



How to conquer your graduation panic and pay back student loans

It's time to pay up.

Uncle Sam and all those friendly banks that gave you money for your education are back. And now they're ready to collect.

Are you sweating through your graduation gown at the thought of paying back your student loans? What are your responsibilities? How do you even get started? And what if you mess up? We've got the answers you need to get an A+ in tackling your debt repayment.

What vital information should I know about my student loans?

Student loans can be downright terrifying if they're a big mystery to you.

So get acquainted with your loans. Learning key details about them can go a long way toward helping you feel as though you understand your educational debt and how it fits into your entire financial picture.

Specifically, know the following information about your loans:

- How many loans you have.
- What types of loans you have – subsidized federal, unsubsidized federal, PLUS, private, etc.
- The names of the lenders or the companies servicing your loans.
- How long your post-graduation grace periods are.
- Your repayment schedule for each loan.
- Your repayment plan options for each loan.
- The outstanding principal (amount you still have to pay) on each loan.
- The interest rate (a percentage) and accrued interest (a dollar value) on each loan.
- How much you need to pay on each loan and when that amount is due.

Review each of your loan balances every few months, so you know where you stand.

That's a lot to remember! How do I get control of all those details?

Whether you have one loan or ten, you'll stay on top of them if you keep yourself well organized:

1. **Use physical folders or keep digital records** to collect account statements, payment receipts, and all information related to your loans.
2. **Set up automatic payments** from your checking account, so you never have to worry about remembering your monthly due date.
3. **Get a helping hand from money management software** like [Quicken](#) and [Mint](#). Not only do they store all of your loan details, but they handle the number crunching for you. You'll be able to see your entire payment history, run reports, and even learn how paying extra will impact your final payment dates and interest due.
4. **Make a budget.** Seeing how your loan payments fit in with your other fixed expenses, your variable expenses, and your income will allow you to choose the best repayment plan and adjust your spending from the start ... before you find yourself in hot water.

What happens if I miss a payment?

Every loan has its own rules – and its own set of consequences for breaking those rules. So study the paperwork you received from each lender.

Private loans may consider you in default immediately, while other loans may not begin penalizing your delinquency until you're 30–90 days overdue.

At some point, however, you'll start racking up late fees, and your credit score will take a hit. And it'll keep dropping every month you remain delinquent.

Should you care about your credit score?

Absolutely.

Low credit scores can translate to difficulty qualifying for loans (including car loans and mortgages), higher interest rates for loans, and even significantly larger auto insurance premiums. Plus, it could take years for your delinquency to vanish from your credit report.

What horrible things happen if I default on my loan?

Defaulting on a student loan typically means that your payment is at least nine months overdue. And it's a big deal.

When you're in default, every penny of your loan and the interest you've accrued are due **immediately**. In addition, you're required to foot the bill for the work a collection agency does in getting you to pay up.

Once you default on a federal student loan, you'll lose your options to participate in [loan forgiveness](#), [loan deferment or forbearance](#), and alternative repayment plan programs.

Your lenders may be able to take money from you forcibly. They can garnish your wages and even pocket your tax refunds.

What can I do if I'm headed toward delinquency or default?

If you're having trouble making your minimum loan payments, it's critical that you get proactive right away.

- See if you're eligible for an [income-driven repayment plan](#).
- If you're dealing with a federal student loan, you may be able to put your payments on hold temporarily, though when you do so, you'll continue to rack up interest. You can also switch to an [extended repayment plan](#).
- Choose a [graduated repayment plan](#) if you want to pay back less now and more later – handy if you expect your income to increase a lot in coming years.

Tackling your student loan debt doesn't have to be scary. Use these tips to get a solid understanding of your debt and set yourself up for repayment success. Then you can celebrate your graduation with no worries because you have a plan to conquer your student loans.

Author Bio

Megan Nye is a [freelance writer](#) who crafts personal finance and lifestyle content for businesses, blogs, and publications. Her clients include *The Huffington Post*, *The Penny Hoarder*, *The Dollar Stretcher*, *MindShift.money*, *Vibrant Life*, *Dealspotr*, *ChimpChange*, and *Money Saving Mom*.