aidVantage

## Official Servicer of Federal Student Aid. What this means to you.

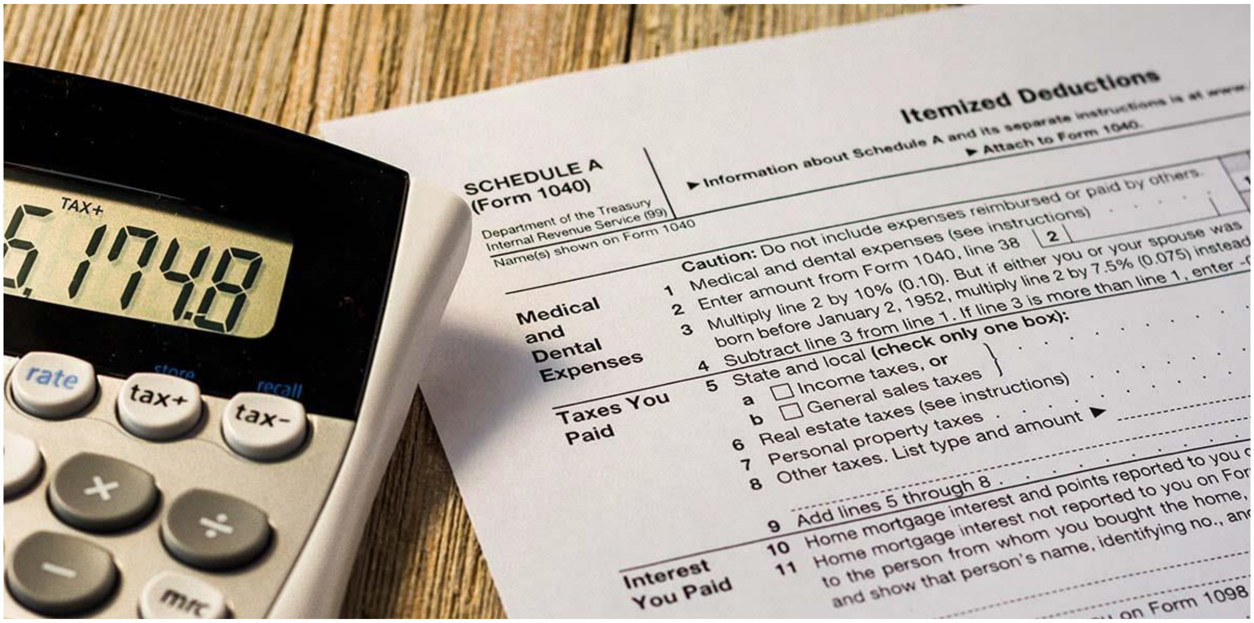
Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

### Aidvantage Is a Servicer to Federal Student Aid

You have a network of support to help you succeed with your federal student loan repayment. Find out **how Federal Student Aid partners with loan servicers** to be here when you need help.

### Support You Can Trust

You can visit Studentaid.gov to see a **list of our trusted federal student loan servicers**, or **submit a complaint** directly to the FSA Ombudsman




# TAXES & INTEREST

You're required to repay your student loans with interest. Interest is calculated as a percentage of the amount you borrowed.

You may be able to deduct interest paid on your eligible student loans on your federal tax return, which could reduce your taxable income.

### YOUR FORM 1098-E

To access your Form 1098-E, **log in to your account** and select Tax Statements in the left menu.

Or call 1-844-628-4829 and get your eligible interest amount through our automatedvoice system.
**Remember**: You don't need a physical copy of the form to file your taxes.

**Tax ID Numbers**
Aidvantage – Department of Education Tax ID number: 52-1198289

**December 31, 2021** – interest payments that were received by this date will be included in your 2021 Form 1098-E

**On or after January 10, 2022** – Your form 1098-E will be available through your Aidvantage.com account

**January 31, 2022** – the latest we'll send your form 1098-E if US mail is your selected delivery method

**April 15, 2022** – deadline for filing your federal income tax return

## Sign Up for EDelivery

Find out when your tax statement will be available the fastest way – by email. It's quick, easy, and secure.

## About Student Loan Interest

The longer you take to pay off your loan, the more interest will accrue, increasing the amount you will need to repay.

Interest rates vary depending on the type of loan, as well as the year the loan was disbursed if it is a FFELP or Direct Loan from the U.S. Department of Education.

These details are generally found in the agreement and disclosures you received when you took out your student loan.

## Borrower Benefits

The Department of Education offers a benefit that can help lower your interest rate for enrolling in Auto Pay.

## Who Sets Student Loan Interest Rates?

### Direct Loans from the U.S. Department of Education

**Congress sets interest rates on Direct Loans from the U.S. Department of Education through legislation that ties the rate to financial markets.** Interest rates are determined each spring for new Direct Loans being made for the upcoming academic year – July 1 through June 30. Although most federal student loan interest rates are fixed for the life of the loan and will not change, some have a variable interest rate that can change annually.

**Your student loan servicer does not set your student loan interest rate and cannot change it.**

### Loans Through the Federal Family Education Loan Program (FFELP)

Although new FFELP loans are no longer being made (the program was discontinued in 2010), Congress also set the maximum interest rate for these loans. Interest rates are either:

- Fixed for the life of the loan and do not change; or
- Variable and change annually.

## Simple Daily Interest Calculation

The amount of interest that accrues on your loan is determined by a simple daily interest calculation, which you can estimate as follows:

Approximate Daily Interest
= (Unpaid Principal balance x Interest Rate)
÷ Number of Days in the Year

If you have multiple student loans, you likely have multiple interest rates.

To make it easier, log in to your account and use the Interest Estimator tool, which uses your current loan balances and interest rates to estimate interest accrual for you.

Go to the Tools & Requests page and select **Interest Estimator**. Once you are in the tool, select the number of days – up to 31 days in the future – and then **Calculate** to see how much interest is accruing on each of your loans for a given time period.

## Capitalized Interest

Interest capitalization is when Unpaid Interest is added to the Unpaid Principal. This occurs at certain times during the life of the loan, typically at the end of the grace period, a deferment, or a forbearance. Depending on your loan program and promissory note, interest may also be capitalized periodically during certain periods when payments are postponed and in connection with certain repayment plans.

Capitalization will cause the principal balance to increase, and future interest will accrue on that larger balance.

To minimize the effects of the capitalized interest on the amount you'll pay overall, you can pay the interest before it is capitalized. For example, you can pay the interest while you're in school instead of waiting until after graduation.

You can see any capitalized interest amounts in your Account History.