

EDUCATION FINANCING

Comparing Student-Loan Repayment Options

Detailed practice, calculation, decision-making, and assessment

GRADES 9-12	TIME 2 x 42 min	GROUPING I / pairs / whole	PRODUCT Brief
YOUR CHALLENGE Calculate starting balance, compare fictional repayment estimates, test budget fit, and create a response plan for changing income.			

Education Decisions Combine Cost, Time, Completion, and Career Fit

Student-loan repayment choices can differ in monthly payment, repayment time, total paid, interest, eligibility, and how payments change. A lower payment may help cash flow but may extend repayment and increase total cost.

Term	Student-friendly meaning
Principal	Amount borrowed that remains unpaid.
Accrued interest	Interest that has built up under the loan terms.
Repayment plan	Rules used to determine scheduled payments.
Servicer	Company that handles billing and account support for the loan holder.
Total paid	Estimated sum of payments over the stated period.
Loan Simulator	Official tool for comparing estimated federal repayment results.
CLASSROOM USE All people, employers, figures, brackets, and documents in this packet are fictional. Never place a real Social Security number, employer ID, bank number, or tax document in classroom work.	

Part 1 - Calculate Starting Repayment Balance

Fictional loans: \$12,000 principal plus \$840 accrued interest; \$8,000 principal plus \$320 accrued interest.

Loan	Principal	Accrued interest	Starting balance
Loan 1	\$12,000	\$840	
Loan 2	\$8,000	\$320	
Total			

Calculate balances. Explain why accrued interest matters.

Part 2 - Compare Fictional Repayment Estimates

Use the simulator-style outputs as given.

Measure	Plan A	Plan B	Plan C
Monthly payment	\$230	\$155	\$105 initially
Repayment time	10 years	15 years	20 years estimated
Total paid	\$27,600	\$27,900	\$31,800 estimated
Payment behavior	Fixed	Fixed	May change with income

Which has the lowest first payment? Which has the lowest total paid? Calculate differences.

Part 3 - Test the Monthly Budget

Taylor has \$420 after essential expenses and savings goals.

Plan	Payment	Remaining cushion	Percent of \$420
A	\$230		
B	\$155		
C	\$105		

Calculate cushion and percentage. Why is the smallest payment not automatically best?

Part 4 - Stress-Test Repayment

Evaluate a job loss, income increase, missed payment, and extra \$50 payment.

Event	Possible effect	Official action/check	Evidence
Job loss			
Income increase			
Missed payment			
Extra \$50/month			

Do not invent eligibility. Identify when to use the official Loan Simulator or contact the servicer.

Part 5 - Write a Repayment Strategy

Taylor values affordability but also wants to limit total cost.

Decision check	My evidence
Starting balance	
Monthly payment	
Repayment time	
Total paid	
Budget cushion	
Changing-payment risk	
Official tools/questions	
Recommendation with limitation	

Write 150-200 words with at least five figures and a plan for income changes.
