

Study up on **student loans**

You've taken our video course, and now we're here to help you keep going. Don't let financial institutions scare you with jargon. Use this as a reference to simplify some terms about student loans.

Refinance

When you replace your existing loans with a new loan (usually in return for a lower interest rate).

Consolidation

When you combine multiple federal student loans into one loan to lower your monthly payment. This usually extends your repayment term.

Minimum payment

The smallest amount you need to pay each month so your payments are considered "on time." Part of your minimum payment goes toward your loan balance, and part toward what you pay to borrow the money (interest).

Debt-to-income ratio (DTI)

Your monthly debt payments \div your monthly gross income = your DTI (sorry to make you do math, but this is your financial future, not geometry). Lenders use DTI to see how well you manage monthly debts, and if you can afford to repay a loan.

Loan forgiveness (programs)

Programs that can ultimately erase some or all of your student loan debt.

Tax deductions

The interest you pay on your loans could reduce how much you owe on taxes, or increase your tax refund (cha ching \$\$\$).



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