



Free my Future

STUDENT LOAN DEBT SUMMIT

Workshop: Federal Student Loan Updates

4:00 pm - 5:00 pm

#FMF2024



Who We Are



Student Debt Crisis Center is a national advocacy organization with 2 million supporters calling for fundamental reforms to student loan policies and an end to the student debt crisis.

Overview of Today's Program

- Loan Types
- Repayment Plans
- Consolidation
- Updates
- Debt relief

We are not financial
counselors or attorneys.
We are advocates and
experts here to help.

The information
shared today is
based on the current
guidelines. This
information is
subject to change.



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Recent Updates



#ProtectBorrowers



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Student Debt Relief “Plan B”



#ProtectBorrowers

Debt Relief “Plan B” Proposes Benefits for Borrowers who...

- Owe more than they originally borrowed
- Are eligible for loan forgiveness but are not enrolled in a program
- Entered repayment 20 or more years ago (undergraduate loans)
- Entered repayment 25 or more years ago (any graduate loans)
- Enrolled in low-financial-value programs
- Are experiencing hardship paying back their loans

Challenges to Debt Relief “Plan B”

- **Timeline for Plan B**
 - The initial set of rules, excluding financial hardship, were set to be released and implemented in fall 2024
- **Challenges to this debt relief plan**
 - ED had sent guidance to servicers to prepare for upcoming debt relief, and Mohela leaked this to the same Attorney’s General that sued against student debt cancellation.
 - Temporary Restraining Order (TRO) was filed by these AGs, and has been issued for weeks.
 - Rules can still be released by ED

Challenges to Debt Relief “Plan B”

- **Timeline for Plan B**
 - **Financial hardship rules**
 - **Could result in debt relief for 8 million folks in total**
 - 6 million- automatic relief
 - 2 million- relief via application approval
 - **We are currently in the public commenting period. This period will end on December 2nd.**
 - **After the end of the commenting period, comments will be reviewed & ED will release their rules.**
 - **Once the ruled are released, debt relief can be implemented (barring any legal challenges)**



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The SAVE Plan



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Current Lawsuits Against SAVE Plan and Impact on Borrowers

- 18 State Attorneys General, led by Missouri and Kansas, sued to block the SAVE Plan
- The cases are ongoing, but a recent court order prevents ED from offering the SAVE Plan while litigation continues.
- All borrowers enrolled in SAVE have been placed into a forbearance because servicers are not currently able to bill folks properly.
- During this forbearance, borrowers are not required to make payments and interest will not accrue.
- Online and paper applications are available for borrowers seeking to apply for SAVE, but will be placed into forbearance until litigation completes

Why have my loans been placed into an Administrative Forbearance?

- A recent court order prevents ED from offering the SAVE Plan while litigation continues.
- Servicers are not currently able to bill folks properly.
- During this forbearance, borrowers are not required to make payments and interest will not accrue.

Will I receive IDR or PSLF credits during this Administrative Forbearance?

- No PSLF or IDR credits are counted in this forbearance
 - Some borrowers may be eligible to “buy back” months of PSLF credit for time spent in forbearance as a result of the court’s administrative stay. You need to hit 120 credits to take advantage of the buy-back program
 - If borrowers would like to receive monthly credits towards PSLF & IDR Forgiveness, they may want to consider enrolling in another IDR plan.

**If you apply for an IDR plan, you should be placed into a processing forbearance for 60 days. If you have not been placed into one, you can call your servicer and request a processing forbearance.

**Time spent in a processing forbearance qualifies towards PSLF & IDR credits, however, you will accrue interest.

Should I apply for another IDR plan?

You should consider changing IDR plans if...

- You want to continue receiving and working towards PSLF & IDR credits and are close to reaching the threshold.
- **Things are changing by the day. Please refer to studentaid.gov for the most updated information.

You should consider sticking with SAVE if...

- You don't mind not receiving PSLF or IDR credits
- You would like to remain in an interest-free forbearance
- You would benefit from not having to make a payment

Warning: 'Debt Relief' Scams



Bait and switch may include
“Immediate Loan Forgiveness”
and “Deadline Approaching.”

Scam typically involves
offering a loan consolidation
or debt forgiveness in
exchange for a fee.

Predatory practices include:
upfront fees, claiming to be the
Department of Education,
promises
of loan forgiveness.

Issues or Complaints?

The Department of Education's Student Loan Ombudsman can help:

- Resolve discrepancies with loan balances and payments
- Explain loan interest and collection charges
- Identify options for resolving your issues related to consolidation, service quality, default status, bankruptcy, income tax refund offsets, and other concerns

Complaints can be shared with the Ombudsman's office via email:

ombudsman@ed.gov



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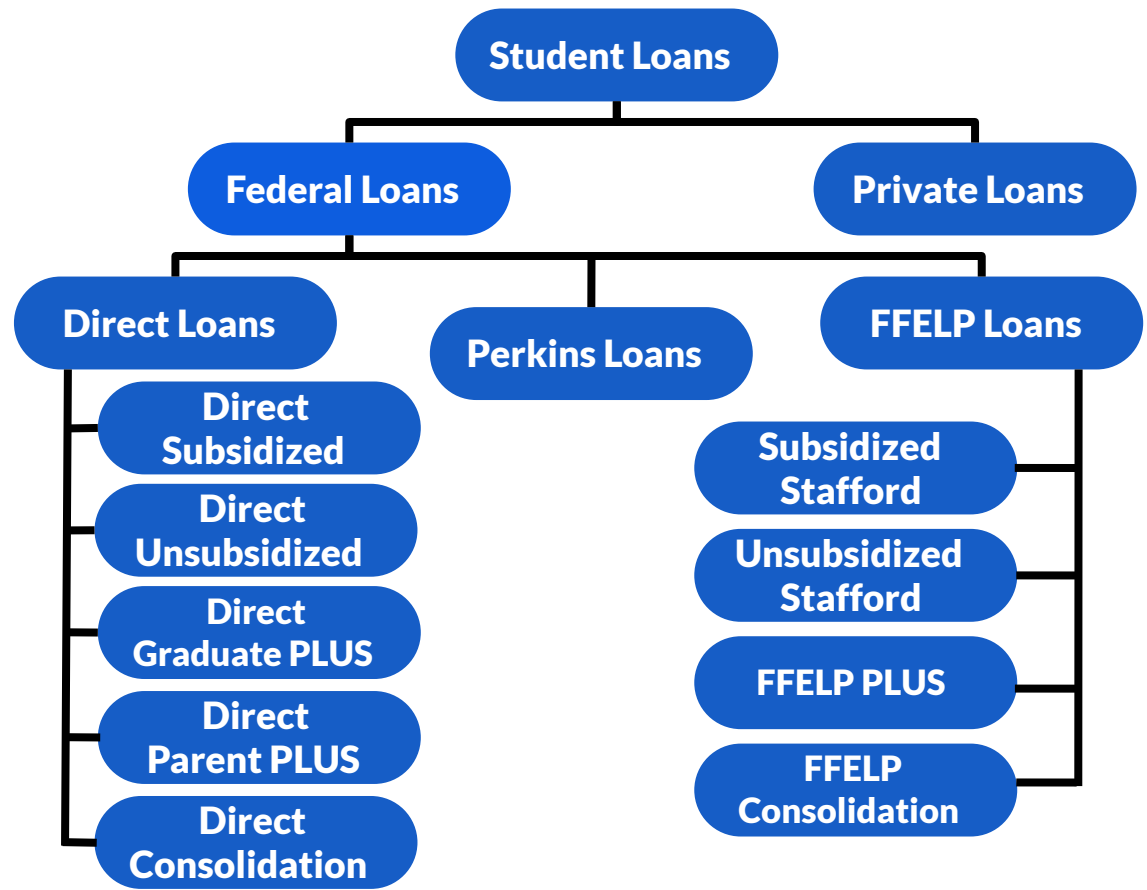
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Student Loan Types & Servicers



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Types of Student Loans



Student Loan Servicers

Federal

Private





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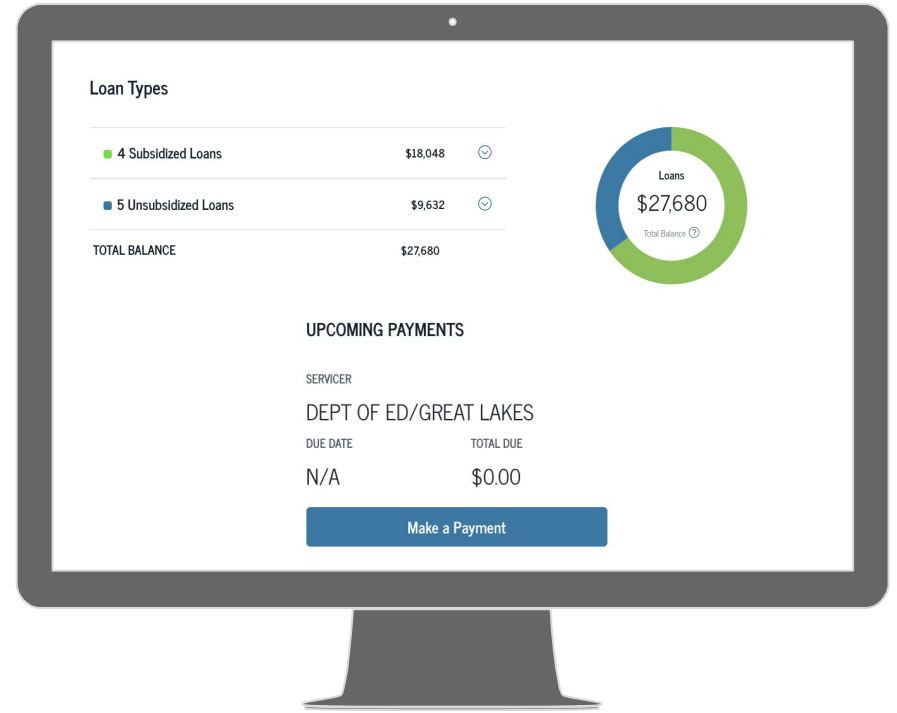
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How to use studentaid.gov



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Questions about your federal loans or the programs available to you?



*Make sure to type it in!

www.studentaid.gov



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Federal Student Aid (FSA) Login

An official website of the United States government [Help Center](#) [Submit a Complaint](#) [English](#) | [Español](#)

Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION [FAFSA® Form](#) ▾ [Loans and Grants](#) ▾ [Loan Repayment](#) ▾ [Loan Forgiveness](#) ▾ [Log In](#) | [Create Account](#) 🔍

Log In ↗

Email, Phone, or FSA ID Username

Password [Show Password](#)

[Log In](#)

[Forgot My Username](#) | [Forgot My Password](#)

[Create an Account](#)

[Help Me Log In to My Account](#)

If you are having a hard time logging in to your account or resetting your password, call 1-800-433-3243 for assistance.

studentaid.gov dashboard


Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

FAFSA® Form ▾

Loans and Grants ▾

Loan Repayment ▾

Loan Forgiveness ▾

  Sabrina ▾ 

Dashboard

Plan Ahead

You must complete the *Free Application for Federal Student Aid* (FAFSA®) form each year to receive federal student aid. There are separate application deadlines for federal student aid, state aid, and school aid.



[Start New Form](#)

[Visit 2024–25 FAFSA Help Center](#)

Upcoming Payments

Servicer
Mohela

Due Date
1/14/24

[Pay on Servicer Website](#)

My Aid



[View Details](#)

My Loan Servicers [View More](#)

DEPT OF ED/MOHELA
www.mohela.com

Quick Links

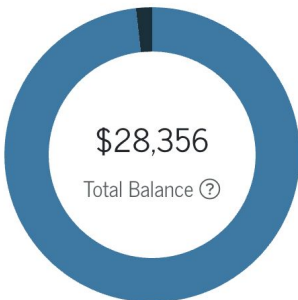
Click on
View Details
in the 'My
Aid' section.

Once you click on View Details, you should see this on your screen



11 Loans [View Breakdown](#)

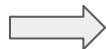
2 Servicers | Total original amount awarded: \$30,000



- \$27,856
Principal ?
- \$500
Interest ?

Loan information as of 12/31/2023

Next, scroll down until you see this breakdown of your loan types.



■ 3 Perkins Loans	\$0	⌵
■ 4 Subsidized Loans	\$19,343	⌵
■ 4 Unsubsidized Loans	\$9,013	⌵

TOTAL BALANCE \$28,356



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Student Loan Repayment Options



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10-year “Standard” Repayment



Borrowers are initially placed in a 10-year repayment plan with fixed monthly payments.

There are more affordable options for borrowers who are struggling.



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What happens if I don't make

- The protective “on-ramp” period ended on Sept. 30, 2024.
- Borrowers who do not make payments moving forward face the risk of delinquency & default.

Delinquency

- A loan is delinquent when loan payments are not received by the due dates & remains delinquent until you make up the missed payment(s) or receive a deferment or forbearance that covers the period when you were delinquent.
- You will be reported to credit bureaus after 90 days of non-payment.

Default

- You're considered to be in default if you don't make your scheduled student loan payments for at least 270 days.
- Consequences of default include tax refunds withheld, wage/ social security garnishment, etc.
- How to get out of default:
 - **Loan rehabilitation:** agree in writing to make nine voluntary, reasonable, and affordable monthly payments (as determined by your loan holder) within 20 days of the due date, and make all nine payments during a period of 10 consecutive months.
 - **Consolidation:** apply to consolidate your loans and enroll them in an IDR plan





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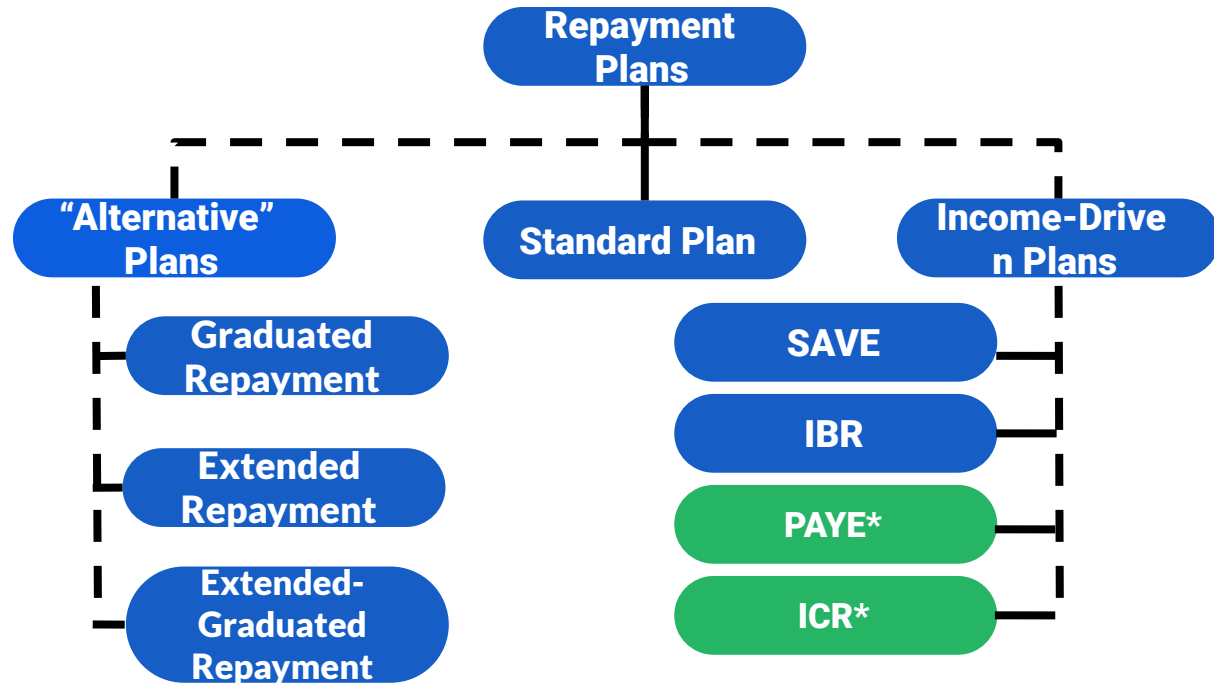
Student Loan Income-Driven Repayment (IDR) Plans**

**action required



#ProtectBorrowers

Federal Repayment Plans



**Borrowers who have already applied for the PAYE or ICR Plan before July 1, 2024, but haven't had their applications processed yet will still be placed on the plan that they applied for, if approved for that plan. Borrowers with a consolidation loan that repaid a parent PLUS loan can continue to enroll in the ICR Plan (but not the PAYE Plan).

Benefits of Income-Driven Repayment Plans



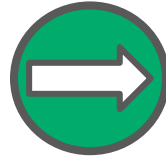
Monthly payments can be more affordable.



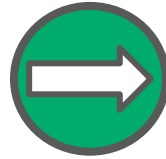
Monthly payments are calculated as percentage of “discretionary income” based on income and family size, not loan amount.



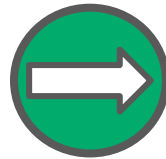
Helps folks with lower incomes, those who may have lost a job, or have decreased incomes.



Prevents delinquency and default.



Locks in lower monthly payments for a year.



Con: Extends the loan repayment period to 20-25 years.



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Income-Driven Repayment Plans



Saving on a Valuable Education (SAVE)

Used to be REPAYE

Pay As You Earn (PAYE)**

Income-Based Repayment (IBR)

Income-Contingent Repayment (ICR)**

*ICR is the only IDR plan available for consolidation loans containing a Parent Plus loan(s) **no new enrollments in ICR (except consolidated parent plus loans) or PAYE

How can I apply for an IDR plan?

If you want to apply for/ change an IDR plan, you can do so online or via paper application.

- The online application can be found here: <https://studentaid.gov/idr/>
- Paper forms can be found at this link:
<https://studentaid.gov/sites/default/files/IncomeDrivenRepayment-en-us.pdf>
 - You can visit your servicer's website, log in, and upload your IDR application and other documentation (follow instructions at the link above)
 - Applications can also be sent via fax or mail
 - You will need to provide income documentation (most recent tax return/ transcript, W2, paystub (indicate if biweekly/ monthly), bank statement, interest or dividend statement

*****Processing times are extremely delayed and can take 60+ days to process your application. You should be placed into a processing forbearance during this time. If you are not, you can call your servicer and request to be placed into one.**

Here's what you need to know before applying for an IDR plan

- Your permanent and / or mailing address
- Family size
- Employment information + employer address
- Income Documentation
 - W-2
 - Paystub
 - Employer letter certifying gross income
 - Bank account statement
 - Interest or dividend statement
- ****NEW:** Even if you've opted in to IRS integration, folks are still required to provide income documentation



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IDR Account Adjustment



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One-Time IDR Account Adjustment

- Any months in a repayment status, regardless of the payments made, loan type, or repayment plan;
- 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance;
- Months spent in economic hardship or military deferments after 2013;
- Months spent in any deferment (with the exception of in-school deferment) prior to 2013; and
- Any time in repayment on earlier loans prior to consolidation of those loans into a consolidation loan.



One-Time Account Adjustment



Borrowers who have reached 240 or 300 months worth of payments for IDR forgiveness or 120 months of PSLF have begun to see their loans cancelled in spring 2023.



Borrowers who had commercially-held FFEL, Perkins, or Health Education Assistance Loan (HEAL) loans and applied to consolidate by June 30, 2024 will get the full benefits of the one-time account adjustment.



All other borrowers will begin to see their accounts updated with any additional qualifying months towards IDR and PSLF forgiveness in Fall 2024.



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IDR Account Adjustment in Action



Fall 2023

Diane

Job: Admin Assistant at private firm

Loan Type: Commercially-held FFEL

Repayment began: 2004

Loan Balance: \$65,000

Fall 2024

Diane

Job: Admin Assistant at private firm

Loan Type: Direct consolidation

Repayment began: 2004

Loan Balance: \$0



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Parent PLUS Loans

Income Contingent Repayment (ICR) Plan

Qualifying Loans:

- Direct Consolidation Loans (that include at least one parent plus loan)

Your payment on this plan is the lesser of:

1. What you would pay on a repayment plan with a fixed monthly payment over 12 years, adjusted based on your income
2. 20% of your discretionary income, divided by 12.

Repayment period: 25 years

Each year you must “recertify” your income and family size.

- If you don’t recertify your income before your 12-month deadline, there are consequences such as increased monthly payments and an interest capitalizing event

**ICR is the only repayment plan available to consolidated Parent PLUS loans*



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Public Service Loan Forgiveness



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Public Service Loan Forgiveness (PSLF)



Program started
October 1st,
2007

120 monthly
payments (10
years) + time
for application
and approval

Payments are
Cumulative
not
Consecutive

All remaining
debt forgiven
tax free

Criteria to Check For & Steps to Take

Do You Have
a Direct Loan?

Does your
Employer Qualify?

Are you in a qualifying
Repayment Plan?

Document your
Employment
using the PSLF Form

Apply after 120
qualifying payments



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Combined Benefits



**Income-Driven
Repayment**

+

**Public Service
Loan Forgiveness**

=

**Maximum
Benefit**

**If you work or plan to work for a PSLF-eligible employer for 10 years while you're in repayment, the strategy to get the most out of it is to pay as little each month as possible, which means enrolling in an Income-Driven Repayment (IDR) Plan.

Does Qualify for PSLF

Loans

- Direct Subsidized/ Unsubsidized Loans
- Direct Graduate Plus Loans
- Direct Consolidation Loan, including one created with a Parent Plus Loan

Employer

- All levels of government
- 501(c)(3) nonprofit
- Other critical public service careers

Repayment Plan

- Standard
- IDR

Does NOT Qualify for PSLF

Loans

- Federal Family Education Loan (FFEL)*
- Perkins Loans*
- Loans in default*
- Private Student Loans

Employer

- Government contractors
- Labor unions
- 501(c)(4) nonprofits and political groups

Repayment Plan

- “Alternative” Plans
- Periods of Deferment, Forbearance, Default

Resources

- **Student Loan Information:** studentaid.gov
- **Income-Driven Repayment (IDR) Plans:** <https://studentaid.gov/manage-loans/repayment/plans/income-driven>
- **SAVE Plan Information:** <https://studentaid.gov/announcements-events/save-plan>
- **Public Service Loan Forgiveness (PSLF):**
<https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>
- **IDR Account Adjustment:** <https://studentaid.gov/announcements-events/idr-account-adjustment>
- **Total & Permanent Disability Discharge:**
<https://studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge>
- **Student Loan Ombudsman:** ombudsman@ed.gov
- **IDR Application:** <https://studentaid.gov/idr/>
- **Consolidation Application:** <https://studentaid.gov/manage-loans/consolidation>



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Thank you for joining us at Free My Future Student Loan Debt Summit 2024!

For a recording of the Summit check out our YouTube Channel at NextGen Policy

For free student debt resources check out our website at www.nextgenpolicy.org/FreeMyFuture

Follow us on Twitter @NextGen_Policy and Facebook @NextGenPolicyCA

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Connect with us!

Connect with FMF 2024 co-hosts to join the movement to end the student debt crisis:

Student Debt Crisis Center – www.studentdebtcrisis.org

Student Borrower Protection Center – www.protectborrowers.org

Young Invincibles – www.younginvincibles.org

Consumer Reports – www.advocacy.consumerreports.org

The Campaign for California Borrowers' Rights Coalition – www.californiaborrowers.org

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