

# 2025 · WHAT ISSUES SHOULD I CONSIDER WHEN PAYING OFF MY STUDENT LOANS?



LOAN OVERVIEW	YES	NO
<b>Do you need to review the terms of your loans, and whether they are federal or private loans?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you currently in school?</b> If so, you are likely not required to make payments as long as you are enrolled at least half-time.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Did you recently graduate and are you in a grace period?</b> If so, consider the benefits of starting repayment before the end of the grace period (starting the loan forgiveness clock), and whether consolidation/refinancing would benefit you.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Is your employment status changing or are you changing careers?</b> If so, consider how your new position, hours, and salary might impact your student loans. Your career move could affect your payments and eligibility for profession-based relief.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you the cosigner of a loan for a family member?</b> If so, consider the following: <ul style="list-style-type: none"> <li>Ensure that the borrower is making timely payments (late payments affect your credit score), and pursue available options for release, when applicable.</li> <li>Maintain a copy of your note, and understand the terms and any triggering events that may accelerate payments.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

CASH FLOW ISSUES	YES	NO
<b>Are you in repayment and struggling to make payments?</b> If so, consider the following: <ul style="list-style-type: none"> <li>Understand your status and the repercussions of delinquency and default across your various loans.</li> <li>Relief measures may be available from your lender (e.g., deferment, forbearance). Understand the downside of these options, as they may increase your overall interest payment.</li> <li>If you have a 529 account, you can withdraw up to \$10,000 (lifetime limit) for payments toward qualified student loans.</li> <li>If you are repaying your loans under an IDR plan, recertifying could reduce your payments.</li> <li>If applicable, consider taking advantage of any retirement plan match your employer may offer for making student loan payments. (continue on next column)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

CASH FLOW ISSUES (CONTINUED)	YES	NO
<b>Are you in repayment and looking to pay your debt on an accelerated schedule?</b> If so, consider the following: <ul style="list-style-type: none"> <li>Review loan features to help you prioritize your extra payments, directing them away from loans with the most favorable features (e.g., forgiveness).</li> <li>Ensure that extra payments are going towards principal, and don't cause unintended effects.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Does your employer offer repayment benefits?</b>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you need a contingency plan, in case you have a disruption in income?</b> If so, consider increasing your emergency fund savings, in order to cover several months of loan payments and avoid potential delinquency and default.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Do you expect your income to rise in the future?</b> If so, consider if a graduated plan makes more sense.	<input type="checkbox"/>	<input type="checkbox"/>

LOAN REPAYMENT FEATURE ISSUES	YES	NO
<b>Do you have federal loans?</b> If so, you may be eligible for IDR plans. See flowchart "Am I Eligible For An IDR Plan For My Federal Student Loans?" for details.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you currently repaying under an IDR plan?</b> If so, consider the following: <ul style="list-style-type: none"> <li>If there has been (or will be) a change in your marital status, review the impact of your spouse's income and student loan balance, if applicable, on your repayment obligations.</li> <li>If there has been (or will be) a change in your family size, review the impact on your repayment obligations.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you a teacher, nurse, doctor, military service member, or lawyer?</b> If so, you may qualify for repayment assistance programs.	<input type="checkbox"/>	<input type="checkbox"/>
<b>Are you a non-profit or government employee with federal loans?</b> If so, consider the following: <ul style="list-style-type: none"> <li>You could be eligible for loan forgiveness through PSLF after making 120 qualifying payments.</li> <li>Review your work and payment history to determine your eligibility and status. (continue on next page)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

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LOAN REPAYMENT FEATURE ISSUES (CONTINUED)	YES	NO
▶ <b>Have you declared bankruptcy, or have you become permanently disabled?</b> If so, your federal loans could be discharged.	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Do you have Perkins loans and are you in a qualifying career (e.g., teacher, firefighter, law enforcement, nurse, military service member, etc.)?</b> If so, you may qualify for cancellation.	<input type="checkbox"/>	<input type="checkbox"/>

LOAN CONSOLIDATION & REFINANCING ISSUES	YES	NO
▶ <b>Are your rates variable or are lower rates available?</b> If so, you may benefit from refinancing at a lower, fixed rate. Be mindful of loan features that you may give up if you refinance.	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Do you have federal student loans?</b> If so, consider the following: <ul style="list-style-type: none"> <li>■ Your federal loans can be consolidated, but your origination date, loan status, and financial position may affect your eligibility for various consolidation options. Carefully consider the timing and any benefits of consolidating before taking this step.</li> <li>■ Your federal loans can be refinanced into private loans, often at lower rates, but be aware of the federal benefits you might sacrifice by private refinancing (e.g., IDR plans, interest subsidy, forgiveness, etc.).</li> <li>■ If you follow an IDR schedule, your monthly payments will be tied to your income (typically ranging from 10% to 20% of your discretionary income), updated annually. If you make regular timely payments for a term of years (typically 10-25, or 10 if you qualify for PSLF), your remaining loan may be forgiven. Carefully consider the timing and any benefits of consolidating before taking this step.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Do you have private student loans?</b> If so, consider the following: <ul style="list-style-type: none"> <li>■ You can refinance your private student loans, and combine any federal student loans that you may have. Remember that private refinancing of federal loans irrevocably forfeits any exclusively federal benefits. (continue on next column)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

LOAN CONSOLIDATION & REFINANCING ISSUES (CONTINUED)	YES	NO
<ul style="list-style-type: none"> <li>■ Lenders will review your credit score, income, and debt-to-income ratio, and may require a cosigner for approval.</li> <li>■ When comparing lenders, weigh features such as fees/costs, unemployment protection, cosigner release, repayment options, etc.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

TAX ISSUES	YES	NO
▶ <b>Is your MAGI less than \$100,000 if you are a single filer, or \$200,000 if you are MFJ?</b> If so, you may qualify for an above-the-line income tax deduction for interest paid on “qualified education loans” (for you, your spouse, your dependent), up to a maximum of \$2,500 per tax year. Phaseouts begin at \$85,000 MAGI for single filers, and \$170,000 for MFJ. The deduction is allowed for both required and voluntary prepaid interest payments.	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Has your employer provided repayment for your student loans through a qualified educational assistance program?</b> If so, under the CAA of 2021, up to \$5,250 of such benefits can be excluded from your income each year (through 2025).	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Have any of your student loans been discharged, in whole or in part?</b> If so, per the American Rescue Plan of 2021, the discharge of student debt (federally-backed or private) in 2021 through 2025 is excluded from income at the federal level.	<input type="checkbox"/>	<input type="checkbox"/>
▶ <b>Are your payments tied to your AGI (e.g., an IDR loan)?</b> If so, consider the following: <ul style="list-style-type: none"> <li>■ If you are married, note how your household income and tax filing status could affect your monthly payments. Compare your joint tax liability under MFS and MFJ, and choose the most favorable method.</li> <li>■ Implement strategies to reduce your AGI, such as making tax-deductible contributions to your retirement plan(s), FSA, and/or HSA.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

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