



Credit and Money Management

Student Loans



About Operation **HOPE**

Since its inception in 1992, the mission of Operation HOPE, Inc. (HOPE) is silver rights empowerment, making free enterprise work for everyone. It promotes financial dignity through the delivery of financial inclusion and education tools to underserved communities. Through its core divisions, the organization has provided youth and adult financial literacy, economic preparedness, digital empowerment, promoted home ownership, and assisted with foreclosure prevention to more than 2 million individuals, families, and small business owners. HOPE's next phase is focused on Project 5117, a multi-year initiative that will track and increase business role models for youth, boost credit scores for adults, and empower underserved communities.



“There is a difference between being broke and being poor. Being broke is an economic condition, but being poor is a disabling frame of mind, and a depressed condition of the spirit, and we must vow never, to be poor.”

– **John Hope Bryant**



Welcome to Operation HOPE's

Student Loans Workbook

This workbook is designed for anyone to download and complete independently. It combines student loan education with action, guiding you to reflect, plan, and take practical steps toward building strong, lasting finances through interactive exercises and goal-focused activities.



Student Loans

Tips for Getting Started

This workbook is your personal guide to setting strong financial goals—and making real progress.

You don't need to complete it all at once. In fact, you'll get more from it if you take your time, reflect honestly, and revisit it as you grow.

How to Make the Most of This Workbook

- Set aside focused time each week to work through a few pages.
- Write directly in the workbook, or use a notebook if you need more space.
- Be honest with yourself. This is a judgment-free zone.
- Come back to pages that challenge or inspire you.

You Can Revisit It

- This workbook isn't just a one-time activity.
- Use it as a check-in tool—every month, every quarter, or any time your financial goals shift.
- Reflect on how far you've come and what's next.

What to Expect

Throughout this workbook, you'll:

- Reflect on your financial mindset
- Assess your current habits and behaviors
- Set clear, realistic SMART goals
- Build a personalized action plan to move forward

This is your space to explore, plan, and act. Let's begin.

Activity: Reflection

What are your biggest questions and concerns about student loans?



Understanding Student Loans

Student loans are a common way to finance higher education, helping millions of students pursue their academic dreams. However, it's crucial to have a solid grasp of the fundamentals of student loans to make informed decisions about your education financing.

Federal Student Loans

The U.S. Department of Education funds federal student loans. They offer several advantages, including fixed interest rates, flexible repayment plans, and potential loan forgiveness. The main types of federal loans include:

- Direct Subsidized Loans: These are need-based loans with interest subsidized while you're in school.
- Direct Unsubsidized Loans: These loans are not based on financial need, and interest accrues from the moment the loan is disbursed.
- PLUS Loans: Available to parents and graduate students, these loans have higher interest rates and can cover the full cost of attendance.

Private Student Loans

Private student loans are offered by private lenders like banks, credit unions, or online lenders. They typically have higher interest rates and fewer borrower protections compared to federal loans.

Interest Rates

- Depends on loan type, credit score, market rates
- Federal rates are currently 5-7%, and private 3-12% typically

Loan Servicers

- Company that manages repayment, send monthly bills
- Can have multiple servicers depending on the type of loan. i.e. Parent Plus loans can have a different servicer than federal direct student loans. But Federal Direct (subsidized or unsubsidized) will usually all have the same servicer.

Fees

Origination fees when loan disbursed, late fees, returned payment fees

Access Records on Studentaid.gov

- Summary of all federal loans, servicers, balances
- Download detailed loan information
- Use template to catalogue loans, interest rates, servicers

Different Repayment Strategies

Income-Driven Repayment (IDR) Plans

- Monthly payment based on income and family size
- Any balance left after 20-25 years is forgiven
- Reduces payments but increases total interest

Deferment and Forbearance

- Temporarily pause payments due to hardship, military deployment, work assignments like residencies and work studies, or because the borrower went back to school
Interest still accrues during these periods

Refinancing and Consolidation

- Combine loans into one at lower interest rate
- Pros: Lower rate/payment, single servicer
- Cons: Loss of federal perks and protections

Managing Payments

Use the following strategies to manage your payments:

- Make your payments on time. Don't allow the stress of student loans to prevent you from making the payments on time.
- Build your budget to include your student loan payments.
- If you are able, increase your monthly payment.

Activity: Reflection

- Managing your student loan payments can be challenging, what are or may be your specific challenges?
- What debt repayment strategy might you consider for managing your student loans?

Avoiding Default

Avoiding default on financial obligations is crucial for maintaining a healthy financial profile. Begin by creating a realistic budget that considers all income sources and allocates funds for essential expenses, debt payments, and savings. Prioritize debt repayment, focusing on high-interest obligations first. Communicate proactively with creditors if facing challenges, as they may offer temporary solutions. Establish an emergency fund to cover unforeseen expenses, reducing the likelihood of relying on credit for emergencies. Regularly monitor credit reports for accuracy and address any discrepancies promptly. Embrace a proactive mindset by continuously reassessing and adjusting financial strategies to prevent default and promote long-term financial stability.

Prioritizing Student Loans

- Pay these before any other non-essential debts
- Missing payments can quickly lead to default

Getting Back on Track

- Contact servicer immediately if struggling
- Discuss hardship options, loan rehabilitation

Impacts of Default

- Entire balance is due immediately
- Tanked credit score for 7+ years
- Wage garnishment, tax refund seizure

Activity: Reflection

What steps can you take to ensure you don't face student loan default?

NOTES: