

How to Manage Student Loan Debt

If you are struggling with student loan debt, you are not alone. 43 million borrowers have more than \$1.6 trillion in federal student loan debt.¹ And, it's not only younger people who are faced with student loan debt, middle-aged people and retirees are still paying off student loans for themselves, spouses and children.

Managing your student loans is a critical part of your financial foundation. Here are a few tips on how to help you manage the debt:

1. Don't ignore your debt.

We understand that the burden of student loan debt can be overwhelming. Still, it's crucial to prioritize making payments on time. Skipping payments or ignoring your debt could potentially harm your credit score and add unnecessary fees and penalties.

2. Calculate your total debt.

Whether you have one or more student loans, it is important to assess your total amount of debt. Remember that student loans are federally or privately issued, and each loan could have a different interest rate. Visit the [National Student Loan Data System](#) to get a list of your federal loans, loan balances, and monthly payments. Add your private loans to the list and calculate the total amount of your loans. Once you know this number, you can make a plan to pay them down.¹

3. Review refinancing and consolidation options.

One option to consider is consolidating or combining multiple loans. Consolidation will give you one loan with a lower monthly payment. While you will only have one monthly payment, be aware that the consolidated loan may have a higher interest rate than some of your current loans and might extend your payoff period.



What You Need to Know

- Ignoring your student loan debt or skipping payments could negatively impact your credit score and result in unnecessary fees and penalties.
- Visit the [National Student Loan Data System](#) to get a list of your federal loans, the loan balances, and the monthly payments.
- Consolidating multiple loans will give you one loan with a lower monthly payment.
- Federal student loans offer flexibility by allowing you to choose a more affordable payment plan.

Another option might be to refinance your high interest loan(s) at a lower rate. Before you consolidate and refinance, make sure you understand:

- New interest rate
- Cost to consolidate or refinance
- Fees if you pay the loan off before the final payment date
- If the new loan will extend the payoff period, increasing your interest payments

4. Always check for special programs.

Remember to explore the options non-profit organizations or government agencies provide, like hospitals and schools. They may have student loan forgiveness programs too! For instance, you might be eligible for the Public Service Loan Forgiveness Program if you work for a US government or non-profit organization (including the military!). However, it's important to carefully review the program's requirements to ensure you're eligible to participate.

5. Look at more flexible payment plans.

Federal student loans give you flexibility when it comes to payment plans. You can opt for a payment plan that suits your budget; some plans even extend beyond ten years. Plus, if you prefer, you can start with smaller payments and make larger payments later on when it works better for you.

6. Pay your loan automatically.

Many lenders allow you to have your payment deducted directly from your bank account or paid on a credit card. This will help you avoid late payments and may save you money. Some lenders offer a discount if you pay automatically.

Student loan debt can be overwhelming from the minute you graduate and for many years after. By following some of the tips above, you can find ways to manage the debt so that you can keep your financial life on track.



1 Hahn, Alicia. (2022, Sept. 19) 2022 Student Loan Debt Statistics: Average Student Loan Debt. Forbes.com. <https://www.forbes.com/advisor/student-loans/average-student-loan-statistics/>

2 For more information on the Public Service Loan Forgiveness Program, please click here.

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