

AUGUST 2018

FASTLANE



5 THINGS TO KNOW BEFORE TAKING OUT STUDENT LOANS

Paying for college with student loans is a popular way to finance education. Consider these things before signing on the dotted line.

1

Your loans will either be federal or private

In general, student loans come in one of two forms—federal (government-funded) or private (from individual lenders like credit unions or banks). Federal student loans tend to come with incentives like fixed interest rates and the ability to restructure payments based on income; however, with a little research, you may be able to find a private loan with lower interest rates.

2

Short equals less, long equals more

When it comes to repaying your loans, the faster you agree to pay off your debt, the more you'll likely pay per month, but you'll be spending less in interest over the life of your loan. Conversely, if you decide to make smaller payments toward your debt over a longer period of time, you may end up paying significantly more interest over time.

3

Know your grace period

Grace periods—how long you can wait after graduation before your loan payments start—vary, so be sure to find out when your first payment will be due. A grace period can be helpful if you need time to get a job and earn some money before making payments. However, making payments during the grace period can offset some of the interest accruing. Many federal student loans offer a grace period and most private student loans do not. Check with your lender for details.

4

Forbearance and deferment may help in times of need

You may need to take breaks in payments from time to time. Forbearance and deferment can help in these situations. Forbearance allows you to either stop making loan payments or have them reduced for a certain amount of time (interest will likely still accrue). Deferment allows you to stop making payments on both principal and interest for a number of specific reasons. The government may subsidize your interest while in deferment. Check with your lender to see if these options are available to you, and what the circumstances must be to qualify.

5

There's a difference between refinancing and consolidation

Two options to help you get debt-free faster are consolidation and refinancing. Consolidation is the act of combining all of your loans into one payment with an interest rate that will likely be an average of your existing loans. Consolidation simplifies your payment process, but doesn't necessarily reduce your debt burden. Refinancing uses a new loan (hopefully with a lower interest rate) to pay off your existing debts. You'll then make a single payment per month towards your new loan. The lower interest rate can help you dig out of debt faster. You'll need to do a little research to determine which is best for your particular situation.



HAVE STUDENT DEBT?

Did you know Hiway offers 6 FREE financial counseling appointments through LSS as a member benefit? This includes one-on-one student loan counseling.

They will guide you through the most effective and money saving ways to payback your student debt.

Depending on your line of work, you may even qualify for a loan forgiveness program.

Schedule your free appointment with LSS today:

lssmn.org/hiway
800.528.2926

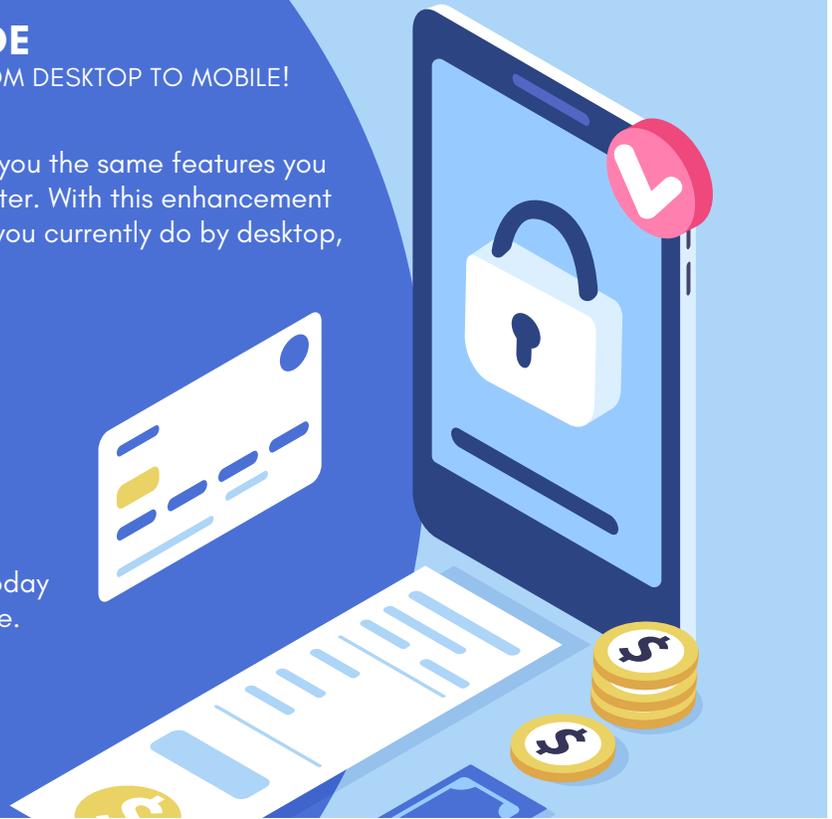
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- Set up recurring payments
- Send rush payments
- Set up eBills
- Categorize your payees
- Send a gift or donation
- Pay a person

Download the Hiway Federal Credit Union App today to set-up bill payment and pay your bills with ease.



OUT&ABOUT

Dave Boden, President/CEO of Hiway, was recently appointed to Saint Paul Mayor Melvin Carter's Children's Savings Account (CSA) task force.

The task force will lead community engagement and program design, and will make recommendations on how to fund and implement a future Children's Savings Account program.

"When the mayor's initiative first came to our attention at Hiway, we felt we needed to be involved," said Boden. "At Hiway, we consider financial well-being an important goal and have a strong commitment to provide financial literacy to people of all ages, starting when kids are very young. We know there is a significant need for youth to learn basic financial skills as they prepare for adulthood and look ahead to college and careers. In addition to our significant partnership with Saint Paul Public Schools, this initiative is another way for us to invest in the success of students in our community and help them improve their money habits. We are excited to have this opportunity to work with the task force on the design and implementation of the CSA program."

Additional Hiway associates will serve on task force sub-committees. Tina Jones, Community Outreach Administrator, will serve on the Community and Institutional Partnerships Subcommittee, Bill Wagner, Vice President of Business Development, will serve on the Engagement and Outreach Committee and Boden will serve on the Funds and Fundraising Subcommittee.



Mayor Melvin Carter pictured with Hiway's Right Track interns.

