

# Strategies for Managing Student Loan Debt

If college were a party, then student loans are the hangover.

Unfortunately, the "hair of the dog" won't cure this headache, but here are some ideas for managing your student loan debt.

The programs listed are not intended as tax or legal advice. They may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation. The programs are for informational purposes only, and should not be considered a substitute for a more comprehensive student loan evaluation.

**Income-Driven Repayment Programs** — There are four different types of income-driven repayment choices that may help to manage your monthly federal student loan payments:<sup>1</sup>

- Saving on a Valuable Education (SAVE Plan)
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income-Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

You may be eligible for one or more of these payment choices depending on the types of student loans you have, your family size, your income, and certain other factors.

Under these income-driven repayment plans, any remaining loan balance may be forgiven at the end of the payment period. Payment periods vary depending on the payment option you enroll in, but typically range between 20-25 years.

A financial professional may help you to determine which of these income-driven repayment choices you might be eligible for.<sup>1</sup>

**Public Service Loan Forgiveness** — Certain federal loans may be forgiven after 10 years of qualifying payments if you take a job with federal, state, or local government; a non-profit; or certain other public service organizations.<sup>1</sup>

**Volunteer** — There are a number of programs, such as AmeriCorps, Peace Corps, and the military, in which service may accrue a benefit that reduces an outstanding loan balance in an amount that varies depending upon the program.<sup>2</sup>

**Pre-Pay Principal** — Pre-payment of principal may help lower the lifetime interest costs of a loan. To raise cash to fund pre-payments, one idea is to ask that birthday and holiday gifts be cash to put toward pre-payments. You could also direct any raises, bonuses or overtime pay to pre-payments. If you do pre-pay principal, be sure to target the loans with the highest rate of interest.

**Loan Consolidation** — You can consolidate your federal loans through the Direct Loan program, or through a private lender if you have private loans. However, this may only make sense if you can obtain an overall lower interest rate.<sup>1</sup>

1. StudentAid.gov, 2025
2. Credible.com, April 23, 2025

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