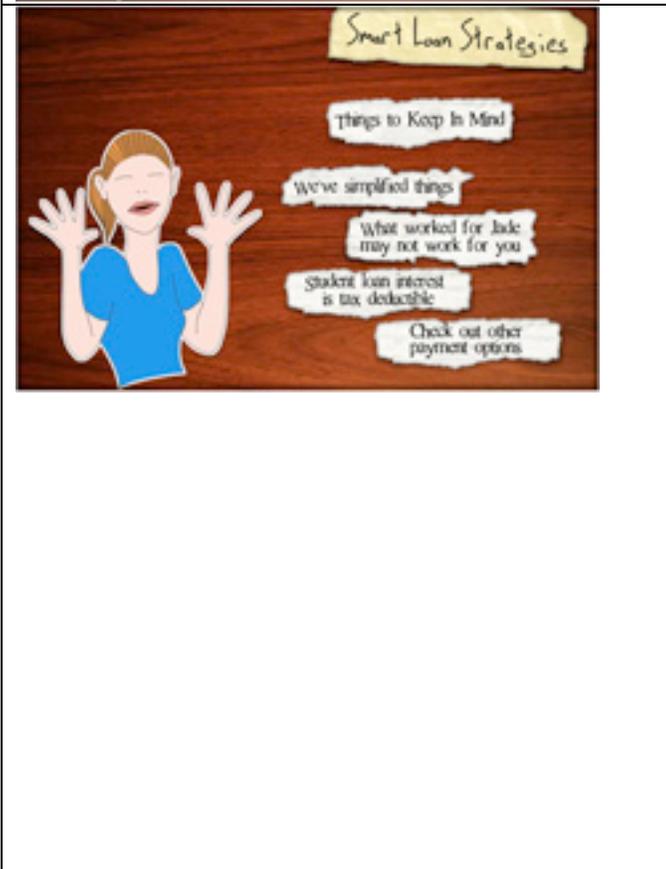


View	Narration
	<p>This is Jade.</p> <p>Jade borrowed a lot of money to pay for her two degrees. She consolidated several smaller loans into one big one.</p>
	<p>She wants to use her Segal AmeriCorps Education Award to take a big bite out of her loan and make sure she doesn't pay the lender one penny more than she needs to. What's the best way for her to do that?</p>
	<p>To help Jade out, let's take a closer look at what she owes. We'll try to keep it simple.</p>
	<p>After consolidating, Jade owes \$25,000 on a 10-year loan with a 5 percent interest rate. This works out to a monthly payment of about \$265. Since there are 12 months in a year, and she has 10 years to pay off the loan, she would normally make a total of 120 monthly payments. Let's also assume that Jade will make the full monthly payment of \$265, not a minimum amount, and won't make use of any special loan payment programs.</p>

View	Narration
 A wooden board titled "Smart Loan Strategies" features a cartoon woman with a sad expression carrying three money bags labeled "\$25,000". To her right is an equals sign followed by a piece of paper with "\$32,000" written on it.	<p>In Jade's case, even though her loan balance is \$25,000, with a 5 percent interest rate over 10 years she'll have paid almost \$7,000 in interest. So in the end she will actually end up paying about \$32,000.</p> <p>Jade doesn't want to pay a penny more than she needs to. Let's see how the Education Award can help her.</p>
 A wooden board titled "Smart Loan Strategies" shows a cartoon woman in a blue shirt thinking. Next to her is a "Spiffy Appraisal" card that says "your item:" with a coin icon and "value: \$5,000".	<p>Let's keep it simple and say that Jade's award is \$5,000.</p>
 A wooden board titled "Smart Loan Strategies" shows a cartoon woman in a blue shirt thinking. It features the same "Spiffy Appraisal" card for \$5,000. Below the card are two buttons: "pay ahead" and "pay it off early".	<p>Jade has two choices for applying her Education Award towards her loan: she can pay ahead or pay it off early.</p> <p>If Jade chooses to pay ahead, she'll log into her My AmeriCorps account and send the \$5,000 off to the lender.</p>
 A wooden board titled "Smart Loan Strategies" shows a cartoon woman sitting at a desk with a computer. A hand is pointing at a coin on a calculator. A button with a question mark and "pay ahead" is visible. A business card for "Money Inc. Money Lenders" is also present.	<p>What would typically happen then is the lender will use the award to pay Jade's next 18 months of payments. That is, the lender divides the \$5,000 Ed Award by the \$265 monthly payments, which works out to about 18 months. This way, Jade doesn't have to send a payment in for 18 months.</p>

View	Narration
	<p>This could be exactly what Jade wants. For example, maybe she wants to go to Paris for 18 months and doesn't want to worry about making loan payments until she gets back. If that's the case, then sending the Ed Award to the lender to pay ahead her monthly payments may be what she wants to do.</p>
	<p>But does this help Jade reach her original goal of reducing the amount of money she pays? No. She still ends up making 120 monthly payments of \$265 each, and will still end up paying the same \$32,000. She just gets to not think about it for 18 months. So paying ahead is not what she wants to do with her Ed Award.</p>
	<p>Instead, Jade wants to use her award to pay off the loan early.</p> <p>To do so, Jade directs the lender to apply the \$5,000 to the principal of the loan. That is, the award reduces the loan principal by \$5,000.</p> <p>What does this do for Jade?</p> <p>Jade has to keep paying the original \$265 each month; she doesn't get to stop sending in checks for a few months. BUT doing it this way helps her pay off the loan earlier, which saves her money, since there is less interest she has to pay.</p> <p>How much less?</p>
	<p>Putting the \$5,000 of the Ed Award against the principal balance of the loan while still paying \$265 each month allows Jade to pay off the loan 29 months early, or a little over two years ahead of schedule. This reduces the amount of money the interest can be charged on, which means she pays less interest overall.</p> <p>How much less? A bit under \$3,000.</p>

View	Narration
 A wooden bulletin board titled "Smart Loan Strategies" features a person sitting at a desk with a computer. Notes include a calendar, "\$3,000", "pay it off early", "Pay To Principal", "Money Inc. Money Loans", and a list of terms: Original, Interest, Term, Rate, Repay, Term, Loan.	<p>\$3,000 may not seem like much, but it can buy a nice vacation, and besides, Jade didn't want to pay the lender one penny more than she had to. Clearly, paying off the loan early – rather than paying ahead – is what she wants to do.</p>
 A wooden bulletin board titled "Smart Loan Strategies" shows a person gesturing with their hands.	<p>Jade will save even more money on repaying her loans if after she gets a job she pays a little extra toward the principal each time she makes a monthly payment.</p> <p>And saving money makes Jade happy.</p>
 A wooden bulletin board titled "Smart Loan Strategies" shows a person gesturing. Notes include "things to Keep In Mind", "We've simplified things", "What worked for Jade may not work for you", "Student loan interest is tax deductible", and "Check out other payment options".	<p>We do need to point out some things.</p> <ul style="list-style-type: none">• First, we've simplified things quite a bit.• Second, what worked for Jade might not work exactly the same way for you, depending on how much you owe on your loans and your own financial needs and goals.• Third, you get to deduct student loan interest on your taxes. If you pay off your loans early you will lose that deduction; that may or may not matter to you.• Finally, special programs by lenders, schools, and the government – such as the federal Income-Based Repayment program – may help you reduce your monthly payments or even write off some or all of your loan debt. Check with your lender or school financial aid officer to see what options might work for you.

View	Narration
 <p>Smart Loan Strategies</p> <p>SOURCES:</p> <ul style="list-style-type: none">- CNC.gov- FinAid.org- Bankrate.com	<p>The key is learning what you need to know to use your Education Award in a way that works for you. Student loans usually don't make people happy, but for Jade, paying off her debt put a big smile on her face.</p>