



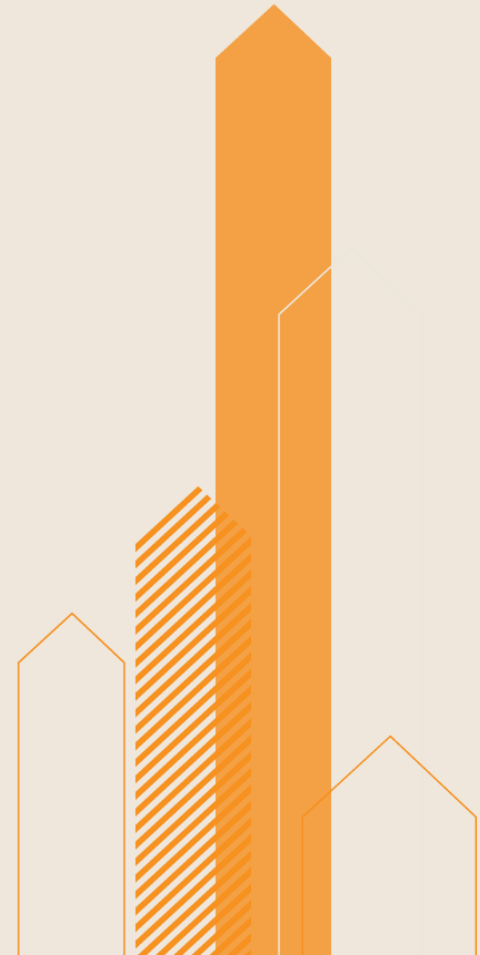
Student Loan Repayment Checklist



Today's Agenda

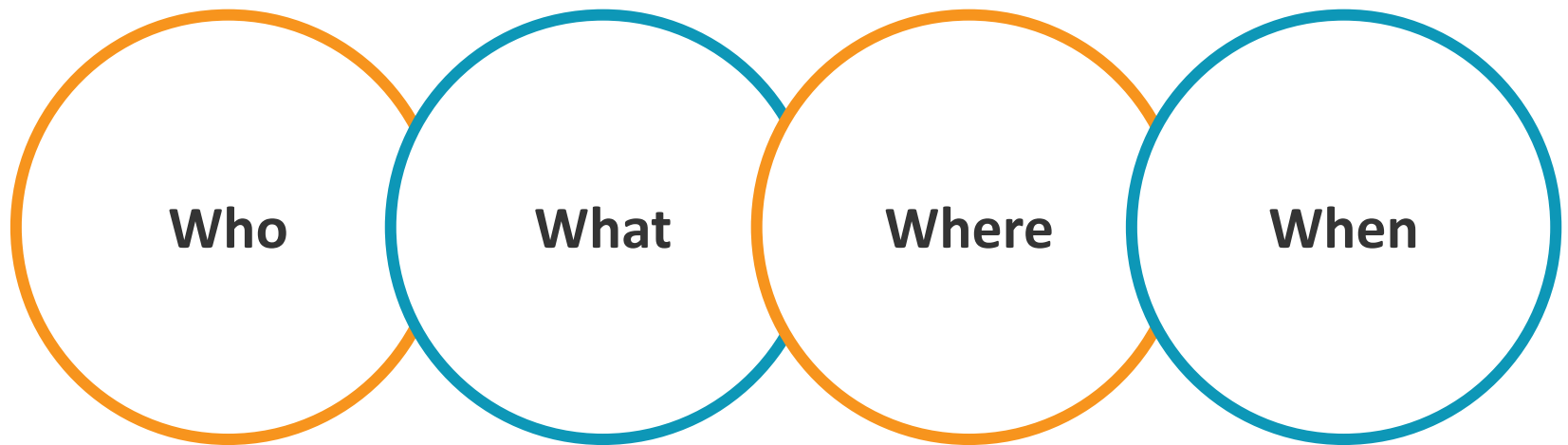
- 1 Get Organized
- 2 Compare Repayment Plans
- 3 Explore Loan Forgiveness
- 4 Postpone Payment Options
- 5 Proceed with Caution & Look to Outside Resources

Get Organized



Get Organized

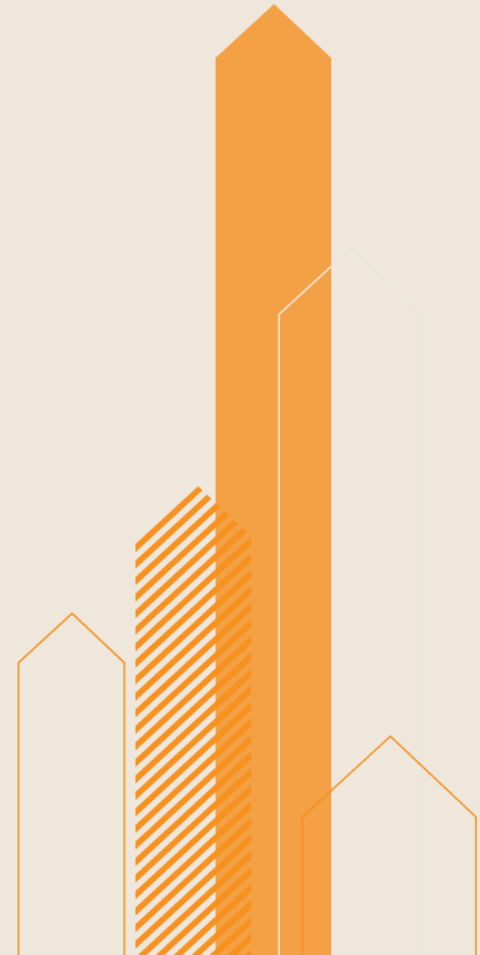
Borrowers need to know



How to Get Organized

- Locate loans
 - <https://studentaid.gov/>
 - <https://www.annualcreditreport.com/>
- Determine loan types, interest rates, and total balance
- Understand monthly payment amounts
- Know payment due dates
- Make sure contact information is up to date with servicer(s) **AND** studentaid.gov (ED)

Compare Repayment Plans



Borrowers are not stuck with the first monthly payment provided!

The Repayment Plans

Non-Income Based

- Standard 10-Year Repayment
- Graduated Repayment
- Extended Repayment
- Extended Graduated

Income-Driven Repayment

- Income Contingent Repayment (ICR)
- Income Based Repayment (IBR)
- Pay As You Earn (PAYE)
- ~~Revised Pay As You Earn (REPAYE)~~/ Saving on A Valuable Education (SAVE)

Non-Income Based

Standard 10-Year Repayment

- First repayment plan borrowers receive
- Typically results in the highest monthly payment
- Saves the borrower the most money in the long run



Non-Income Based

Graduated Repayment

- Monthly payments gradually increase every two years

Extended Repayment

- Time to repay the loan is extended, lowering the payments

Extended Graduated Repayment

- Time to repay the loan is extended and monthly payments gradually increase throughout the life of the loan

Income-Driven Repayment (IDR)

- Monthly payments based on income and family size, not balance
- Payments capped at 10%-15% of discretionary income
- Remaining balance forgiven after 10-25 years
- Borrowers need to recertify income annually
- Monthly payments count towards Public Service Loan Forgiveness (PSLF) on qualifying loans
- Borrowers can use the loan simulator studentaid.gov to compare plans

Income-Driven Repayment Differences

Income Contingent Repayment (ICR)

- Only IDR plan for Parent PLUS loans (first requires consolidation)

Income Based Repayment (IBR)

- Only plan available to borrowers in FFEL program
- “New” IBR only for Direct Loans, 240 payments to forgiveness

Pay As You Earn (PAYE)

- Payments capped at 10% of discretionary income
- Loan forgiven after 20 years of qualifying payments
- No new enrollment after July 2024

Income-Driven Repayment Differences

REPAYE → SAVE (asterisks = early implementation)

- Former REPAYE borrowers enrolled automatically
- Discretionary income threshold raised, resulting in lower monthly payments*
- Monthly payments capped at 5% for borrowers with only undergrad loans
 - Monthly payments capped at 10% for borrowers with grad loans
- Loan balances forgiven after 10 to 20 years for borrowers with only undergrad loans*
 - Balances forgiven after 25 years for borrowers with grad loans
 - \$12,000 and under balances forgiven after ten years of repayment; one additional year per \$1,000 beyond that

Income-Driven Repayment Differences

REPAYE → **SAVE** (asterisks = early implementation)

- Spouse's income excluded if filing taxes separately*
- Interest monthly payment does not cover is forgiven*
- ED to sunset ICR and PAYE plans July 1, 2024. Those currently enrolled can stay in. ICR remains for Parent PLUS borrowers.
- Certain periods of deferment* and forbearance count toward IDR forgiveness (all plans):
 - Cancer Treatment
 - Rehabilitation Treatment
 - Unemployment
 - Military Service
 - Post active-duty

One-Time IDR Account Adjustment

Borrowers may receive credit for past payments made that would otherwise not qualify for IDR or PSLF

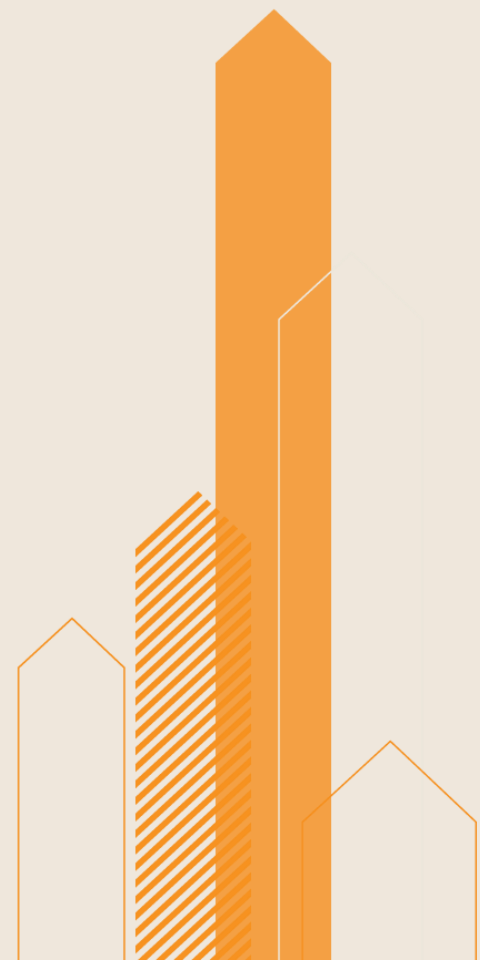
- Any months in a repayment status, regardless of the payments made, loan type, or repayment plan
- Automatic for loans held by ED
- Borrowers who have commercially managed FFEL, Perkins, or Health Education Assistance Loan (HEAL) Program loans should apply for a Direct Consolidation Loan by April 30, 2024

One-Time IDR Account Adjustment

Borrowers may receive credit towards 120 payment goal for past periods of forbearance/deferment

- Forbearances lasting longer than 12 months will be considered
- A cumulative total of 36 months will also be considered
- Deferments used prior to 2013 will be factored in
 - Except In-School deferments
- Economic Hardship deferments before and after 2013 also factored in
- Adjustments expected to continue until sometime in 2024
- Accounts can be reviewed by filing a complaint at studentaid.gov/feedback

Explore Loan Forgiveness



Public Service Loan Forgiveness (PSLF)

The PSLF Program forgives the remaining balance on Direct Loans after 120 qualifying monthly payments have been made under a qualifying repayment plan while working full-time for a qualifying employer.



PSLF Components

Eligible Loans

- All loans received under the Direct Loan Program
- Other federal loans can be consolidated into the Direct Loan Program in order to qualify
- Private loans excluded

Qualifying Monthly Payments

- Requires 120 monthly payments
- Only payments made on a qualifying repayment plan count
- Standard 10-year Repayment plan
- Income-Driven Repayment plans
- Partial, lump, and late payments now count

PSLF Components

Qualifying Monthly Payments (cont.)

- Certain deferment periods now count
 - Cancer
 - Economic Hardship
 - Military Service
 - Post Active-Duty
- Certain forbearance periods now count
 - Americorp
 - National Guard
 - Military
 - Administrative
 - Other deferment or forbearance periods can qualify with payments

PSLF Components

Qualifying Employer

- Federal, state, local, or tribal government
- Not-for-profit organization that is tax-exempt under Section 501 (c)(3)
- Private not-for-profit (non-tax-exempt) that provides specific public service
- AmeriCorp or Peace Corps

Full-time Qualification

- 30 hours a week
- 30 hours/week for contractual or employment period of at least 8 months in 12-month period
- 3.35 x credit/contract hour non tenure track at institute of higher education

Teacher Loan Forgiveness (TLF)

- Must teach for five consecutive years at qualifying school
- Available to borrowers in both Direct and FFEL program
- Two tiers for forgiveness amounts
 - \$5,000
 - \$17,500
- Borrowers cannot seek both PSLF and TLF for the same period of employment



Borrower Defense to Repayment (BDR)

A borrower may bring a borrower defense claim based on an act or omission by the school related to the making of a Federal Loan for enrollment at the school or the provision of educational services for which the loan was provided that caused the borrower detriment warranting relief.

BDR Facts

- \$14.8 billion dollars in student loan debt for 1.1 million borrowers forgiven to date
- Some big names already impacted
 - ITT Technical Institute
 - Corinthian Colleges
 - DeVry University
 - Globe University
 - Ashford University
 - University of Phoenix

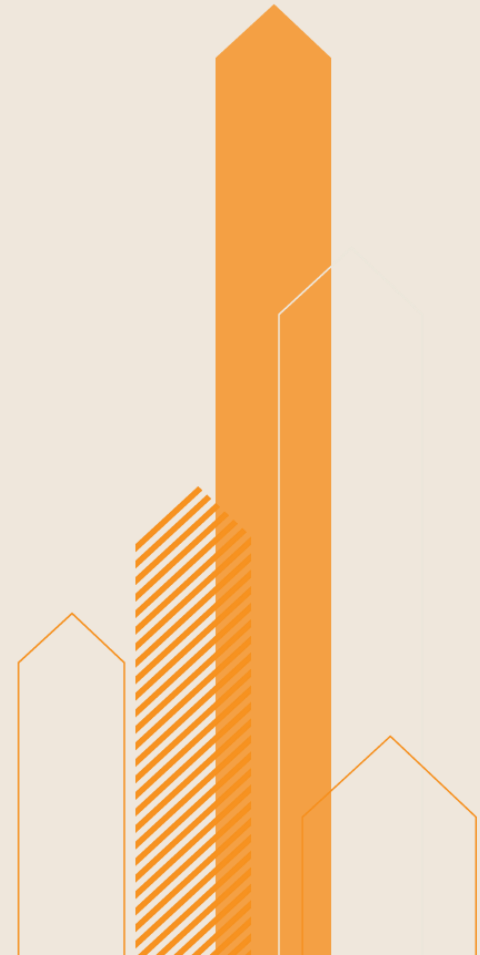


Source: Forbes.com

Total & Permanent Disability Cancellation

- Borrowers can qualify for a discharge of their federal student loans when considered totally and permanently disabled.
- ED works with the VA and the SSA to identify people who qualify
 - New regulations expanded SSA eligibility
- Borrowers can also contact Nelnet to apply
 - (888) 303-7818
 - disabilitydischarge.com

Postpone Payment Options



Deferment

A temporary postponement of payment on a loan that is allowed under certain conditions and during which interest generally does not accrue on subsidized loans. All other federal student loans that are deferred will continue to accrue interest. Any unpaid interest that accrued during the deferment period may be added to the principal balance (capitalized) of the loan(s).

Deferment Details

- Applications can be obtained by contacting servicer (often on websites as well)
- Limits to how much each type can be used throughout life of loan
- Borrowers must meet certain criteria to qualify
 - Cancer Treatment
 - Economic Hardship
 - Graduate Fellowship
 - In-School
 - Military Service
 - Unemployment

Forbearance

A period during which loan payments are temporarily suspended or reduced. The servicer may grant a forbearance when borrowers are willing but unable to make loan payments due to certain types of financial hardships. During forbearance, principal payments are postponed but interest continues to accrue.

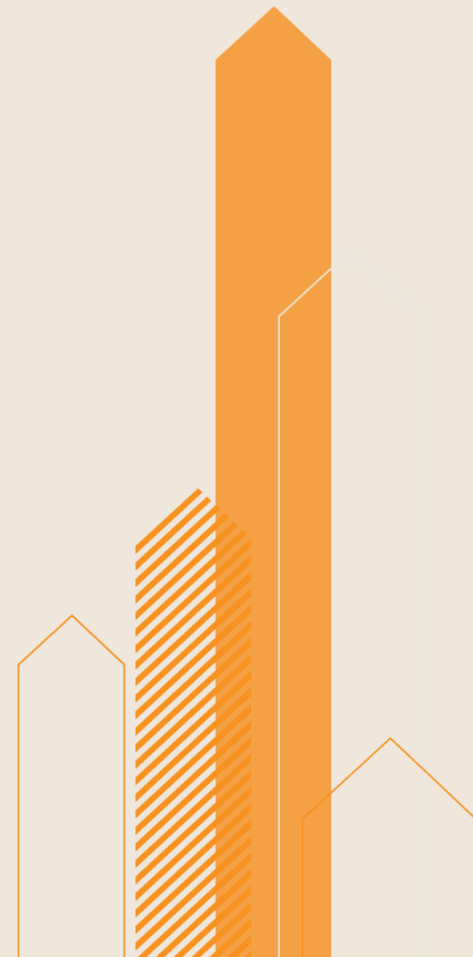
Forbearance Details

- Applications obtained by contacting servicer (often on websites as well)
 - Does not always require paper application
- Limits to how much forbearance time can be used throughout life of loan
- Different types of forbearance
 - Mandatory
 - Discretionary
 - Administrative

On-Ramp to Repayment

- For one year, running from October 1, 2023, until September 30, 2024, for ED-held loans:
 - No new defaults
 - No collections
 - No delinquencies
 - No negative credit reporting
- BUT! Interest is running, and no credit towards IDR or PSLF if payments aren't made

Proceed with Caution & Look to Outside Resources



Proceed with Caution

Loan Management

- Prioritize private loans and loans with higher interest rates
- Explore potential benefit of consolidation or other ED initiatives
- Borrowers should first try to find an affordable monthly payment
 - When in doubt, try IDR!
- Do not rush towards deferments or forbearances
 - Explore deferments before forbearances when postponing payments
- Discover available loan forgiveness programs
- Have a strategy

Consolidating vs Refinancing

Consolidating

Consolidation combines multiple student loans into one loan with a fixed interest rate based on the average of the interest rates on the loans being consolidated at no cost to the borrower.

Refinancing

Refinancing satisfies a debt by taking out another loan typically on more favorable terms, such as a lower interest rate and reduced monthly payments, or a longer period of time to repay.

Source: Dictionary.com

Consolidating vs Refinancing

Consolidating Tidbits

- Helps get all federal loans in one place
- Locks in interest rate
- Turns other federal student loans into a Direct loan
- Not an option for private loans
- Only way for FFEL, Perkins to qualify for PSLF, certain IDR plans, and IDR account adjustment

Refinancing Tidbits

- Impact on interest rate can vary
- Turns federal student loans into private loans
- Loss of benefits for federal loans
- Can include federal and private loans

Dangers of Default

Consequences of default may include:

- Damaged credit rating
- Collection fees assessed
- Federal tax refund withheld
- Wages garnished
- Inability to receive additional financial aid



Fresh Start for Defaulted Loans

- Borrowers with loans that defaulted before March 13, 2020
- Schools can award additional aid provided school maintains records of default from NSLDS AND retains signed and dated student acknowledgement
- Lasts until September 2024
- Borrowers can also opt in via studentaid.gov or their student loan servicer or guaranty agency

Current ED Initiatives to Follow

- IDR + PSLF Account Adjustment
 - Non-Direct Loans need to consolidate by 4/30/24
- PSLF Updates
- SAVE IDR Plan
- On-Ramp to Repayment
- Fresh Start for Defaulted Loans

Look to Outside Resources

Recommended Websites

- <https://studentaid.gov/>
 - Latest updates from ED
 - Loan locator
 - Loan simulator tool
 - Program option applications
- <https://www.annualcreditreport.com/>
 - Locate private loans
- Servicer websites



Borrowers Should Shop Around

More employers are offering assistance with education related expenses

- Tuition Reimbursement
- Student Loan Repayment Assistance
- Scholarships



Take it With A Grain of Salt

You don't always have to accept the first answer

- Ask the servicer
- Escalate when something doesn't sound right
 - Supervisor at the servicer
 - Ombudsman at the servicer
 - FSA Ombudsman
 - CFPB complaint
- Take notes during guided conversations

**There are more options available
for student loans than most debts.
Borrowers should research and
ask questions!**

Questions



Thanks for Attending
Visit **attigo.com**