



# Get Ready for Student Loan Repayment Webinar

July 11, 2023

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Interim Student Loan Advocate

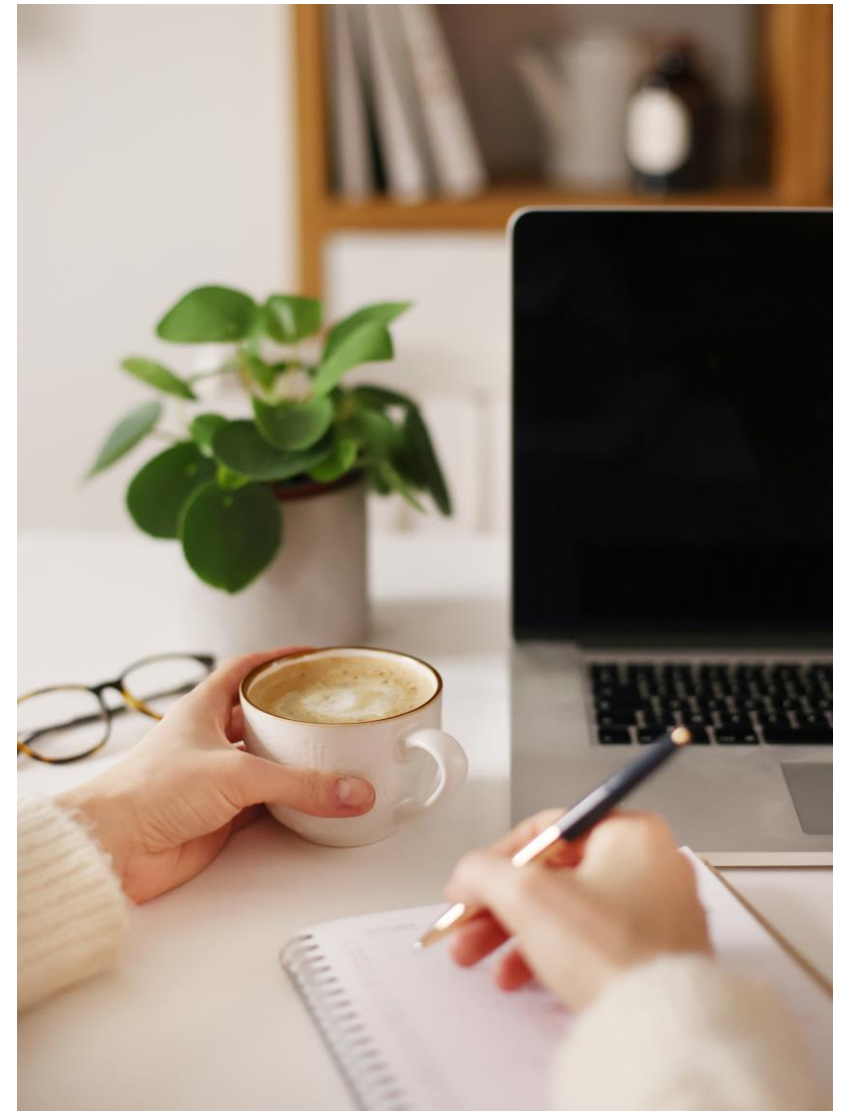


WASHINGTON  
**Student Loan**  
— **Advocate** —

# Agenda



- Office of the Student Loan Advocate overview
- Steps to get ready for repayment, including:
  - Look up loan and servicer information
  - Repayment options
  - Forgiveness options and updates
- How to get assistance



# Student debt in Washington



**807,000+**  
federal student loan  
borrowers

**\$28.9 billion**  
outstanding student  
debt

**\$35,740**  
average student debt

**98,214**  
**borrowers**  
in delinquency

**\$2.4 billion**  
in delinquency

**36% increase**  
in senior citizens  
w/debt

# Washington Student Loan Bill of Rights



- Student loan servicers must be licensed with DFI
- Servicers and schools must notify student borrowers about Student Loan Advocate
- Develop student borrower education course
- Borrowers may request information, resources or make a complaint to Advocate
- Advocate makes recommendations to legislature regarding student debt in Washington

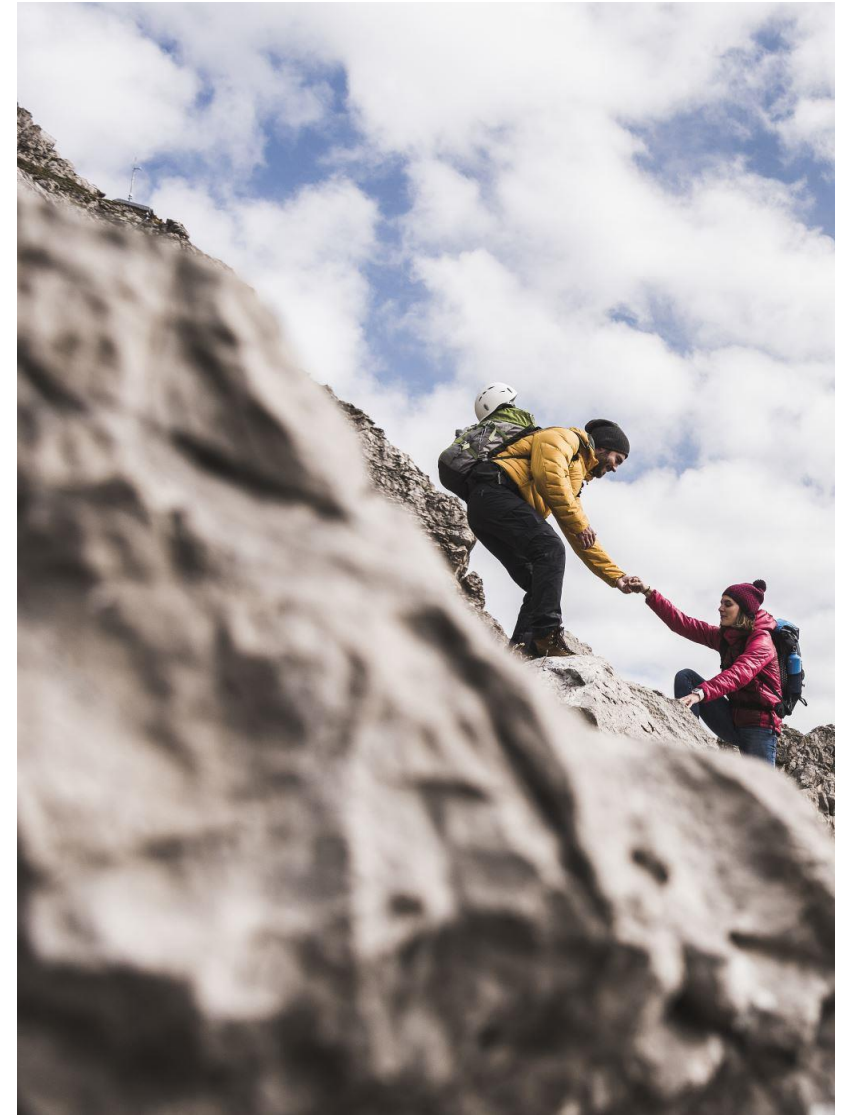
[Engrossed Senate Bill 6029](#)

# What does the Student Loan Advocate do?



Supports current and future student loan borrowers in Washington State:

- Addresses student borrowers' complaints
- Provides information and resources about student loans
- Educates the public about the rights and responsibilities of student loan borrowers



# Get ready for student loan repayment

How to successfully navigate return to  
repayment

It's ok to be  
confused.  
This is a lot!



# What do I need to know about return to repayment?



- **The student loan pause is actually, really ending!**
  - COVID-19 payment pause can't be extended anymore as return to repayment is codified into law
- Interest will begin to accrue on **September 1, 2023**
- Bills/statements arriving in September – October 2023
  - Billing statement or other notice at least 21 days before your payment is due
- Your first due date will be sometime in the month of **October 2023**
- Likely long call holds and wait times for assistance from student loan servicers – so act now!



# What do I need to know about return to repayment?



## “On-ramp” period:

- October 1, 2023 - September 30, 2024 (12 months)
- **Interest will still accrue**, but will not capitalize
- If not enrolled in an Income-Driven Repayment (IDR) plan, payments will be adjusted to reflect the accrued interest

## Benefits of “on-ramp” for late, missed or partial payments for borrowers:

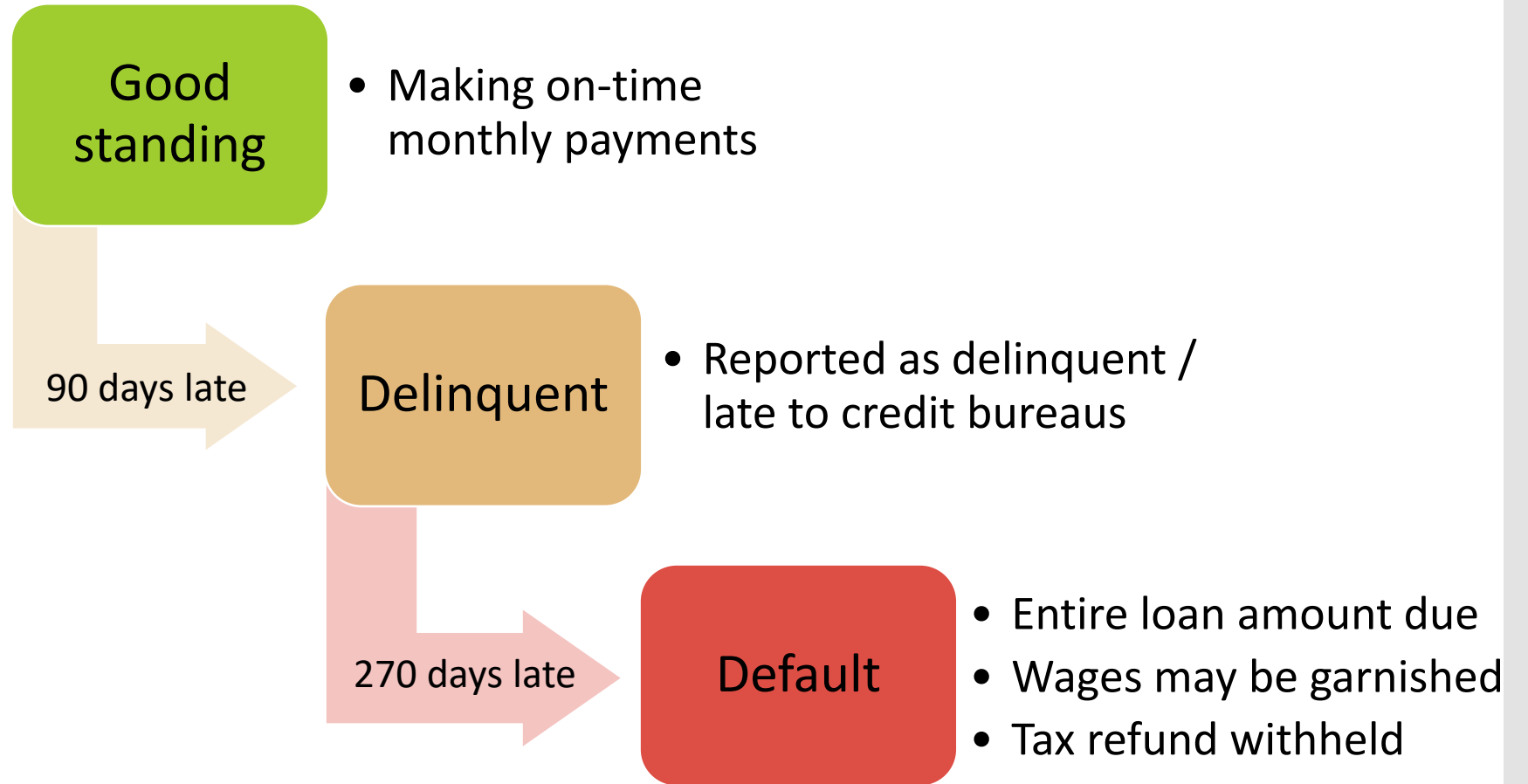
- Not reported to credit bureaus
- Not considered in default
- Not referred to collection agencies

Missed payments will **not** count towards PSLF or IDR qualifying payments.



**Borrowers who can make payments should still do so!**

# Delinquency and Default



# How can I prepare for student loan repayment?



1. Update your contact information
2. Don't fall for student loan scams
3. You have repayment options
4. Get out of default, now!
5. You may qualify for loan forgiveness

# #1. Update your contact information



Stay up to date by reviewing your contact information now on:

- Your [StudentAid.gov profile](https://studentaid.gov)
- Your loan servicer's website



# Federal Student Aid (FSA) ID



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** 🔍

## Apply for Federal Student Loan Debt Relief

Apply Now

Learn About Debt Relief

POPULAR TOPICS

- Learn About Public Service Loan Forgiveness >
- Apply for Aid Using the FAFSA® Form >
- Complete a *Master Promissory Note (MPN)* >

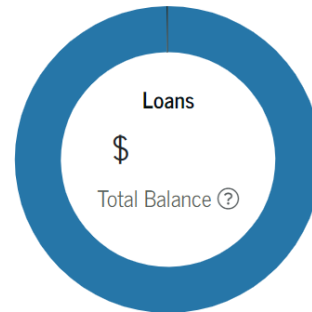
[StudentAid.gov](https://studentaid.gov)

# View your loan details



## Dashboard

My Aid [View Details >](#)



- \$ Principal ?
- \$ Interest ?

*Loan information as of 10/31/2022*

Checklists

### Upcoming Payments

Servicer  
Mohela

Due Date  
1/30/23

[Pay on Servicer Website](#)

### My Loan Servicers

[View Servicer Details >](#)

DEPT OF ED/MOHELA

[www.mohela.com](http://www.mohela.com)

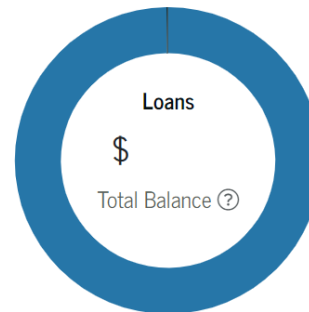


# Find your loan servicer information



## Dashboard

### My Aid [View Details >](#)



- \$ Principal ?
- \$ Interest ?

*Loan information as of 10/31/2022*

### Checklists

### Upcoming Payments

Servicer  
Mohela

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### My Loan Servicers

[View Servicer Details >](#)



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[www.mohela.com](http://www.mohela.com)



# Current Loan Servicers



[Student Loan Servicers | Federal Student Aid](#)



# Guaranty Agencies



[Guaranty Agencies | Federal Student Aid](#)

# Think about payment methods



- Review auto-debit enrollment or sign up on your servicer's website
  - Double check even if you were enrolled in auto-debit prior to the payment pause!
- You also have other options, including:
  - Manual online payments
  - Phone payments
  - Mailing a check or money order
- Find out how to make a student loan payment on the [StudentAid.gov](https://www.studentaid.gov)

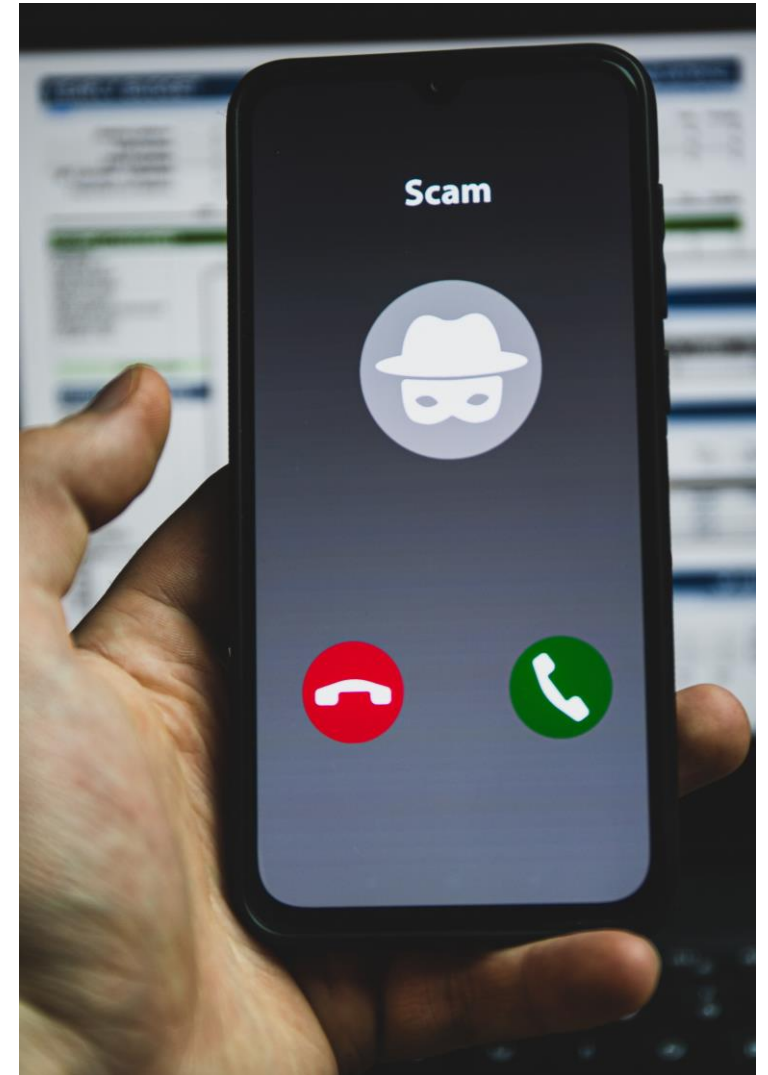


## #2. Don't fall for student loan scams!



### Signs of a scam by a student loan debt relief company:

- Fees – of any kind!
- Promises of immediate and total loan forgiveness or cancellation
- Claiming that their offer is limited and encourage you to act immediately
- Asking for your FSA ID username and password
- Asking you to sign and submit a third-party authorization form or a power of attorney



# Report Scams



- [Washington State Attorney General's Office](#)  
If you want to report a scam, file it with the Washington State Attorney General's Office
- [Federal Trade Commission](#)  
You can also report a student loan scam to the Federal Trade Commission

## #3. You have repayment options

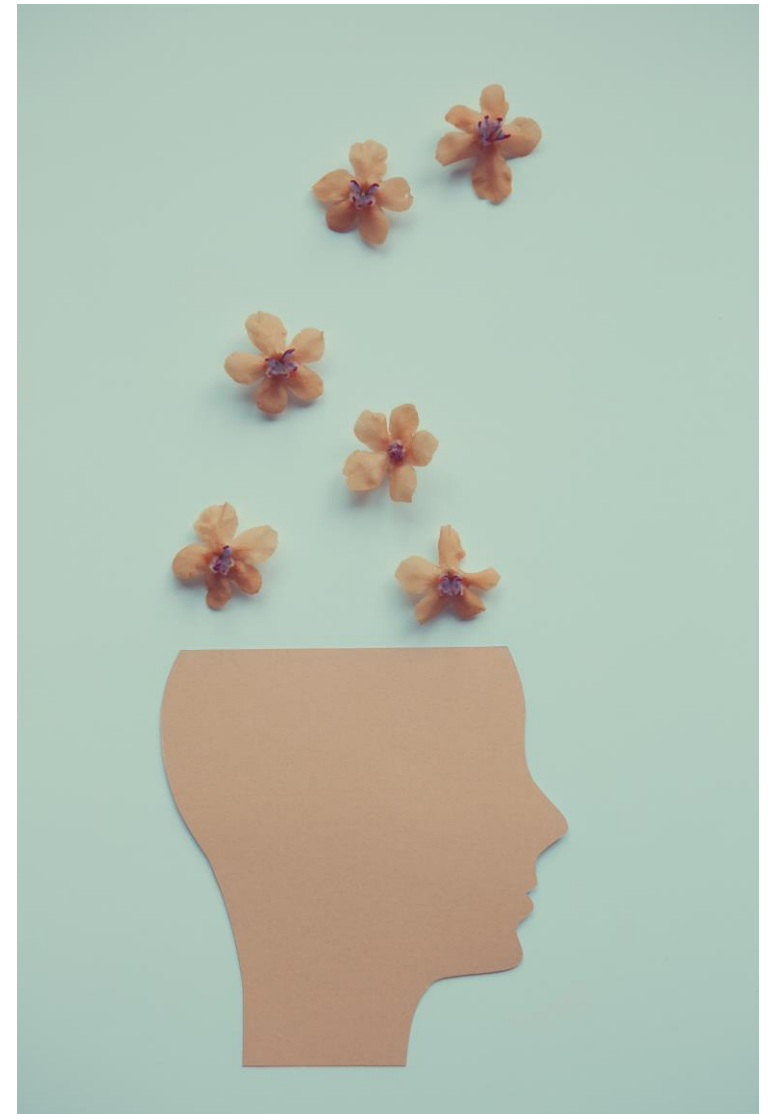


- You can change your repayment plan at any time – for free!
- Not all repayment plans are available for all loan types
- In general, there are two kinds of repayment plans:
  1. Repayment plans not dependent on income
  2. Repayment plans that depend on income, usually known as Income-Driven Repayment (IDR) Plans

## Questions to keep in mind...



- What are your repayment goals?
- Do you want to repay your loans quickly or qualify for forgiveness?
- Do I work at a place that can help me qualify for specific types of forgiveness, like the Teacher Loan Forgiveness Program (TLF) and/or the Public Service Loan Forgiveness (PSLF)?
- Do I expect my income to significantly increase in the future or remain the same?



# Repayment plans not income-dependent



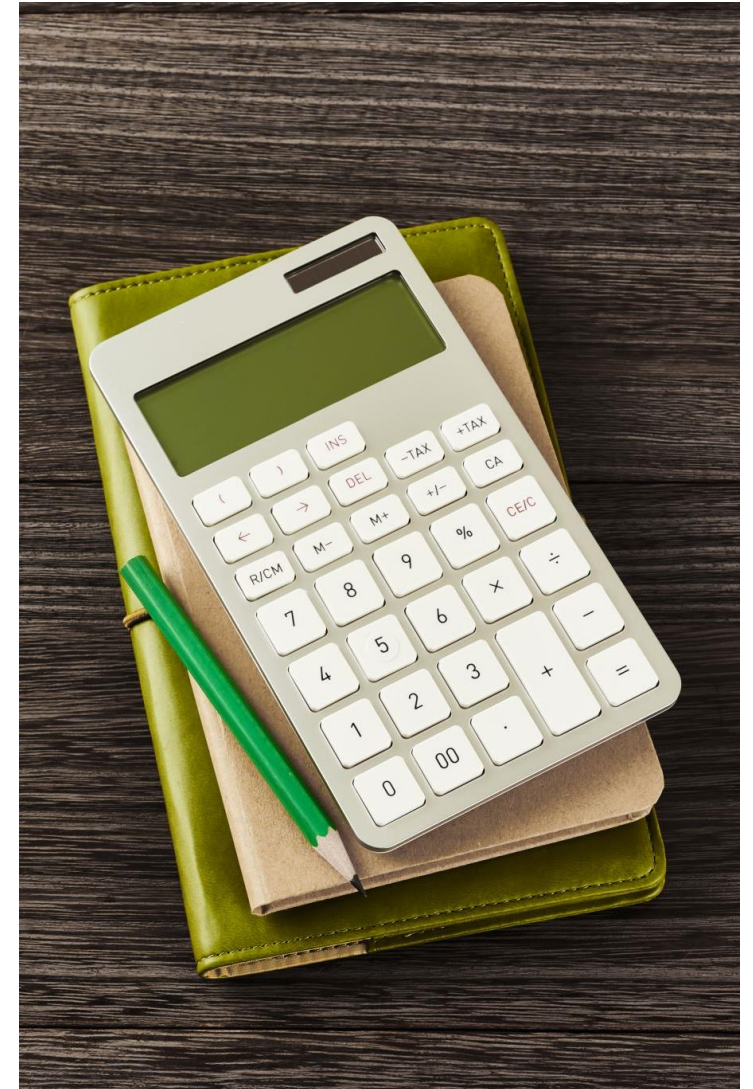
Plan	Terms	Repayment Period	Forgiveness?
10-year Standard	60 -120 equal payments	Up to 10 years	None*
30-year Standard (consolidated loans)	360 equal payments	Up to 30 years	None
Graduated	Payment grows every 2 years	Up to 10 years	None
Extended Fixed	300 equal payments	Up to 25 years	None
Extended Graduated	Payment grows every 2 years	Up to 25 years	None

\*in some cases, if you have periods under both the 10-year Standard repayment plan and an Income-Driven Repayment (IDR) Plan, you may qualify for some forgiveness under PSLF

# How do Income-Driven Repayment (IDR) plans work?



- Designed to be affordable based on your income and family size
- Monthly payment amount is generally a % of discretionary household income
  - Discretionary income is based on 150 or 225% of the federal poverty guideline for your state
  - **Discretionary income** = the difference between your annual income and 150% or 225% (depending on your IDR plan) of the poverty guideline for your family size and state of residence
  - Payments may increase or decrease over time depending on your income
- Must recertify your income every year
- Payments can be as little as \$0





# Income-Driven Repayment (IDR) plans



## Income-Driven Repayment Plans may be a good option for you if...

- You want an affordable monthly payment
- You don't mind paying sometimes for a longer period of time in exchange for a lower monthly payment and/or potential forgiveness
- You plan on qualifying for the Public Service Loan Forgiveness (PSLF) program after:
  - 120 payments (10 years)
- You plan on qualifying for Income-Driven Repayment (IDR) forgiveness after:
  - 10 to 25 years **depending** on your IDR Plan **and** loan balance
- You are unemployed or underemployed and do not want a forbearance/deferment

# Income-Driven Repayment (IDR) additional considerations



- Forgiveness under the Public Service Loan Forgiveness Program (PSLF) is always federally tax-free
- Forgiveness under Income-Driven Repayment (IDR) will be federally taxable once again starting January 1, 2026
- Washington state does not currently have income tax

# Current Income-Driven Repayment (IDR) plans



Plan	Federal Poverty Guideline	Payment no more than...	Forgiveness after...
Income Based Repayment (IBR)	150%	10% of discretionary income, up to the standard 10-year payment amount	20 years
	150%	Borrowers before 2014 pay 15% of discretionary income, up to the standard 10-year payment amount	Borrowers before 2014: 25 years
Pay As You Earn (PAYE)*	150%	10% of discretionary income, up to the standard 10-year payment amount	About 20 years
Revised Pay As You Earn (REPAYE)	150%	10% of discretionary income	20-25 years
Income Contingent Repayment (ICR)**	150%	20% of discretionary income	25 years

\*PAYE will no longer be available for new enrollments as of July 1, 2024.

\*\*ICR will only be available for enrollment for Consolidated Direct loans containing Parent PLUS loans.

# Future Income-Driven Repayment (IDR) plans



Plan	Federal Poverty Guideline	Payment no more than...	Forgiveness after...
Income Based Repayment (IBR)	150%	10% of discretionary income, up to the standard 10-year payment amount	Borrowers after 2014: 20 years
	150%	Borrowers before 2014 pay 15% of discretionary income, up to the standard 10-year payment amount	Borrowers before 2014: 25 years
Saving on a Valuable Education (SAVE) (previously REPAYE)	225%	5% of discretionary income for undergrad 10% of discretionary income for grad Weighted Average % of discretionary income for both	10 years for less than \$12,000 20 years for only undergrad 25 years for any graduate loans
Income Contingent Repayment (ICR) (consolidated Parent PLUS only)	150%	20% of discretionary income	25 years

# What about SAVE (Saving on a Valuable Education)?



Newest, most generous repayment plan:

- **REPAYE will transform into SAVE**
  - If you are currently enrolled in REPAYE or sign up for REPAYE now, you will **automatically** be switched to SAVE when it becomes available
- Increases the discretionary income exemption from 150% to 225% of the poverty line
- Not available for Parent PLUS borrowers
- **Repayment terms:**
  - 5% of discretionary income for undergrad loans
  - 10% of discretionary income for grad loans
  - Weighted average for borrowers who have both
- **Forgiveness time:**
  - 10 years for low original balance borrowers (< \$12,000)
  - 20 years for only undergraduate loans
  - 25 years for any graduate loans

# What about SAVE (Saving on a Valuable Education)?



- **SAVE benefits going into effect this summer/before payments resume:**
  - Increase the income exemption from [150% to 225% of the poverty line](#)
  - Remaining interest will be **eliminated** if you make your monthly payment – your loan balance won't grow due to unpaid interest!
  - Married borrowers [filling taxes separately](#) don't have to include spouse's income for monthly payment calculation
- **SAVE benefits going into effect in July 2024:**
  - Reduction of payments to 5% of discretionary income for undergrad
  - Weighted average between 5-10% for borrowers with both grad and undergrad loans
  - Borrowers with original balances of \$12k or less will receive forgiveness after 10 years in repayment
    - 12 additional payments will be added to achieve forgiveness for each \$1k borrowed above \$12k, up to the maximum of 20 (undergrad) or 25 (grad) years

[SAVE Repayment Plan Offers Lower Monthly Loan Payments | Federal Student Aid](#)

# Example of Undergrad-only loans under SAVE



## Estimated Monthly Payment Under the SAVE Plan

Income	\$60k	\$227	\$130	\$34	\$0	\$0
	\$50k	\$143	\$47	\$0	\$0	\$0
	\$40k	\$60	\$0	\$0	\$0	\$0
	\$30k	\$0	\$0	\$0	\$0	\$0
	\$20k	\$0	\$0	\$0	\$0	\$0
	\$10k	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
		1	2	3	4	5
		Family Size				

Estimates are for illustrative purposes only. Your loan servicer will calculate your actual monthly payment amount under the SAVE Plan.

[Accessible version of table](#)

# Choosing an Income-Driven Repayment (IDR) plan



The best IDR plan for you depends on:

- Your current loan type
- When you took out your loans
- Your current income
- Whether you are working towards forgiveness under PSLF or IDR
- Your repayment goals
- Your marital status, including:
  - Your spouse's income
  - Your spouse's student loan debt
  - Your tax filling status (i.e. Married Filling Separately vs. Jointly)





Want to know your  
repayment options?  
Use the Loan  
Simulator!



The [Loan Simulator](#) uses your actual loan information (if you log in with your FSA ID) to give you:

- more accurate estimate of your loan payments
- forgiveness options and timelines
- interest paid over time
- total amount paid

Three white cards with rounded corners and light gray borders, each featuring an illustration of a person in a teal hoodie. The first card shows the person with their hands out, labeled 'PLAN 1' and 'PLAN 2'. The second card shows the person sitting at a desk with a calendar and a dollar sign icon. The third card shows the person pointing at a line graph with dollar signs. Each card has a blue 'Log In and Start' button at the bottom.

I Want to Find the Best Student Loan Repayment Strategy

I'm Struggling With My Student Loan Payments

I Want to Simulate Borrowing More

[StudentAid.gov/loan-simulator/](https://StudentAid.gov/loan-simulator/)

# Apply for an Income-Driven Repayment (IDR) plan



## New IDR Applicants



### Apply for an Income-Driven Repayment Plan

There are four different IDR plans to choose from. Use the estimator in the application to compare them or to have your loan servicer pick the best one for you.

[Learn more about IDR plans](#)

[Log In to Apply](#)

[View Demo](#)

OMB No. 1845-1012 • Form Approved

[StudentAid.gov/idr/](https://StudentAid.gov/idr/)

## Deferment vs. Forbearance



### Deferment

- Temporary suspension of payments
- Interest on unsub loans accrues

Typically, no progress towards forgiveness\*

### Forbearance

- Temporary reduction or postponement of payments
- Interest on all loans accrues

# Deferment and Forbearance overview



- **Usually best for short-term situations like a car breaking down, a move, etc.**
- You may not be making any progress toward forgiveness/discharge or paying back your loan
- Deferments are usually a better option over Forbearances if you are eligible and hold any subsidized loans

**Income-Driven Repayment (IDR) plans are usually a better option over Deferment and Forbearance**

- This is especially true if you are working towards PSLF forgiveness or IDR discharge

# Deferment

**In-School-  
enrolled half-  
time or more**

**Graduate  
fellowship**

**Rehab training  
program for the  
disabled**

**Unemployed or  
underemployed**

**Economic  
hardship\***

**Peace Corps  
service\***

**On active-duty  
military service\***

**Up to 13 month  
post active-duty  
military service\***

**Cancer  
treatment\***

\*these types of deferments may count as qualifying payments towards IDR and/or PSLF forgiveness



# Forbearances



## General

- Financial difficulties
- Medical expenses
- Change in employment

## Mandatory

- Medical or dental internship
- Payment >20% of income
- AmeriCorps\*
- Working toward Teacher Loan Forgiveness
- Member of the National Guard
- Natural disaster\*

## Administrative

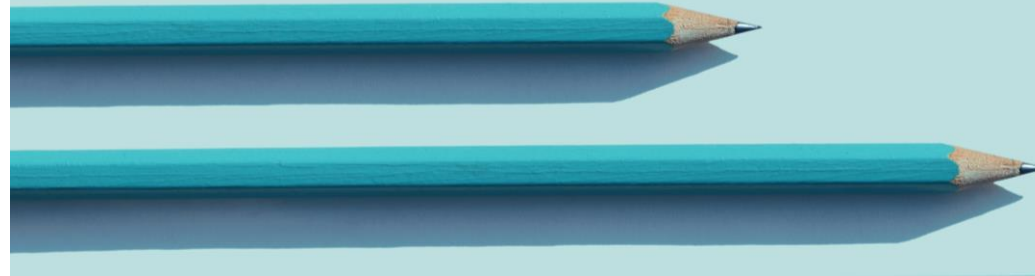
- Pending IDR approval\*
- Pending loan forgiveness or discharge approval
- COVID-19 payment pause\*

\*these types of forbearances may count as qualifying payments towards IDR and/or PSLF forgiveness

## #4. Get out of Default, now!



## Sign up for Fresh Start!



- Temporary program for borrowers with defaulted student loans
- Restores access to federal student aid!
- Removes the default record from borrower's credit report
- Stops collections
- Available until Aug. 2024

### How to enroll:

- This process can take less than 10 minutes!
- To use Fresh Start, contact your loan holder
- If you don't know who holds your loans, call 1-800-621-3115 (TTY 1-877-825-9923)

[A Fresh Start for Federal Student Loan Borrowers in Default | Federal Student Aid](#)

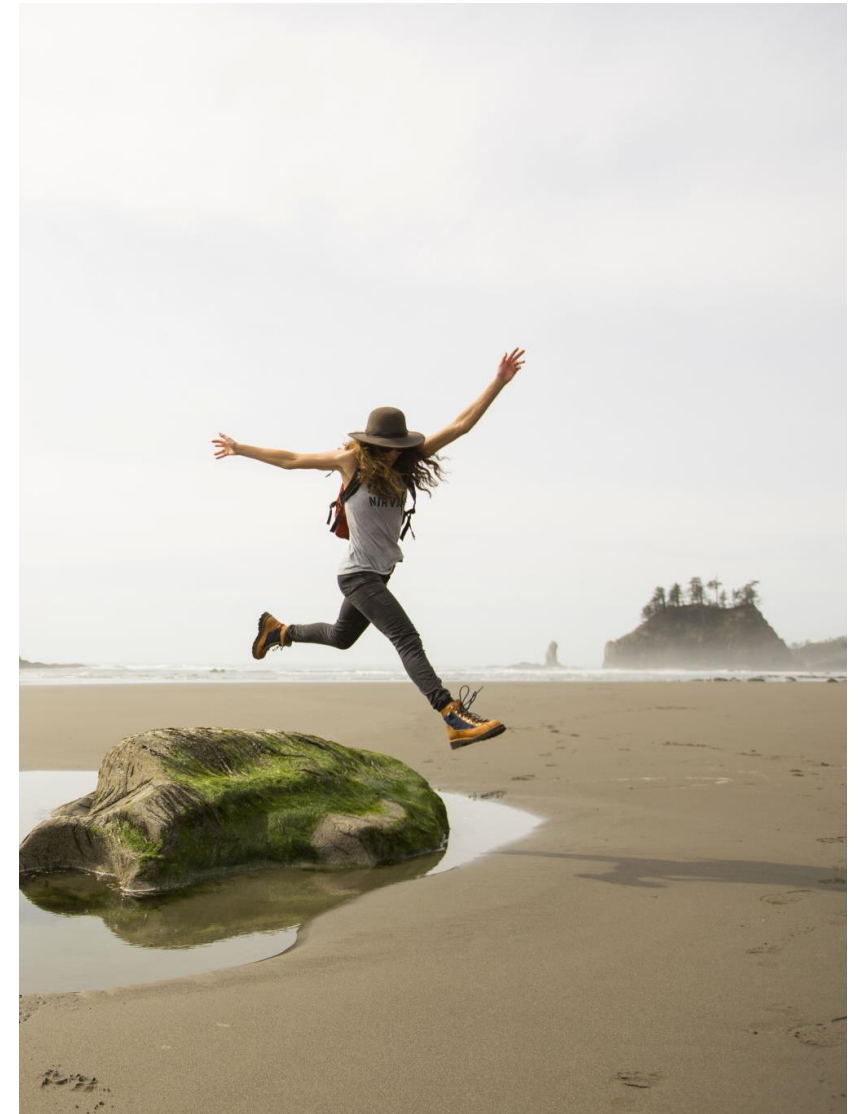
# #5. You may qualify for loan forgiveness!



You may qualify for other forgiveness and discharge options, including:

- Public Service Loan Forgiveness (PSLF)
- Teacher Loan Forgiveness (TLF)
- Income-Driven Repayment (IDR) forgiveness
- Total and Permanent Disability Discharge
- Closed School Discharge
- Borrower Defense to Repayment
- and more

Learn about different types of loan cancellation and forgiveness [on the StudentAid.gov website](https://studentaid.gov)





# IDR Account Adjustment



Certain periods of forbearance and/or deferment will convert to IDR payments for borrowers with:

- ✓ 12 or more consecutive months of forbearance
- ✓ 36 or more of total months of forbearance
- ✓ Months in economic hardship or military deferments after 2013
- ✓ Periods of deferment before 2013 (excluding in-school)

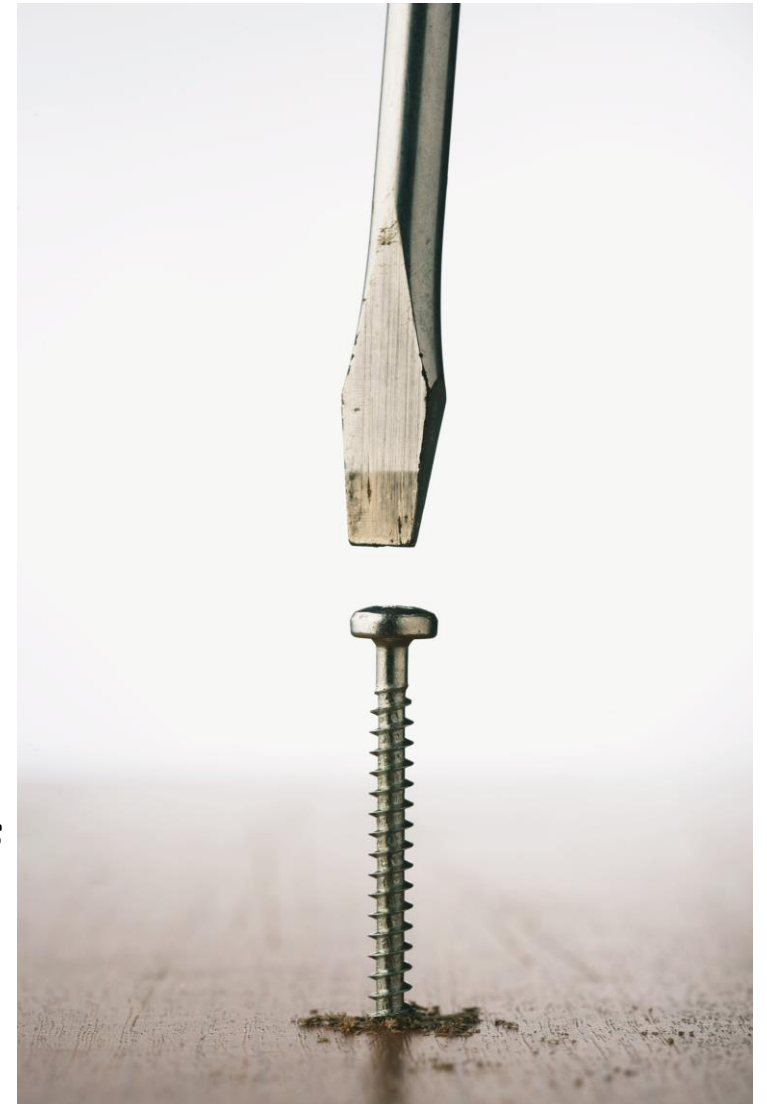
Any time spent in repayment will also convert into IDR payments **(including payments made prior to consolidation)**

Any borrowers with loans that have accumulated eligible time in repayment of at least 20 or 25 years will see automatic forgiveness, even if they are not currently on an IDR plan

# IDR Account Adjustment – continued



- These additional IDR payments may count as PSLF qualifying payments if you worked for a qualifying public employer during that period
- **Loans that hit forgiveness thresholds will start to be forgiven this year**
  - Final IDR/PSLF credits may not be applied until 2024
- Includes Parent Plus Loans
- **You may need to act before the end of 2023 to take advantage of this opportunity!**
  - Please watch [our recorded webinar on the IDR Account Adjustment](#) for more details



# One-time Debt Relief officially blocked



- The Supreme Court issued a decision on June 30, 2023, to block the One-Time Debt Relief
  - commonly known as “Biden Debt Relief”
- Under the Court’s ruling, Dept. of Education is prohibited from implementing the One-Time Debt Relief
- Dept. of Education is considering alternative ways to provide debt relief to borrowers

# What about the new alternative path to forgiveness?



- Dept. of Education started a regulatory process under the Higher Education Act (HEA) of 1965 to forgive loans
  - HEA gives the secretary ability to “compromise, waive or release” federal student loans under certain circumstances
  - “Negotiated rule-making” process could take a year or longer
  - No specific eligibility requirements currently available
  - May face legal challenges
  - Not guaranteed to happen until fully implemented

**Stay optimistic but start making payments in October 2023 if you can.**



# Private Loan Consolidation/ Refinancing



## Think carefully before privately consolidating or refinancing federal student loans!



May decrease your interest rate

May decrease amount paid overall

If good credit and private student loans only, may be a good option

Interest rate based on credit history

Forfeit all IDR repayment plans

Can't qualify for PSLF, IDR or other types of forgiveness

Can't be reversed!



# Summary



**Step 1. Update your contact information on StudentAid.gov and your servicer's website**

**Step 2. Watch out for student loan scams**

**Step 3. Consider your repayment options**

**Step 4. Get out of default with Fresh Start (if applicable)**

**Step 5. Look into loan forgiveness and cancellation options**

**Only use deferment/forbearances for short periods**

**Think carefully before privately consolidating/refinancing your loans**

**Start making payments in October 2023 if you can**

[5 Tips to Prepare for the Restart of Student Loan Repayment | WSAC \(wa.gov\)](#)

## Be aware of key dates



- **July 30, 2023 – part of SAVE benefits available:**
  - Increase of 150% to 225% of federal poverty guideline
  - “Married filing separate” can exclude spousal income
  - 100% interest subsidy if you make payments under SAVE
- **September 1, 2023 – interest begins to accrue**
- **October 2023 – 1<sup>st</sup> payments due since the beginning of the payment pause**
- **July 1, 2024 - remaining SAVE benefits available:**
  - 5% of discretionary income for undergrad loans, weighted average % for borrowers with both undergrad and grad loans
  - No longer being able to enroll in PAYE
- **September 30, 2024:**
  - End of “on-ramp” period. After 90 days late, borrowers start being reported as delinquent

# Past & Upcoming webinars



WASHINGTON STUDENT ACHIEVEMENT COUNCIL

## PSLF Waiver 2.0: Get a Second Chance with the IDR Recount

4/26/23  
Jessica M. Manfredi, PSLF Program Associate (she/her)  
Hannah Deck, Program Associate (she/her)

0:01 / 51:05

Jessica Manfredi (she/her) - PSLF Program Associate

Hannah Deck

WASHINGTON Student Loan Advocate

## Public Service Loan Forgiveness waiver 2.0: Get a second chance with the IDR recount (April 2023)



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[wsac.wa.gov/PSLF](https://wsac.wa.gov/PSLF)





## Let us know how we're doing!

Please fill out a [survey](#) and help us continue providing resources for WA student borrowers.



## Questions?

Complete our complaint/questions form to get assistance from us.

[studentcomplaints.wa.gov](https://studentcomplaints.wa.gov)

**Make sure to select “Student Loan Questions and Complaints Form”!**

