they use and why?