

WELCOME!

Student Loan Debt Informational Webinar

December 5, 2024



SCOTT WIENER
REPRESENTING SENATE DISTRICT 11



DEPARTMENT OF
FINANCIAL PROTECTION
& INNOVATION



The Campaign for
CALIFORNIA
Borrowers' Rights

**A word from
Senator Scott Wiener**

Important Information About This Webinar

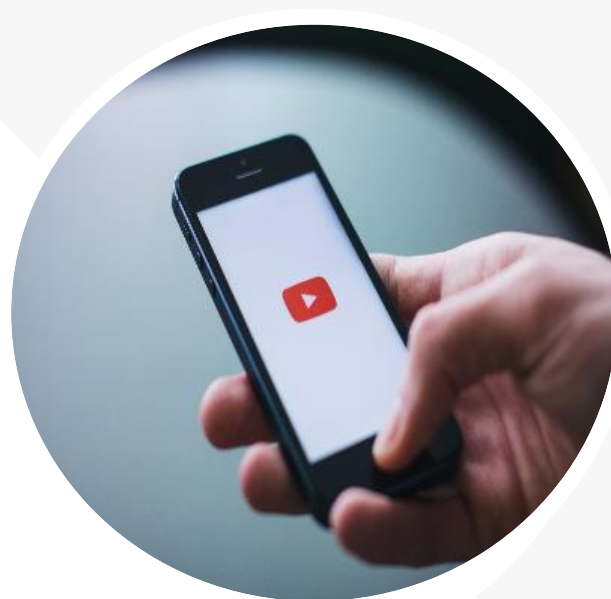
This webinar is being recorded.

- Your microphone, video, and chat has been disabled and will remain so for the duration of this webinar.

Have a question?

- Submit it using Zoom's Q&A function!

All information presented in this webinar is accurate as of this date.



The Campaign for California Borrowers' Rights

The Campaign for California Borrowers' Rights is the leading statewide coalition of students, workers, consumers, older people, communities of color, veterans, and millions of other Californians affected by the student debt crisis, working to ensure student borrowers see a future free of debt.

The following organizations lead The Campaign:



STUDENT
BORROWER
PROTECTION
CENTER



nextgen
california >

CR Consumer
Reports®

YOUNG  INVINCIBLES

About DFPI



- California's consumer protection agency.
- Regulate companies of financial products to ensure compliance- includes student loan servicers.
- Accept and evaluate consumer complaints.
- Take enforcement and legal action when companies are not in compliance.
- Conduct education & outreach to enhance consumer awareness.
- Protect consumers from fraud and abuse.

Overview of Today's Program

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

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

Information shared
today is accurate as
of the time of the
presentation.

Student Loan Debt in California

- In California, 4 million borrowers owe \$141B of student loan debt.
- The average debt load of a California borrower is \$37,000.
- The majority of debt is held by borrowers between ages of 35-49 years old.
- The default rate in California is 7%.
- Between 1995 and 2017, the balance of outstanding federal student loan debt increased more than sevenfold, from \$187 billion to \$1.4 trillion (in 2017 dollars).
- In the United States, borrowers owe \$1.78T of student loan debt.



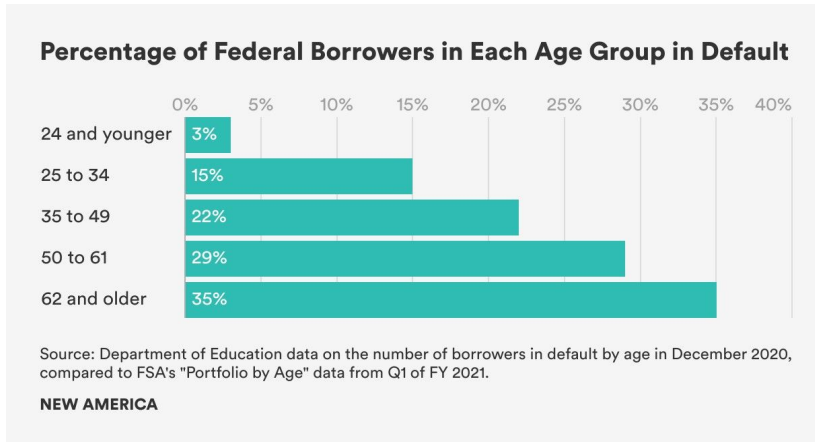
Outsized impact of student loan debt

- Disproportionate debt burdens held by women, low-income borrowers and borrowers of color.
 - Rising cost of tuition and fees at public colleges and universities.
 - Racial wage gap results in less family support.
 - Predatory institutions and practices.
 - Gender and racial pay gap.
- A borrower in a 75 percent minority neighborhood is 5 times more likely to fall behind on their student loan payments.
- Women hold nearly two-thirds of the national student debt.
- Black women have the highest rates of default.



Older Americans and student loan debt

- Borrowers aged 50-61 owe \$283 Billion in federal student loan debt.
- Borrowers aged 62 and older owe \$117 Billion in federal student loan debt.



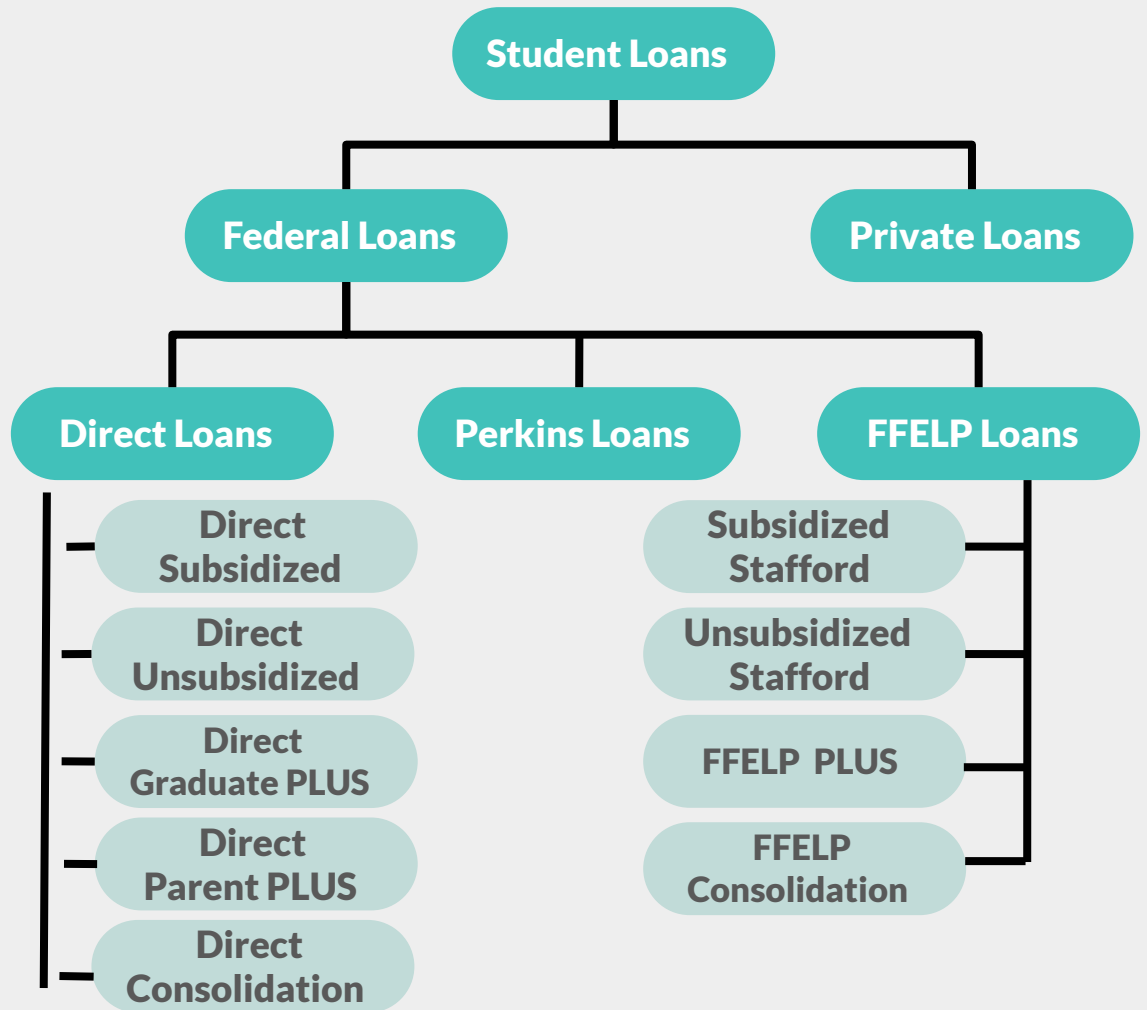
California Student Borrower Bill of Rights

AB 376

- Prohibits servicers from engaging in abusive, unfair or deceptive practices and requires that they work in "best financial interest" of borrowers.
- Servicers must provide borrowers with information and applications for Income-Driven Repayment plans and other forms for federal benefits and protections.
- Establishes special protections for military borrowers, borrowers working in public service, older borrowers, and borrowers with disabilities.
- Protect borrowers from any negative consequences stemming from a sale, assignment, transfer, system conversion, or payment made by the borrower to the original student loan servicer consistent with the original student loan servicer's policy.
- A borrower has the right to take legal action against their servicer if they fail to comply with these laws. 'Private Right of Action'.
- This applies to borrowers with federal and private loans.

Student Loan Types & Servicers

Types of Student Loans



Student Loan Servicers

Federal

Private

aidVantage

EdFinancial
SERVICES

DISCOVER®

MOHELA®

nelnet

NAVIENT®

OSLA
The Oklahoma Student Loan Authority

SallieMae®

WELLS
FARGO

Heartland

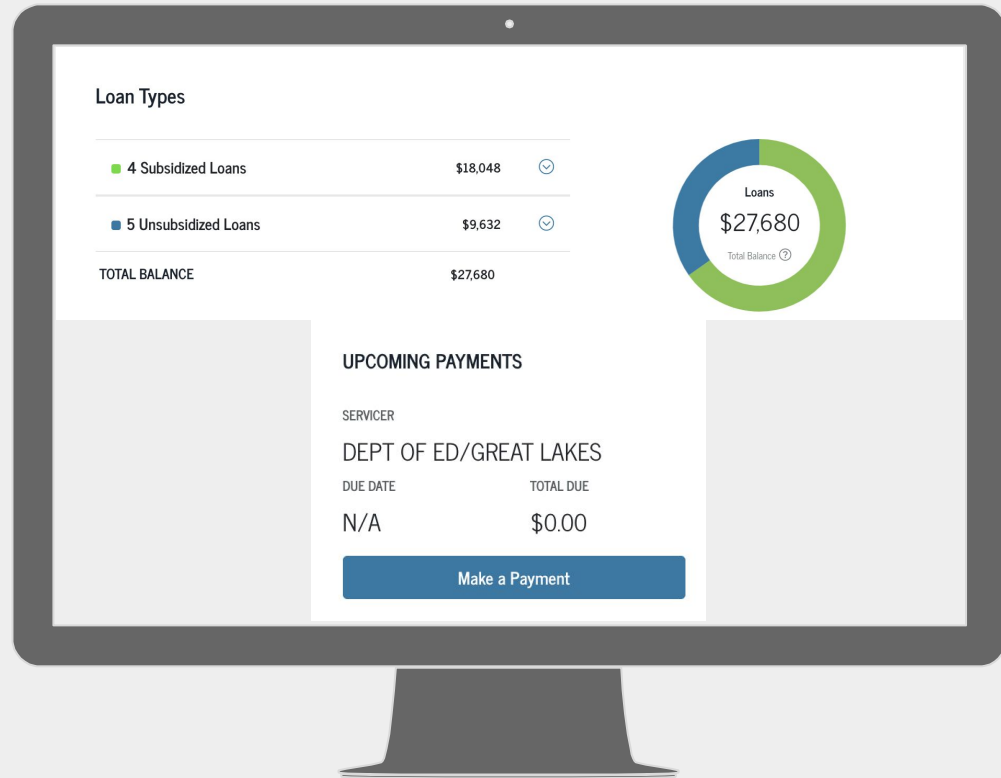
aes®

ECISI
CRI
CENTRAL RESEARCH, INC.

SoFi

How to use studentaid.gov


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




www.studentaid.gov

*Make sure to type it in!

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

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

The screenshot shows the studentaid.gov dashboard. At the top, there is a navigation bar with the Federal Student Aid logo and several menu items: FAFSA® Form, Loans and Grants, Loan Repayment, and Loan Forgiveness. On the right side of the navigation bar, there is a notification bell icon, a user profile icon labeled 'Sabrina', and a search icon.

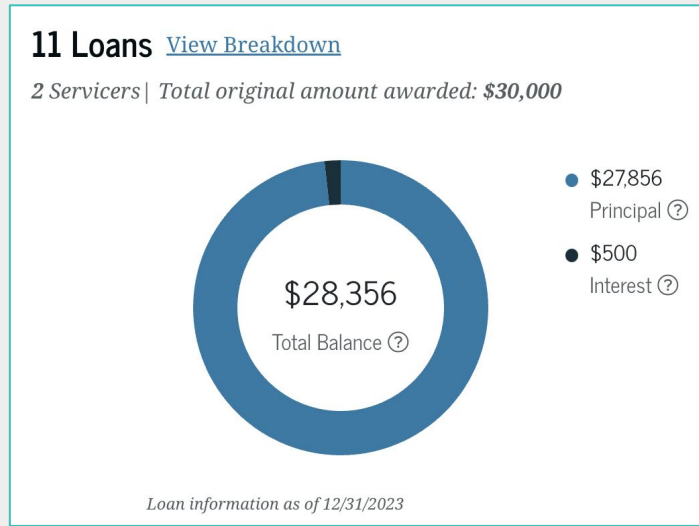
The main content area is titled 'Dashboard'. It features a large 'Plan Ahead' banner with the text: 'You must complete the *Free Application for Federal Student Aid* (FAFSA®) form each year to receive federal student aid. There are separate application deadlines for federal student aid, state aid, and school aid.' The banner includes a 'Start New Form' button and a link to 'Visit 2024–25 FAFSA Help Center'. To the right of the text is a large 'FAFSA form' graphic with illustrations of students.

Below the banner is the 'My Aid' section, which displays two progress charts. The first chart is for 'Loans' with a value of '\$28,356'. The second chart is for 'Grants' with a value of '\$23,605'. A red arrow points from the 'Grants' chart to a 'View Details' button, which is also highlighted with a red box.

On the right side of the dashboard, there are two sections: 'Upcoming Payments' and 'My Loan Servicers'. The 'Upcoming Payments' section shows the servicer 'Mohela' and a due date of '1/14/24', with a 'Pay on Servicer Website' button. The 'My Loan Servicers' section shows 'DEPT OF ED/MOHELA' with a link to 'www.mohela.com', which is also highlighted with a red box.

DEPT OF ED/MOHELA
www.mohela.com

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



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



Loan Types

| | | |
|------------------------|-----------------|---|
| ■ 3 Perkins Loans | \$0 | ⌵ |
| ■ 4 Subsidized Loans | \$19,343 | ⌵ |
| ■ 4 Unsubsidized Loans | \$9,013 | ⌵ |
| TOTAL BALANCE | \$28,356 | |

Student Loan Repayment Options

California Repayment Assistance Programs

- Steven M. Thompson Physician Corps Loan Repayment Program (STLRP)- up to \$105,000
- California State Loan Repayment Program (SLRP)- Up to \$110,000
- CalHealthCares Loan Repayment Program- up to \$300,000
- California Dental Association (CDA) Student Loan Repayment Grant- up to \$250,000
- Bachelor of Science Nursing Loan Repayment Program- up to \$10,000
- County Medical Services Program (CMSP) Loan Repayment Program- up to \$50,000
- Allied Healthcare Loan Repayment Program- up to \$16,000
- Licensed Mental Health (LMH) Services Provider Education Program- up to \$30,000
- Licensed Vocational Nurse Loan Repayment Program (LVNLRP)- up to \$6,000

<https://hcai.ca.gov/loans-scholarships-grants/>



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.

Student Loan Repayment Plans**

**action required

Benefits of Income-Driven Repayment Plans



Monthly payments can be more affordable.



Prevents delinquency and default.



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



Locks in lower monthly payments for a year.

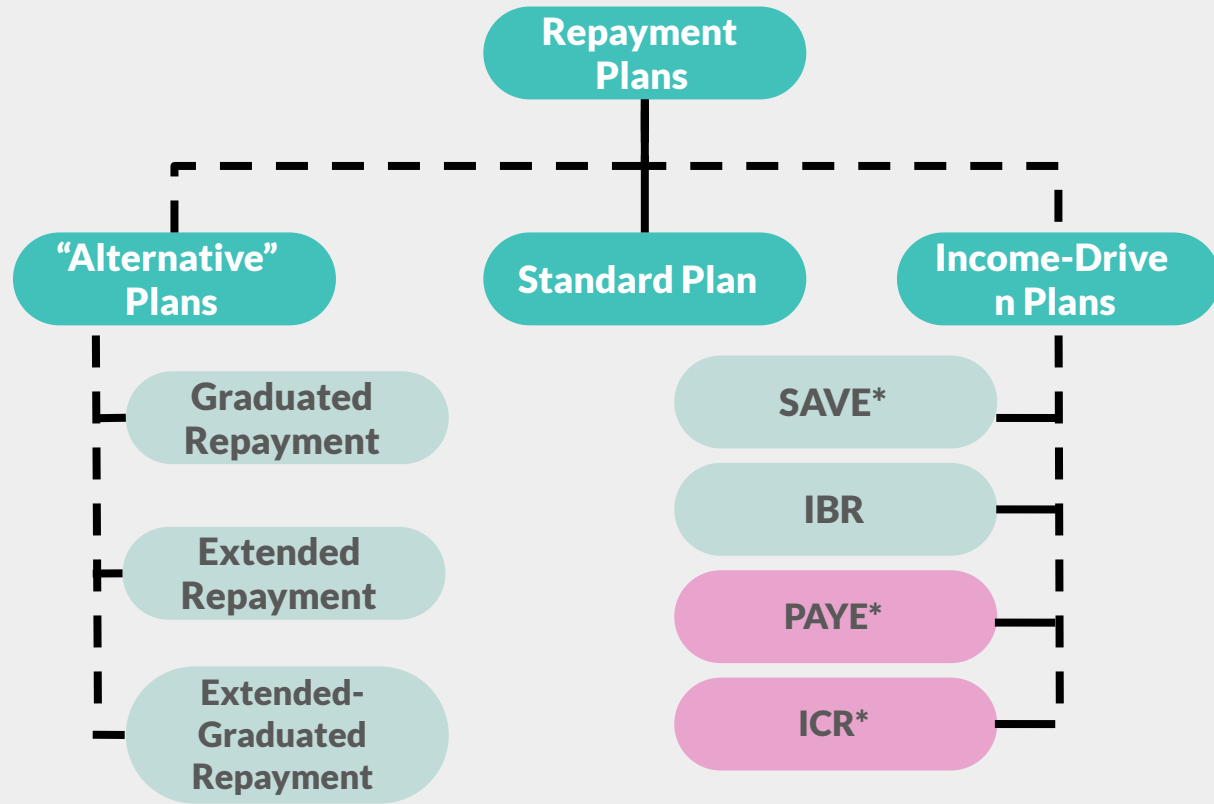


Helps folks with lower incomes, those who may have lost a job, or have decreased incomes.



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

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).

Income-Driven Repayment Plans

| | Monthly Payment Amount | Max Timeframe |
|---|--|---------------|
| Saving on a Valuable Education (SAVE) (currently suspended) | 5% - undergrad | 20 years |
| | Weighted avg between 5-10%- undergrad & grad | 25 years |
| Income-Based Repayment (IBR) *First borrowed after July 1,2014 | 10% | 20 years |
| Income-Based Repayment (IBR) *Borrowed before July 1,2014 | 15% | 25 years |
| Income-Contingent Repayment (ICR) *no new enrollments except consolidated parent plus loans | 20% | 25 years |
| Pay As You Earn (PAYE) *no new enrollments | 10% | 20 years |

What happens if I don't make payments?

- 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, no access to federal aid, 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

The SAVE Plan

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

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.
- Not all borrowers are eligible for all IDR plans.
- 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; or are willing to take the risk of using the "buy-back" when you're close to loan forgiveness.
- You would like to remain in an interest-free forbearance.
- You would benefit from not having to make a payment.

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 a 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 may 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 upwards of a month to process the application. You should be placed into a processing forbearance during this time. If 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

Pathways to Debt Relief

Current Debt Relief Programs are WORKING!



- \$175B in debt relief approved for nearly 5 million Americans.
- \$74B for 1 + million public service workers
- \$56.5B for 1.4 + million borrowers through Income-Driven Repayment
- \$28.7B for 1.6 + million borrowers cheated by their school
- \$16.2B for 572,000 borrowers with a total and permanent disability.

Public Service Loan Forgiveness

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

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
- Deferment, Forbearance, Default

Student Debt Relief “Plan B”

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
 - The commenting period ended on December 2nd.
 - Comments are currently being reviewed & soon ED will release their rules.
 - Once the ruled are released, debt relief can be implemented (barring any legal challenges)

Student Loan and Financial Aid Scams



- Know name of your student loan servicer.
- Verify the information and research the company.
- Never give out your login information or passwords.
- Do not subscribe to any monthly service or sign a contract.

Remember:

- There is nothing a company can do for you that you can't do on your own for free.
- Loan servicers and the federal government do not call borrowers on the phone.
- If someone is offering “special access” or there is a sense of urgency, it may be a scam.
- File a complaint if you have been a victim of fraud. DFPI or FTC.

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

QUESTIONS ?



FSA Links

- Student Loan Information: studentaid.gov
- 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>
- IDR Plans: <https://studentaid.gov/manage-loans/repayment/plans/income-driven>
- IDR Application: <https://studentaid.gov/idr/>
- Consolidation Application: <https://studentaid.gov/manage-loans/consolidation>
- Total & Permanent Disability Discharge:
<https://studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge>
- Student Loan Ombudsman: <https://studentaid.gov/feedback-center/> or email at ombudsman@ed.gov

Important Links

Subscribe to the DFPI's newsletter: www.dfpi.ca.gov/subscribe

- Contact DFPI with questions: Outreach@dfpi.ca.gov
- File a complaint against a servicer: www.dfpi.ca.gov/file-a-complaint/
- Email questions to Celina Damian, CA Student Loan Servicing Ombudsperson at: celina.damian@dfpi.ca.gov
- DFPI's YouTube channel: <https://www.youtube.com/cadfpfi>
- Resources on navigating student debt relief programs: www.cancelmystudentdebt.org
- Learn more about The Campaign for California Borrowers' Rights coalition and what's happening in California: www.californiaborrowers.org

Federal Consumer Financial Protection Bureau (CFPB):

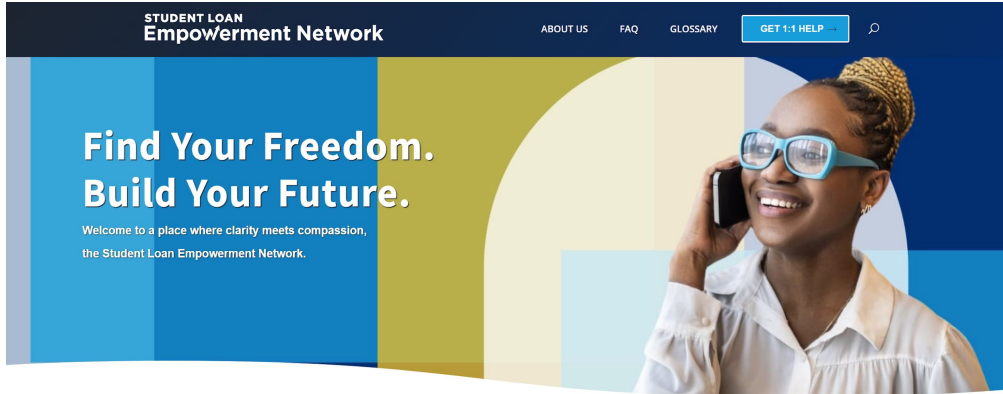
- <https://www.consumerfinance.gov/complaint/>


Join the California Department of Financial Protection and Innovation (DFPI) for a free virtual webinar, 'Understanding the Public Service Loan Forgiveness Program (PSLF)', on Monday, December 9 at 12:00 PM. Register at


<https://dfpi.ca.gov/event/understanding-the-public-service-loan-forgiveness-program-pslf-webinar/>




Student Loan Empowerment Network



 **Get One-On-One**
free student loan help with a live counselor.
[Learn More](#)

 **Get Answers**
from trusted student loan resources.
[Learn More](#)

 **Get Clarification**
from the Glossary of student loan terms.
[Learn More](#)

<https://studentloanhelp.dfpi.ca.gov/>

Thank you for joining us!

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