Did you borrow a federal student loan? Here are three steps that will help you avoid default!

Are you struggling to make your payments? Have you looked for help? Do you understand repayment and how to manage your loans?

Here are three steps to help you manage your federal student loans.

**Step 1: Know who and how much you owe**

Logon to [The National Student Loan Data System (NSLDS)](https://www.nslds.ed.gov) to determine what you owe and to whom you owe the loans. NSLDS tracks all outstanding federal student loans until they are paid in full, which allows you, the borrower, to see exactly how much you owe and to whom.

**Step 2: Select a repayment plan**

Make sure you know there are lots of repayment options—Standard, Graduated, Income-Based, Income-Contingent, and Extended.

You need to understand all of them in order to pick the right plan for your budget. To find the plan that best fits your situation, borrowers should select a plan for each of the lenders/servicers listed on NSLDS associated with your loans and calculate the monthly payments.

1. Make a list all of your lenders; list all of your loans with each lender by loan type (subsidized, unsubsidized). If you have multiple federal loans it may be helpful to have them all on the same repayment plan.

2. Use a calculator to run the numbers on each repayment plan for each of your loans.

3. Look at the monthly payments. Which plans can you afford based on your income and your budget? Remember, the lower your payments now, the more interest you will pay in the long run.

4. Talk to your lenders or servicers. If your current plan isn't a good fit, ask how to switch to a plan that works better for your budget.

**Step 3: Stay on top of your loans**

Borrowers can stay on top of their loans by keeping track of who and how much they owe. Remember to communicate with your lenders or servicers and let them know if your name, address, or telephone number changes, so they can stay in touch with you. They may have special arrangements they can offer or changes may take place regarding who services your loan.

You should also reconsider your repayment plan if your payment is too high. Talk to your lender or servicer if you’re having trouble making payments. You may qualify for a deferment or forbearance. There are many options available if your payment plans or due dates aren’t working for you.

**What Borrowers Can Do If They Default**
If borrowers default on their loans, they still have options.

Loan Rehabilitation: Borrowers can rehabilitate their loan by making nine full payments within 20 days of their due dates over a 10-month period. Payments secured through wage garnishment do not count. **Advantages of rehabilitation include:**

- Loans will no longer be considered in default status.
- The default status reported to the credit bureau will be deleted.
- Borrowers will be eligible for the same benefits available on the loans before the loans defaulted, including Title IV eligibility.
- Wage garnishment ends and income tax refunds are no longer withheld.