Student Loan Debt Glossary

Borrower: This is the person who is legally responsible for the student loans. You may have loans where you are the borrower, and loans where a parent is the borrower.

Consolidation: Once you're ready to repay your loans, you can have them consolidated, which means combining all your loans into one loan.

Default: Your student loan is considered in default if you fail to make a payment for 270 days.

Deferment: A deferment is a set period during which repayment of your student loans is delayed.

Delinquency: The first day you miss your scheduled student loan payment, it is considered a delinquent loan.

Dependent: As a dependent, it is assumed you have support from your parents, and therefore you are required to include your parents' information on the FAFSA.

Direct Consolidation Loan: A loan which allows you to combine multiple federal loans into one single loan.

Direct Loan: This is a federal loan that borrowers (including students and parents) can get directly from the U.S. Department of Education. These loans include Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans.

Discretionary Income: The difference between your current income and 150 percent of the poverty guideline in the state you live in for a family of your size.

Free Application for Federal Student Aid (FAFSA): Fill this out before each academic year to see what federal aid you qualify for, including grants, federal loans, or a work-study program.

Federal Loan: A federal loan is one that comes directly from the U.S. Department of Education, as opposed to a private lender.

Federal Family Education Loan Program (FFEL): This expired program allowed private lenders to give loans to borrowers that were guaranteed by the government. But now, all federal loans come directly from the Department of Education.

Forgiveness: Depending on the type of your loan, you may qualify for a portion to be forgiven. This means that those loans get "erased", and you no longer owe that portion of the loan.

Forbearance: A forbearance allows you to stop making payments for 12 months while interest will continue to accrue.

Grace Period: A certain amount of time after you graduate or stop attending college full-time, when you do not yet have to make payments on your student loans.

Income Based Repayment (IBR): This is one of the student loan repayment plans designed to lower your monthly payments, based upon your current income.

Lender: The lender is the organization that gave you a loan. A lender could be the U.S. Department of Education (for federal loans), a bank, credit union, your school, or another lending institution, such as Sallie Mae.

Pay As You Earn (PAYE): This is one of the income-driven repayment plans for student loans designed to make your monthly payments lower, based upon your current income. The Pay As You Earn plan caps your payments at 10 percent of your discretionary income.

Perkins Loan: This is a federal loan with low interest, where your school is the lender. Funds will depend on what your financial need is and what is available from your college.

PLUS Loan: There are Graduate PLUS loans and Parent PLUS loans. These PLUS loans are either for graduate students to help fund their education or for parents of undergraduates to help them pay for their tuition.

Principal: This is the outstanding balance of your loan, without any future interest and fees.

Private Loan: This type of loan is given by a private company instead of the federal government. You may receive or have received a private loan from a bank, credit union, your school, state agency, or common loan providers such as Sallie Mae.

Public Service Loan Forgiveness (PSLF): The program permits Direct Loan borrowers who make 120 qualifying monthly payments under a qualifying repayment plan, while working full-time for a qualifying employer, to have the remainder of their balance forgiven.

Subsidized: The federal government will pay interest that accrues during your grace period, unless it occurred between July 2012 and July 2014.

Temporary Expanded Public Service Loan Forgiveness (TEPSLF): If your PSLF application was denied because some or all of your payments were not made on a qualifying repayment plan for PSLF, you may be able to receive loan forgiveness under a temporary opportunity.

Teacher Loan Cancellation (TLC): Forgives up to 100% of your Federal Perkins Loan Program if you teach full-time at a low-income school, or if you teach certain subjects.

Teacher Loan Forgiveness (TLF): If you teach full-time for five complete and consecutive academic years in a low-income school or educational service agency, and meet other qualifications, you may be eligible for forgiveness of up to $17,500 on your Direct Subsidized and Unsubsidized Loans.

Unsubsidized: Unlike subsidized loans, you are responsible for your interest on loans during all periods.