



Getting Ready to Unpause:
Student Loan Updates and Repayment Options

with

NASSAU SUFFOLK LAW SERVICES COMMITTEE, INC.

Presented by Michelle Kimpson (Law Graduate)





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Please keep your microphone muted.

Please put questions in chat and we will address throughout the presentation.

There will also be polls throughout and a survey at the end of the presentation.

Housekeeping

Thank you!

Who we are and what we do...



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- Over 6,000 legal cases each year
- Direct representation, phone consultations
- Brief service or referrals
- Offices in Hempstead, Islandia, Riverhead
- Case handling staff includes attorneys, paralegals and social workers
- Partnerships with Community Agencies



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Office Locations

Hempstead:

1 Helen Keller Way 5th Fl
Hempstead NY 11550
(516) 292-8100

Islandia (Western Suffolk):

1757 Veterans Hwy Ste 50
Islandia NY 11749
(631) 232-2400

Riverhead (Eastern Suffolk):

400 W. Main St Suite 200
Riverhead, NY 11901
(631) 369-1112

Nassau Suffolk Law Services

Programs



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Family

- Domestic Violence Family Court Project (Suffolk)
- Child Support Project

Disability & Health-Related Projects

- HIV Unit
- Mental Health
- ICAN - Advocates in Managed Long-Term Care
- Education and Disability Rights (Special Education and Rights of Developmentally Disabled)
- Disability Advocacy Project (SSD/SSI Appeals)

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Programs (continued...)



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Housing

- Civil Unit (Eviction Prevention)
- Foreclosure Project

Other

- Consumer Debt
- Veterans Rights
- Re-Entry Project
- Public Benefits
- Adult Care Facility Unit
- Senior Citizen Law Project (Nassau)
- Pro Bono Project (Suffolk)
- Volunteer Lawyers Project (Nassau)
- Community Legal Help Project (Suffolk)



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Legal Support Center for Advocates:

Advocates call (631) 232-2400 for assistance:

Sharon Campo - x3368 Cathy Lucidi - x3324

- Provide Technical Support to Advocates
- “Advocates” include legislative staff, social workers, outreach workers, medical personnel, and guidance counselors
- Host Community Trainings
- Publish Newsletters

Visit our website!



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- All About Our Programs
- Sign up for our “Legal Lessons”
- Trainings
- “Self-Help” Resources
- Other Events



Just a Note...



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Nassau/Suffolk Law Services makes every effort to keep legal educational materials up to date. The information contained in this material is not legal advice. Legal Advice depends upon the specific facts of each situation. These materials cannot replace the advice of competent legal counsel.



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Student Loan Updates and Repayment Options

Presented by Michelle Kimpson (Law Graduate)

WHO WE ARE & WHAT WE DO

Who We Are

EDCAP is a program of the Community Service Society of New York (CSS). It was created to help New Yorkers struggling with student debt navigate the student loan repayment system and regain financial health. We are funded by New York State. We are an independent, nonprofit one-stop shop for student loan debt and related issues, assisting both federal and private loan borrowers.

- ▶ Created to help tackle the student debt crisis in New York.
 - ▶ Advise on student loan repayment options.
 - ▶ Rehabilitate loans to help prevent wage garnishments, social security offsets, and tax intercepts.
 - ▶ **Apply for loan forgiveness, cancellation, and discharge.**
 - ▶ **Help consolidate loans**, and request deferments and forbearances.
 - ▶ Resolve issues with loan servicers and lenders.



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Agenda



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1. About EDCAP
2. Student Loan Relief Overview and Payment Pause Extension
3. Preparing for Payment Resumption and Loan Servicer Changes
4. Federal Student Loan Cancellation
5. Programs to Manage and Eliminate Debt
6. Resources



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Preparing for Payment Resumption and Loan Servicer Changes

Payment Pause Extension

- The latest payment pause extension links payment resumption to the outcome of the Biden-Harris Debt Relief plan to cancel either \$10,000 or \$20,000 in debt for eligible borrowers. This program is currently being blocked by the courts. The Supreme Court heard arguments on February 28th. A ruling is expected in the summer.
- Payments will resume 60-days after resolution of the court case. If there is no resolution by June 30, 2023, payments will resume 60-days after that.
- Effectively, this means payments will probably resume no later than the end of August 2023.





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Student Loan Relief Overview and Payment Pause Extension

COVID-19 Relief Measures

- The Covid Forbearance set interest rates to 0% and suspended payments on most federal student loans in good standing starting March 13, 2020.
- Collection activities on defaulted loans have been suspended through most of this period and will remain suspended throughout 2023 and into 2024.



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Federal Student Loan Cancellation

What You Should Know

Loan Cancellation (On Hold)

- The Biden Administration announced a targeted plan to cancel \$10,000 or \$20,000 in federal student debt for many borrowers.
- Loans disbursed prior to July 1, 2022, will be eligible.
- This relief will be available to most borrowers with Department of Education-held loans who earned less than \$125,000 or \$250,000 (depending on tax filing status) in either 2020 or 2021.

Register for updates on the [Department of Education Subscription Page](#)



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Loan Cancellation (On Hold) *(continued...)*

- The program is being blocked by the courts. The Supreme Court heard the case in February 2023.
 - Online and paper applications are not available at this time.
 - If you filed an application, it will be held and processed when/if the program is allowed to proceed.
- Caution: Consolidating commercially-held FFELP or Perkins loans with loans that are eligible for cancellation, will make the entire consolidated balance ineligible for this relief. If you need to consolidate commercially-held loans, that can be done separately. **Contact EDCAP for help!**

Register for updates on the [Department of Education Subscription Page](#)



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Loan Cancellation (On Hold) *(continued...)*

THE SUPREME COURT DECISION
WILL ONLY AFFECT ONE
PROGRAM!



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Supreme Court decision does not impact the timing or availability of most programs

- The ONLY case the Supreme Court heard in February is the Biden-Harris Debt Relief plan to cancel up to \$20,000 of student debt for eligible borrowers! This ruling does not affect any other student loan program.
- Regardless of the outcome, borrowers will still be able to take advantage of changes to:
 - Income Driven Repayment Forgiveness (IDRF)
 - Public Service Loan Forgiveness (PSLF)
 - Total and Permanent Disability (TPD) Discharge
 - Borrower Defense To Repayment
 - New opportunities for borrowers with defaulted loans and more...



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*Programs to Manage and Eliminate
Federal Student Loan Debt*

Programs To Help Borrowers Reduce Or Eliminate Their Student Loan Debt

- Income-Driven Repayment Forgiveness (IDRF)
- Public Service Loan Forgiveness (PSLF)
- IDR Account Adjustment—Impact on IDRF and PSLF
- Total and Permanent Disability Discharge
- Fresh Start-A Way Out Of Default
- Borrower Defense To Repayment
- Discharging loans via bankruptcy



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Understanding Loan Forgiveness

- The federal government has created several programs to help borrowers reduce or eliminate their student loan debt.
- Student loan forgiveness, discharge, or cancellation mean the same thing—you are no longer required to pay some or all of your federal student loans.
- The key to benefiting from these programs is making sure you meet the specific program requirements and track your progress.



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Getting Ready to Unpause: Student Loan Updates and Repayment Options

Income Driven Repayment Forgiveness (IDRF)



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What is an Income Driven Repayment (IDR) Plan?

- Income Driven Repayment plans were designed to help borrowers have manageable repayment plan options.
- Payments and payback period are based on Adjusted Gross Income (AGI), family size and tax filing status.
- IDR is the umbrella term and there are four plans:
 - Revised Pay As You Earn (**REPAYE**), Pay As You Earn (**PAYE**), Income Based Repayment (**IBR and IBR for new borrowers whose first loans were disbursed on or after July 1, 2014**) and Income Contingent Repayment (**ICR**).
- Payments are usually based on the AGI from your last filed tax return unless your income at the time of applying is lower.
- Plans must be recertified annually because they are based on your income.
- You can apply for, recertify, recalculate or switch plans on studentaid.gov.



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What is an Income Driven Repayment (IDR) Plan?

(continued...)

- Forgives remaining balances for borrowers enrolled in an Income Driven Repayment plan after making 20-25 years of payments (depending on the plan and/or loan type).
- There is no employment requirement! You could be unemployed and still get credit toward the 20-25 years.



What is an Income Driven Repayment (IDR) Plan?

(continued...)

What is the default repayment plan when borrowers enter repayment for the first time?

- Standard 10 year fixed repayment plan.

What is the range of pay back periods for traditional/standard plans?

- 10-30 years.

Repayment plans - traditional /standard

- Parent plus borrowers are eligible for cancellation under this program.
- Under this plan a borrower could get a refund in this program if they made payments on loans that were eligible for covid forbearance, and those payments brought the loan balance down below the amount of cancellation they were eligible for.



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What is an Income Driven Repayment (IDR) Plan?

(continued...)

If consolidating through the debt collector, the borrower may be required to make 3 monthly payments first.

- Defaulted borrowers can consolidate online and avoid the 3 monthly payments but must choose to pay the new loans back in an IDR plan.

Consolidation is often quicker and cheaper than rehabilitation; rehabilitation can only be initiated by contacting the debt collector, and loans with an active wage garnishment cannot be consolidated

FYI - Direct Parent Plus Borrowers

- IDR plans are not available to Direct Parent Plus Borrowers, only the ICR plan is available if consolidated.



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*The IDR Account Adjustment to
the rescue!*



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What is an Income Driven Repayment (IDR) Plan?



Types of Income-Driven Repayment Plans

REPAYE <i>Revised Pay As You Earn</i>	Original IBR <i>Income Based Repayment</i>	PAYE <i>Pay As You Earn</i>	2014 IBR <i>Income-Based Repayment</i>	ICR <i>Income-Contingent Repayment</i>
<p>Repayment Period 20 years if all loans under the plan were for undergraduate study 25 years if any loans under the plan were for graduate study</p> <p>Payment Amount Generally 10% of your discretionary income (the difference between your annual income and 150% of the poverty guideline)</p>	<p>Repayment Period 25 years</p> <p>Payment Amount Generally 15% of your discretionary income (the difference between your annual income and 150% of the poverty guideline)</p>	<p>Repayment Period 20 years</p> <p>Payment Amount Generally 10% of your discretionary income (the difference between your annual income and 150% of the poverty guideline)</p>	<p>Repayment Period 20 years</p> <p>Payment Amount Generally 10% of your discretionary income (the difference between your annual income and 150% of the poverty guideline)</p>	<p>Repayment Period 25 years</p> <p>Payment Amount The Lesser of: 1) 20% of your discretionary income (the difference between your annual income and 100% of the poverty guideline) 2) the amount you would pay under a standard 12-year payment plan adjusted according to your income</p>

#IDR is 25

For more information on plans and eligibility, visit:
<https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven>



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IDR Account Adjustment and impact on IDRf and PSLF

- The IDR Account Adjustment will allow more borrowers to get qualifying payment credit towards PSLF and IDRf. Through this process, borrowers may get credit for the following:
 - Periods in repayment
 - Time spent in forbearance if they had 12 consecutive or 36 cumulative months in forbearance.
 - Most deferments prior to 2013, economic hardship deferments after 2013.
 - Months prior to loan consolidation!
 - Credit will be awarded even if you were not making payments or enrolled in an IDR plan!
- Borrowers will **NOT** get credit for time spent in an in-school deferment, grace period or default.
- For PSLF, you must still meet the employment requirement!



Action Steps If Pursuing Income Driven Repayment Forgiveness (IDRF)

Make sure you consolidate commercially held FFELP, Perkins or HEAL loans by **December 31, 2023**.

Starting in 2024, be sure to enroll in an Income Driven Repayment Plan to continue accumulating credit towards the 20-25 years in repayment.

Track your progress. ED will provide a tracker on studentaid.gov that will give you the ability to monitor your progress towards IDRF.



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Public Service Loan Forgiveness



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What Is Public Service Loan Forgiveness?

- Public Service Loan Forgiveness (PSLF) allows qualifying federal student loans to be forgiven after 120 qualifying payments (10 years), while working for a qualifying public service employer.
- Working in public service, such as government service (federal, U.S. Military, state, local, or tribal) or certain non-profit organizations may qualify you for PSLF. Your employment may also qualify if your employer provides certain types of qualifying public services.



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Some interesting facts

- Only 157 loans have been forgiven under IDRf as of June 2021.
- Prior to 2022, the PSLF approval rate was 1-2%. As a result of the PSLF Waiver, the approval rate is 14% and climbing!
- In acknowledgement of the system failures to provide relief through IDRf and PSLF, the federal government is implementing a one-time fix, known as the IDR Account Adjustment.



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When and how will credit be applied?

Once you have Direct Loans, credit will be applied automatically between now and 2024!



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Action Steps If Pursuing Public Service Loan Forgiveness (PSLF)

You must have Direct Loans! Make sure to consolidate all non-Direct Loans such as FFEL or Perkins by **December 31, 2023**.

File the PSLF Employment Certification form for every qualifying employer you've had since 2007 **AFTER** the consolidation is complete. Use the PSLF Help Tool.

Starting in 2024, make sure you are enrolled in an Income Driven Repayment Plan to continue accumulating qualifying payments.

- Commercially held FFELP and Perkins loans are not eligible for loan cancellation.
- If you need to consolidate these loans for PSLF, do it separately and keep your Direct loans eligible for cancellation if the program is allowed to proceed.

Contact EDCAP for help!



Getting Ready to Unpause: Student Loan Updates and Repayment Options

*Total and Permanent Disability
for individuals with a disability*



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TPD

- Allows borrowers to discharge 100% of their debt if they are disabled.
- It must be a disability that prevents you from engaging in “substantial gainful activity”—i.e., you can’t work and earn enough to support yourself. There is an income threshold requirement.
- Disability may be proven:
 - Through the Veteran’s Administration if you are a disabled vet.
 - Through Social Security if you are on SSDI.
 - By a physician’s certification.
- Applications are processed by Nelnet, even if you have a different servicer.
- Visit <https://www.disabilitydischarge.com/> for more information and to apply.

New rules taking effect in July 2023 will make it easier for borrowers to obtain and keep TPD Discharges.



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Getting Ready to Unpause: Student Loan Updates and Repayment Options

Fresh Start for loans in default



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Fresh Start Initiative:

A path for borrowers in default in 2023!

- Borrowers with eligible defaulted federal student loans can bring their loans back into good standing and repair credit through an initiative called Fresh Start.
- Borrowers must take action to benefit:
 - If you plan to continue your education, apply for FAFSA and enroll in school at least half-time. Your loans will be transferred to a non-default servicer and placed in an in-school deferment after which the default will be removed from your credit reports.
 - Contact your debt collector (in most cases this will be the Default Resolution Group at 1-800-621-3115) or apply on your myeddebt.ed.gov account. Request that your loans be transferred to a non-default servicer and enroll in a long-term repayment plan after which the default will be removed from your credit reports.
 - Borrowers will have until one year after the payment pause ends to “opt-in”. Collection activities for eligible loans will remain suspended until the end of the Fresh Start Initiative.



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Getting Ready to Unpause: Student Loan Updates and Repayment Options

*Borrower Defense to Repayment
for individuals who were defrauded
by their higher education institution.*



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BDR

- If your school misled you or engaged in other misconduct, you may be eligible for Borrower Defense to Repayment.
- You must have attended a school that engaged in misconduct, and you must have taken out federal student loans to attend that school.
- The BDR application process involves submitting a claim to the U.S. Department of Education (ED). ED will review your claim and determine whether you are eligible for loan forgiveness.
- The application process can be lengthy, but it's worth it if you're able to get your federal student loans discharged.
- More information available here: <https://studentaid.gov/announcements-events/borrower-defense-update>



How to Prepare for Payment Resumption

1. **Update your contact information** with your loan servicer and with Federal Student Aid (FSA).
2. **Check your email and servicer In-Box** regularly for notifications.
3. **Know when your first payment is due after the Covid Forbearance expires and how much it will be.** Servicers are required to send notices at least 21 days before payment resumption.
4. **Prepare your bank account.** Auto Debit arrangements in place prior to March 2020 will have to be reestablished. Notify your servicer if your bank has changed. Make sure you have sufficient funds to cover payments.



How to Prepare for Payment Resumption *(continued...)*

- 5. Check your credit.** There should be no negative impact on your credit during the Covid Forbearance. You can get free credit reports weekly from Equifax, Experian and Transunion at [AnnualCreditReport.com](https://www.annualcreditreport.com) through December 31, 2023. Running your own credit report DOES NOT affect your credit score.
- 6. Enroll in the right repayment plan.** There are two ways to pay back federal student loans:
 - ▶ Standard/Traditional Plans-base payments on loan balance, interest rates and payback periods.
 - ▶ Income Driven Repayment (IDR) plans-base payments on income, family size and tax-filing status.
 - ▶ If the Standard plan is too expensive, explore IDR options.
- 7. IDR Recertification; be strategic!.** Borrowers who are eligible for the Covid Forbearance will not be required to recertify IDR plans earlier than six months after the payment pause ends. But if your income is lower now than it was in March 2020, you may benefit by recertifying before payments resume.



LOAN SERVICER CHANGES

- FedLoan Servicing stopped servicing federal student loans in 2022. PSLF portfolios were transferred to MOHELA. All other accounts were transferred to other federal servicers.
- Navient transferred all loans directly owned by the Department of Education to Aidvantage last winter. This transition is complete. If your student loans are still with Navient, they are either commercially held FFELP or private loans.
- Great Lakes was acquired by Nelnet in 2018. They are in the process of transferring their accounts to Nelnet. The process started in March 2022, but It is unclear how long it will take them to finish the transition.

Keep good records! Download payment history, loan details, applications and important notifications from your inbox.





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What if things go wrong?

Filing and Escalating Complaints

Submit a complaint to your servicer and in NYS to the Department of Financial Services:

- dfs.ny.gov/complaint.

Submit a complaint to the US Department of Education (ED) online at studentaid.gov.

- If you don't get a response or get a response you disagree with, you can escalate by filing a complaint to ED's Ombudsman Group through their [Online Feedback Center](#) or by calling **877-557-2575**.

Contact EDCAP for help!



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Other Forgiveness-Cancellation-Discharge Programs

Teacher Loan Forgiveness (TLF): Forgives up to \$17,500 in debt after meeting a 5-year service requirement. Most borrowers who are eligible for TLF are eligible for PSLF as well.

- Borrowers cannot pursue TLF and PSLF at the same time.
- Borrowers with low loan balances may eliminate most if not all debt through TLF faster than through PSLF.
- Borrowers with high loan balances are usually better off pursuing PSLF because there is no limit to the amount of forgiveness received in that program.

Perkins Cancellation: Up to 100% cancellation is offered to Perkins loan holders employed in certain fields or who meet other program requirements. Contact your school for more information.

School Closure Discharge: Granted to borrowers whose schools closed while they were enrolled or shortly after they withdrew and who did not complete teach outs or comparable programs elsewhere.



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Additional Information

Covid Relief-Payment Pause Extension-Preparing for Payment Resumption

- Visit studentaid.gov.

Student Loan Cancellation

- Access the cancellation application (when/if available) at studentaid.gov/debt-relief/application.
- Visit studentaid.gov for the official announcement and [latest information](#).
- [To get updates and information about the cancellation application, sign up at the Department of Education subscription page.](#)

Public Service Loan Forgiveness

- [Information](#) about PSLF and Waiver (expired October 31, 2022).
- [PSLF Help Tool](#) to generate the required Employer Certification and Application Form.
- PSLF Employer Certification and Application Form ([in PDF](#))
- Loan consolidation online [application](#).



Additional Information, *(continued...)*

Income Driven Repayment Account Adjustment

- [Federal Student Aid \(FSA\) Announcement](#)

Repayment Plans

- [Loan Simulator](#) to determine your repayment plan options.
- [Income Driven Repayment](#) plan options.
- Income Driven Repayment plan [online application](#) to enroll in an income driven repayment plan.
- If you want to enroll in a standard plan, you will need to call your student loan servicer.

Student Loan Servicers—Who Is Your Servicer?

- Information about [federal student loan servicers](#), including contact information.

For defaulted borrowers

- If eligible, [apply](#) for loan cancellation when the application becomes available.
- Learn about the [Fresh Start](#) initiative.
- Apply for Fresh Start through your [myeddebt.ed.gov](#) account.



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Additional Information, *(continued...)*

Total and Permanent Disability (TPD) Discharge

- Learn more about the [TPD program](#)
- [TPD Applications \(PDFs\)](#)
- File a TPD Application [online](#)

Other Information

- [Borrower Defense to Repayment \(BDR\)](#) (online and manual applications)
- Guidance on [how to write a BDR claim](#)
- [Teacher Loan Forgiveness](#)
- [Perkins Cancellation](#)
- US Department of Education Press Release: [2023 Rule Changes to relief programs](#)
- Federal Student Aid (FSA) [Forms Library](#)
- Federal Student Aid (FSA) [Announcements Page](#)



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Thank you for attending!

**Need help?
Contact EDCAP**

Helpline:
(888) 614-5004

Email:
mkimpson@nsls.legal

Web:
edcapny.org



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[@nassausuffollawservices](https://www.instagram.com/nassausuffollawservices)