



## Module 6

1. What is the best way to think about the maximum amount of student loans you should borrow?

Answer \_\_\_\_\_

- a. You should borrow as much as you need to get the degree you want at the school of your choice.
- b. You can borrow up to three times what you will earn in your first year of employment after school.
- c. Your loan payment should not exceed more than 10% of your gross monthly income.
- d. b and c above are correct.

2. What is the way a student shows exceptional financial need to qualify for a Perkins loan?

Answer \_\_\_\_\_

- a. By having no savings account in their name.
- b. From information entered in the FAFSA.
- c. By the number of part-time jobs the student needs to get by in college.
- d. None of the above

3. The “grace period” is the time between when the student leaves school or drops below full-time status and a student loan repayment period starts. What is different about the grace period for a Perkins loan and other Federal Student Loans?

Answer \_\_\_\_\_

- a. The grace period is longer for a Perkins loan.
- b. There is a 10 year grace period on a Perkins loan.
- c. Perkins loans do not have to be repaid so the grace period does not apply.
- d. None of the above.

Visit [www.mycollegemoneyplan.org](http://www.mycollegemoneyplan.org) for additional resources and information.



4. Stafford loans can be “subsidized” or “unsubsidized”. A subsidized loan means:

Answer \_\_\_\_\_

- a. Interest is charged from the time the loan is made.
- b. You will never pay interest on a subsidized loan.
- c. The federal government pays the interest for you during the time the loan is subsidized.
- d. These are subprime loans and should be avoided.

5. How does a person qualify for either a subsidized or unsubsidized Stafford loan?

Answer \_\_\_\_\_

- a. By the financial information on their FAFSA.
- b. By a direct appeal to the Director of Financial Aid at your school.
- c. By maintaining sufficient academic progress.
- d. None of the above.

6. 3 different students borrow the same amount of money using federal student loans. One student has a Perkins Loan, one student has mostly subsidized Stafford Loans, and the other student has Stafford loans that are all unsubsidized. If they all pay off their loans in the standard 10 year repayment period, who will pay the most interest?

Answer \_\_\_\_\_

- a. The student with the Perkins loan.
- b. The student who has subsidized Stafford loans.
- c. The student with the unsubsidized Stafford loans.
- d. Since all students have federal student loans they will all pay the same amount of interest.

7. What is the purpose of a PLUS loan?

Answer \_\_\_\_\_

- a. It can be used to help students earning a degree in science or mathematics.
- b. It is a federal student loan that parents can use to help their children meet the costs of college.
- c. Students use it to “plus up” their lifestyle while in college.
- d. None of the above.



8. What are some disadvantages of private student loans as compared to federal student loans?

Answer \_\_\_\_\_

- a. The interest rates on private student loans are usually higher.
- b. If a student does not have a good credit history they may not be able to qualify for these loans without a “co-signer”.
- c. Repayment plans for these loans may not be as flexible as the plans for federal student loans.
- d. All of the above are true.

9. What are some of the features of the flexible repayment plans for federal student loans?

Answer \_\_\_\_\_

- a. It is possible to extend the time period for loan repayment.
- b. It is possible to start a plan with a lower payment at the beginning.
- c. It is possible to temporarily stop loan payments by asking for a loan deferment or forbearance.
- d. All of the above are correct.

10. What is one of the first things you should do if you start to have difficulty in repaying student loans?

Answer \_\_\_\_\_

- a. Change your address and phone number.
- b. Contact your loan servicer.
- c. Borrow more money to cover the shortage.
- d. File for bankruptcy.

Visit [www.mycollegemoneyplan.org](http://www.mycollegemoneyplan.org) for additional resources and information.



11. What is NOT a possible consequence of going into default (failing to make payments) on a federal student loan?

Answer \_\_\_\_\_

- a. You may be sued.
- b. All or part of your tax refunds and other government payments may be taken.
- c. Your wages may be garnished so that your employer is required to send part of your salary to pay off your loan.
- d. Your name will be published in the newspaper as part of the national delinquency list (NDL).

12. Which one of the following is NOT true about Income-Based Repayment Plans for federal student loans?

Answer \_\_\_\_\_

- a. The plan lasts 20 years or more.
- b. Most of your income is taken to make repayment.
- c. You must do paperwork every year to update income and family size information.
- d. Most federal student loans, not in default, except Parent PLUS loans, are eligible for the IBR program.

13. What is a good way to think about what deferment and forbearance mean as they apply to federal student loans?

Answer \_\_\_\_\_

- a. They are temporary ways to postpone payments on student loans due to life circumstances.
- b. These are almost never granted to people who have student loans.
- c. You do not need to make payments if you know you have a good reason not to.
- d. None of the above are correct.

Visit [www.mycollegemoneyplan.org](http://www.mycollegemoneyplan.org) for additional resources and information.



14. It is easy to have a federal student loan cancelled or forgiven.

Answer \_\_\_\_\_

- a. True
- b. False

15. It is easy to have a private student loan cancelled or forgiven.

Answer \_\_\_\_\_

- a. True
- b. False

Name: \_\_\_\_\_

WSUId: \_\_\_\_\_

Visit [www.mycollegemoneyplan.org](http://www.mycollegemoneyplan.org) for additional resources and information.