American Consumer Credit Counseling Explains How to Avoid Default on Student Loans

ACCC provides consumers with five tips on how to avoid defaulting on student loans

BOSTON (PRWEB) October 09, 2019 -- For many recent college graduates, the euphoria of earning a degree is now giving way to the reality of that first looming student loan payment. Across the U.S., millions of consumers are faced with the burden of repaying student loans - a responsibility that cannot be put off. Defaulting on loans can severely damage a consumer’s credit and throw them deeper into debt. To help recent graduates and other borrowers, national nonprofit American Consumer Credit Counseling (ACCC) explains five tips for avoiding default on student loans.

“The process of paying off student loans can be incredibly daunting, particularly for recent graduates who are just entering the workforce,” said Steve Trumble, President, and CEO of American Consumer Credit Counseling, which is based in Newton, MA. “The good news is that paying down student loan debt can be a little less scary if consumers communicate with their lenders and take the time to research and understand all the payment plan options available to them.”

According to Forbes, student loan debt in 2019 soared to the highest levels ever. There are currently 45 million borrowers who collectively owe more than $1.5 trillion in student loan debt. The Student Loan default rate is at 11.4 percent (90+ days delinquent) with a total of $101.4 billion in default. The state with the highest student loan debt is California. According to a TD Bank survey, the average debt held by individual borrowers is nearly $26,500, with monthly payments averaging about $579.

ACCC Explains five tips consumers should follow to help avoid defaulting on student loans.

1. Communicate with your lender - Talk to your lender if you are in trouble. Consumers who resort to the silent treatment will fall into delinquency and later into default. It will negatively affect your credit score. If you are upfront with your creditor, they can give you options.
2. Ask about payment plans - There are several payment plan options, particularly for consumers who may be facing financial strain or trouble. Ask your lender what you can do.
3. Investigate payment postponement options - Deferment payments are postponed for up to a year if you cannot pay right away. If you have a private loan, you can request a forbearance, which also postpones payments for up to a year.
4. Research loan cancellation and forgiveness - Loan forgiveness varies through federal or state-sponsored programs. Research your respected program if you have exhausted your deferment, forbearance, and repayment plan options.
5. Dig out of default- If you already defaulted, you need to call your lender to talk about rehabilitation programs or a customized payment plan.

About American Consumer Credit Counseling
American Consumer Credit Counseling (ACCC) is a nonprofit credit counseling 501(c)(3) organization dedicated to empowering consumers to achieve financial management through credit counseling, debt management, bankruptcy counseling, housing counseling, student loan counseling and financial education concerning debt solutions. To help consumers reach their goal of debt relief, ACCC provides a range of free consumer personal finance resources on a variety of topics including budgeting, credit and debt management,
student loan assistance, youth and money, homeownership, identity theft, senior living, and retirement. Consumers can use ACCC’s worksheets, videos, calculators, and blog articles to make the best possible decisions regarding their financial future. ACCC holds an A+ rating with the Better Business Bureau and is a member of the National Foundation for Credit Counseling® (NFCC®). For more information or to access free financial education resources, log on to ConsumerCredit.com or visit http://www.consumercredit.com/financial-education.aspx
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