

0:00

foreign hello everyone my name is Jessica Manfredi my pronouns are she her I am

0:07

the interim student loan Advocate within the Washington State Office of the student loan Advocate this is a

0:13

re-recording of the presentation we made on July 11 2023. unfortunately the original

0:19

presentation was not recorded correctly so I am re-recording it in order to make it available on our website today's

0:25

presentation will be about an hour because we're going to be covering a lot and it's going to help you understand

0:32

how to get ready for student loan repayment so let's get started

0:41

today we'll cover a general overview of the office of the student loan Advocate things like what we do and how we can

0:48

assist borrowers like you we will then move on to give you an overview of the steps you may need to

0:53

take to get ready to fight for federal student loan repayment which will include understanding your different

0:59

repayment options understanding when it may be appropriate for you to use forbearances and deferments

1:05

understanding some of the more common types of forgiveness options that may be available to you and some updates

1:11

related to forgiveness and cancellations and then we'll explain how you can get assistance if you have additional

1:17

questions that we don't cover today or in case you need to file a complaint regarding your student loans

1:23

we like to start with a snapshot of what student loan looks like in Washington State

1:29

I will now go over each of these but I want to highlight that in the state of Washington we have over 807

1:36

000 federal student loan borrowers the numbers are higher if we account for private student loans our outstanding

1:43

student debt balance is 28.9 billion dollars so we put these numbers here not

1:49

to intimidate anyone but really to try and normalize student debt as much as possible because I think sometimes folks

1:55

have shame or negative feelings or emotions that are brought up at this topic and we want to really drive the

2:00

point home the student that is normal that millions of people have it so there's absolutely nothing to be ashamed

2:06

about and it should be in fact discussed more often so people become aware of their resources to manage their student

2:12

loan debt and because student debt is a major issue for Washingtonians in 2018 or

2:20

state legislature passed the student loan Bill of Rights this law created the

2:25

Office of the student loan Advocate within the Washington Student achievement Council but it also did

2:30

several other things it allows our state to enforce State consumer protection laws against student loan servicers

2:37

servicers now must also notify annually all borrowers about our office and have

2:43

information on how you can contact us in their website and it also allowed borrowers like you

2:49

to submit complaints and questions to our office and get individual assistance and resources

2:56

so you may be thinking Jessica this all sounds great but what does the student loan advocate office actually do well we

3:04

support current and future student loan borrowers by addressing complaints such as issues getting a student loan are

3:10

issues a borrower may have with their student loan servicer like getting accurate information under loans or with

3:17

lowering monthly payments we also create materials and Outreach presentations like that one today about different

3:23

student loan topics like different forgiveness programs or repayment options and we also educate borrowers

3:30

about their rights and responsibilities so you can hopefully feel more empowered to manage your student loan debt

3:37

all right we are going to focus on explaining how you can get ready

3:44

for student loan repayment in specific steps you can take starting right now to navigate returning to repayment but

3:51

before we start diving into this complicated topic I just wanted to take a minute to say that it is completely

3:58

okay and normal for you to feel stressed and confused about this process student loans can be really complex it's a

4:05

complicated topic even to people like me who work in this world so I want to take a moment and validate that it is okay

4:12

for you to feel overwhelmed by all of the information and options for those of

4:17

you who may be listening in I have on the slide right now two means um one displays a still image of Andy

4:24

Dwyer from the show Parks and Recreation and the caption says I literally don't know what is happening and at this point

4:32

I am too afraid to ask and because that show probably ages me a bit and it's probably not relevant for younger people

4:38

I also include a meme of Joyce Meyer from the show's stranger things and the

4:44

caption says stress level Winona Ryder in every single scene of stranger things but I wanted to invite you to be fully

4:52

present while we're doing our presentation today and know that you don't have to absorb every single thing

4:58

coming out of my mouth the slides in the recorded presentation will be made available to you so you can re-watch and

5:04

re-review the information as many times as needed we'll also talk about how you

5:09

can ask us more individual questions if you need to so let's take a moment to take a deep breath

5:16

and know that we will be here to help you navigate this process if you need us

5:23

all right so everyone may be asking themselves what is it that I need to

5:28

know about returning to student loan repayment first of all we really want to make sure people understand that student

5:35

loan the student loan pause is actually really ending I know a lot of people may

5:40

have questions about this because the payment pause was extended so many times but this time the covid-19 payment pause

5:47

can't be extended anymore as return to repayment is codified into law so it's

5:53

really going to happen folks this means that interest will begin to accrue on September 1st 2023 with bills or

6:01

statements arriving between September and October of 2023. you should receive your billing statement or other notice

6:08

at least 21 days before your payment is due your first due date will be sometime in

6:14

the month of October 2023 and then notice you receive should specify that

6:19

and because so many people millions are entering repayment at the same time you

6:25

are likely to experience long call holds and wait times for assistance from student loan servicers so if you need to

6:31

contact your students student loan servicer for assistance please do so now don't wait until September or October if

6:39

you can help it thankfully the Department of Education recognized that return to repayment is

6:45

going to be a very rough and difficult time for a lot of borrowers and because of that they have announced a couple

6:51

weeks ago what is called an on-rem period this period will last 12 months

6:56

between October 1st 2023 is September 30th 2024. during this period interest

7:02

will still accrue but it will not capitalize meaning it will not be added to your principal balance

7:11

this on-ramp period will benefit the most vulnerable borrowers meaning those that are not able to make payments

7:17

because late missed or partial payments will not be reported to credit bureaus will not be considered in default and

7:25

will not be referred to collection agencies in other words if you miss a payment you will not receive some of the

7:31

more harsh consequences that happen when you don't make a payment however missed payments will not count towards Public

7:39

service loan forgiveness or income driven repayment qualifying payments because of this and because interest

7:46

will still accrue in most of in most borrowers best interests is to start

7:52

making payments so you can either continue making progress towards forgiveness and or continue to make

7:58

progress in repaying your loans there are options to continue making payments even if you're in a financially

8:04

tight spot and we're going to talk about some of those options later in the presentation

8:09

short if you miss a payment or make a late or partial payment you will not be considering delinquency or default until

8:17

September 30th 2024 but if you're able to make payments you're very much

8:22

encouraged to do so now it makes sense for us to touch on what will happen after September

8:29

September 30th 2024 if someone's continues to not make payments basically

8:35

until September 30th 2024 borrowers that are currently not in default will be

8:40

considered in good standing regardless if they make on-time payments or not however from that point forward after

8:48

being 90 days late a borrower is then reported as delinquent meaning late to

8:53

credit bureaus which of course can affect your credit once a borrower is considered to be 270

9:00

days late which is about nine months then they enter default at this point your wages can be garnished your tax

9:07

refund can be withheld you may be ineligible for state in federal aid your

9:12

account is sent to that collection to that collection agency and you immediately become responsible for the

9:18

entire unpaid loan balance along with collection the ultimate goal is to avoid all of

9:25

these consequences so if you feel that you may be at risk of being delinquent or to default your loans after September

9:32

30th 2024 contact your servicer or servicers to explain your situation

9:38

communication is essential so please reach out to your servicer or to us if you become at risk of being delinquent

9:45

or in default all right so moving on how can you

9:50

prepare for the start of student loan repayment in short there are five steps that you want to take step one you will

9:57

want to update your contact information to make sure things like bills and notices are sent to the correct email or

10:03

mailing address Step 2 don't fall for student loan scams step 3 you have many

10:10

repair repayment options to explore step four if you're in default you will want

10:15

to take some steps to get out of default right now and finally step five you want

10:21

to explore any option of loan forgiveness and discharge that may be available to you and we will now go over

10:28

in a little bit more detail about each of these steps okay so first you will want to review

10:35

and update your information on two different places your student8.gov

10:40

profile and your student loan servicer website now you may be asking Jessica I

10:45

don't know who my student loan servicer is because maybe I enter repayment during the pandemic and I never had to

10:51

make a payment well if that's the case if you don't know how to locate your

10:57

federal student loan information things like your balance your servicer Etc you will want to log in into student8.gov

11:05

this website will help you view all of your federal student loans your student

11:10

loan servicer information and use all of the tools that are available on their website we'll talk about some of those

11:17

tools later in the presentation to log in you will go to the right corner of

11:22

the page and it will ask you for your federal student aid ID also known as FSA ID

11:28

this is your username and password if you do not have one you can click on create an account next to the login

11:35

button once you log in it will bring you to a dashboard this is the landing page called

11:42

dashboard that will show you your total outstanding loan balance your principal interest and a lot of other information

11:48

about your loans if you want a comprehensive breakdown of all your loans you will want to click on The View

11:55

details next to my Aid and it will bring it to a page listing all the aid that you have received including both grants

12:02

and loans the breakdown of all your loans will include what type of loan you have

12:08

balances and interest rates for each individual loan now on the right side of

12:13

this page you will be able to view your loan servicer information under my loan

12:20

servicer if you click on the link under my loan servicer called field servicer details you will be brought to a page

12:27

with your servicer's website phone number and other contact information like mailing address it is good to fill

12:33

your servicer details because you may actually have more than one servicer under your servicer details there will

12:39

be their website where you will go on to create an account if needed login and

12:45

update your contact information so you're going to be asking yourself who are these services

12:51

so servicers are basically several private companies that are contracted with the Department

12:57

of Education to service your federal student debt these are the servicers that are currently in contract with the

13:03

Department of Education it includes Great Lakes and Financial Services mohila

13:08

ecsi Advantage Nelnet and osla please note that some of these services like

13:14

Great Lakes and osla may be ending their contract with the Department of Education soon and if you are or were

13:20

affected by a loan transfer you will receive a notice but the information on student8.gov account regarding who is

13:28

your current servicer should be up to date now if you have a foul loan that isn't

13:35

held by the US Department of Education it might be held by a guarantee agency as you can see there is a lot more of

13:42

them but you can still identify your guarantee agency if applicable on student8.gov website using the steps I

13:49

showed earlier you will also want to start thinking

13:54

about your payment methods we usually recommend signing up for autodabit as a preferred payment method you will want

14:01

to review your auto debit enrollment or sign up on your servicer's website you will also want to double check your

14:07

enrollment even if you are enrolled in auto debit prior to the payment pause because otherwise you may be unenrolled

14:15

you also of course have other repayment options available to you like manual online payments phone payments mailing a

14:22

check Etc you can find out in more detail on how to make a payment on student8.gov

14:30

now moving on to step two you will want to make sure that you don't fall for a student loan scam we believe that

14:36

between now and the rest of the year it is likely that student loan scammers will be trying to take advantage of the

14:41

stressed and concerned borrowers here are some signs of a student loan scam by

14:47

a student that student that relief company that you should watch out for fees of any kind borrowers should never

14:54

have to pay anyone to consolidate rehabilitate or sign up for an income

15:00

driven repayment plan scammers will also usually promise you immediate and

15:06

total loan forgiveness or cancellation and they will claim that their offer is limited and encourage you to act

15:12

immediately they may also ask you for your FSA ID username and password and ask you to

15:18

sign and submit a third-party authorization form or power of attorney

15:24

if you or someone you know want to report a student loan scam please note that you'll have options including

15:30

filing a complaint with the Washington State Attorney General's office and Reporting suspicious activity to the

15:35

Federal Trade Commission all right moving on to number three it

15:40

is important to know that you have different repayment options in that you can change your repayment plan at any

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time by contacting your servicer for a hundred percent no cost to you changing

15:51

your repayment plan should always be free it is important for you to know however that not all repayment plans are

15:58

available for all loan types but that in general there are two kinds of repayment plans repayment plans that are not

16:04

dependent on your income and repayment plans that depend on your income usually known as income driven repayment plans

16:11

or IDR for short oops

16:17

now before I break down the repayment options in more detail there are a couple of things that you want to keep

16:22

in mind when choosing a repayment options unfortunately there's no one-size feeds-all approach to repayment

16:28

so it really that needs to be tailored to your specific circumstances and goals for example it is important to get clear

16:36

on what are your repayment goals for some people their goal is to keep their monthly payment as low as possible while

16:43

other people just want to pay off their loans as fast as possible even if it means making a higher monthly payment

16:49

it is also important to ask yourself if you want to repay your loans quickly or if you want to qualify for forgiveness

16:56

this is because most forgiveness options you are looking at anything between 10 to 25 years to

17:04

achieve forgiveness if your goal is to pay your debts as quickly as possible in your account you can afford to do so

17:11

um by making higher monthly payments then working towards forgiveness may not be the best option for you

17:18

you also want to ask yourself whether you work at a place that can help you qualify for forgiveness

17:24

um things like teacher loan forgiveness um or the Public service loan forgiveness program teacher loan

17:31

forgiveness takes only five years but has specific eligibility requirements like working at a title one school while

17:37

pslf requires you to be working at any level of government or at a non-profit if you meet these employment

17:43

requirements it may be worthwhile for you to look into these types of forgiveness options finally it is important to ask whether

17:50

you expect your income to significantly increase in the future or for whether your income is going to remain

17:56

relatively the same knowing this can help you weight your options when it comes to repayment plans since some

18:02

repayment plans increase your monthly payments every few years While others

18:07

like income driven repayment plans may go up and down as your income increases or decreases throughout the years

18:15

so here's the list of all the repayment plans that do not take your income into account one thing that is universal

18:21

between all of these plans is that they generally do not lead you to forgiveness

18:26

meaning you will be responsible to pay the entire balance on your loan by the end of the established term

18:32

the 10-year standard repayment plan has five to ten years of fixed monthly

18:38

payments there is an asterisk next to the non-column under forgiveness because

18:43

if you're working towards Public service loan forgiveness some months under this plan will count as qualifying payments

18:50

but you don't want to usually stay in it long term if you're working towards pslf

18:55

because you will likely pay off the entire balance before you become eligible for forgiveness the 10-year

19:01

standard repayment plan is best for those who for one can afford the monthly payment and two who want to pay the

19:08

least amount of interest on their loans overall this plan also allows you to have fixed meaning the same monthly

19:14

payment throughout the repayment term the 30-year standard repayment plan is a plan only available for those with

19:21

direct consolidated loans this is also a plan with fixed monthly payments and it can take up to 30 years for you to repay

19:28

your loan under this plan this plan does not count as a qualifying

19:33

monthly payment under pslf the 30-year standard repayment plan is best for

19:38

those who want to lower payments but don't qualify for an affordable income driven repayment plan

19:44

in some circumstances monthly payments under IDR are still too high for some

19:50

borrowers and in that case the 30-year standard repayment plan may be a good option even though it does not lead to

19:56

forgiveness then there's a graduated repayment plan payments start out low and then increase

20:03

every two years for up to two years up to 10 years this may be a good option if

20:09

you accept expect your income to significantly and progressively increase every two years and this plan also helps

20:17

you save on interest on the interest you pay over time compared to the extended repayment options and finally we have

20:24

the extended extended repayment plans that can be either fixed or graduated

20:29

payments for up to 25 years this plan is only for borrowers with

20:35

data totals more than thirty thousand dollars in debt for both the

20:40

uh both of the extended repayment plans are good options for those who want to lower payments but don't qualify for an

20:47

affordable income driven repayment plan but who maybe don't want to consolidate their loans the extended fixed repayment

20:54

plan may be a good option if you want a fixed monthly payment throughout the loan term while the graduated repayment

21:00

plan may be a good option for you if you accept expect your income to progressively increase every two years

21:08

all right moving on to talk about those repayment plans that are dependent on

21:13

your household income the repayment plans that are known as income driven repayment plans IDR for short

21:20

I am going to be referring to them as IDR from now on these are the repayment plans that are
21:26

in theory designed to be affordable based on your income and family size monthly payment
Amounts is generally a

21:34

percentage of your discretionary household income discretionary household income is based
21:40

on 150 or 225 percent depending on your IDR plan of the
21:48

federal poverty guideline for your state discretionary income generally equals
21:54

the difference between your annual income and 150 percent or 225 percent
22:00

once again depending on your IDR plan of the federal poverty guideline for your
22:05

family size and state of residence because in IDR the payments are based on your income
payments may increase or

22:13

decrease over time depending on your income you do not need to recertify your
22:18

income every year to be you do need to recertify your income every year to
22:24

remain illegible but it's important for you to know that payments can be as little as zero dollars
depending on what

22:31

your income is keep in mind that IDR plan may be a good
22:37

option for you if you want an affordable monthly payment you don't mind paying
22:42

sometimes for a longer period of time in exchange for a lower monthly payment and or
potential forgiveness your PL you

22:49

plan on qualifying for the Public service loan forgiveness program after 120 payments which is
about 10 years or

22:57

you plan on qualifying for income driven repayment forgiveness after 10 to 25 years depending
on your IDR plan and

23:06

your loan balance and we'll talk about this in a little bit more detail later you are unemployed or
underemployed and

23:13

do not want to request a forbearance or deferment if you are pursuing an IDR plan for the
23:20

purposes of eventually getting forgiveness it is important for you to know that forgiveness under the Public

23:25

service loan forgiveness program is always federally tax-free but forgiveness under income driven

23:32

repayments will be fairly taxable once again starting July 1st 2026. Washington

23:38

state does not currently have income tax but if you move to another state that does that state may charge your income

23:44

tax for forgiveness so it's important for you to be aware all right so here is an overview of the

23:51

current repayment plans available and I say current because things are

23:57

about to change in the next few months and I will explain more in a little bit but currently the current IDR plans

24:04

available are the income-based repayment plan ibr pay as you earn payee revised

24:11

pay as you earn repay an income contingent repayment icr all of these

24:16

plans currently go by 150 of the federal poverty guideline when determining discretionary income now moving on to

24:24

talk a little bit more detail on each plan for a lot of people what I want you what I'm about to say is going to sound

24:30

a lot like word salad which is okay just know that after I go through all of these I will give you information on how

24:37

you can use a tool to help you determine which of these plans you may be eligible for and which one may be a good option

24:43

for you so ibr or income based repayment caps monthly payments at 10 10 to 15 percent

24:51

of discretionary income depending on when you borrow generally 10 of your

24:56

discretionary income if you are a new borrower on or after July 1st 2014

25:01

but never more than the 10-year standard repayment plan amount under ibr as a new

25:07

borrower you will be eligible for forgiveness after 20 years of repayment generally 15 of your discretionary

25:14

income if you borrowed only before July 1st 2014 but never more than the 10-year

25:20

standard repayment plan amount as a as an older borrower you will be eligible for forgiveness after 25 years

25:27

of repayment pay or pay as you warn caps monthly payments at 10 of the borrower's

25:34

discretionary income but never more than the 10-year send a repayment plan amount eligibility depends on when you borrowed

25:42

that means taking on loans on or after October 1st 2007 with a disbursement of

25:49

a direct loan on October 1st 2011 or later under payee you will be eligible for

25:55

forgiveness after 20 years of repayment repay or revised pay as you earn cash

26:01

monthly payments at 10 of the borrower's discretionary income under repay you

26:07

will be eligible for forgiveness after 20 years of repayment if you only have undergraduate debt it will take 25 years

26:13

of repayment for you to achieve forgiveness for graduate loans icr or income contingent repayment is

26:21

the only IDR plan available to parent plus borrowers prepare plus borrowers must consolidate their loans into a

26:28

direct consolidation loan to be eligible for icr also monthly amounts are typically

26:33

higher on this plan icr than the other plans as monthly payments are based on

26:39

20 of discretionary income icr will lead to forgiveness after 25 years of

26:45

repayment now as you can see from the asterisks on this chart there are some

26:51

changings coming our way PE will no longer be available for new enrollments after July 1st 2024 but for those who

26:59

sign up for the plan before then and that are currently on the plan my understanding that is that they'll be

27:04

able to continue on it icr starting July 1st 2024 will only be available for

27:10

Consolidated Direct Loans containing Parent Plus Loans so moving on to the future of income driven repayment plans

27:18

we are looking at just three plans being available starting July 1st 2024. ibr

27:24

and icr will remain unchanged except that icr as I mentioned will be only

27:30

open for new enrollments for Consolidated Direct Loans containing Parent Plus Loans

27:36

again anyone in payee or icr currently will be allowed to stay in that plan if

27:42

they wish to do so but there will be no new enrollments however we do have a brand new kid on

27:49

the Block that I am really excited about which is the saving on a valuable education safe plan which is going to

27:55

replace repaying I am going to dive a little bit more on it because it is very different from the

28:02

other repayment plans that we currently have and it offers many many benefits

28:08

save or saving on a valuable education is the newest most generous claimant

28:13

plan repayee will transform into save I'm going to say this again repayee will

28:20

transform into save this means that if you're currently enrolled in repayee or

28:25

you sign up for repay now you will automatically be switched to save when it becomes available

28:32

it will increase the discretionary income exemption from 150 percent to 225

28:38

percent of the poverty line this means that more of your income will be protected allowing for a lower overall

28:45

payments unfortunately the safe plan will not be available for parent plus Borrowers

28:51

the repayment terms for Save require five percent of the discretionary income for undergraduate loans ten percent of

28:58

discretionary income for graduate loans in a weighted average for borrowers who have both undergraduate and graduate

29:04

loans the Forgiveness timeline is a little bit more complicated but borrowers with low

29:10

original principal balances of less than twelve thousand dollars will be able to get their debts forgiven in 10 years

29:16

higher undergraduate loans will be forgiven in 20 years in any graduate

29:22

loans will take 25 years while these are amazing changes Unfortunately they will not be

29:28

implemented all at once this summer before the payment pause

29:33

ends the Department of Education will increase the amount of income protected from payments on the save plan from 150

29:41

percent to 225 percent of the federal poverty guideline this change means a

29:46

single borrower who earns less than 32 805 dollars a year for example who have

29:52

a zero dollar monthly payment the Department of Education will stop charging any monthly interest not

29:59

covered by the borrower's payment on the safe

30:04

plan as a result if you make your monthly payment your loan

30:09

balance won't grow due to the unpaid interest borrowers who filed their taxes

30:15

separately will no longer be required to include their spouse's income and their payment calculation for safe like they

30:22

used to have to do for repay these borrowers will also have their spouse excluded from their family size

30:28

when calculating IDR payments simplify the choice of repayment plan for borrowers and again this is only a

30:33

benefit for those that are married filing their taxes separately if you

30:39

file your taxes together then you're still going to have to account for your bar for your spouse's income

30:45

however some safe benefits will only go into effect in July 2024 including

30:51

payments on undergraduate loans will be cut in half from 10 to 5 percent of discretionary income borrowers who have

30:57

undergraduate and graduate loans will have a weighted average between five and ten percent of their income based upon

31:02

the original balance of their loans borrowers who whose original principal

31:08

balance were 12 000 or less will receive forgiveness after 120 payments

31:13

qualifying you know 120 qualifying payments the equivalent of 10 years in

31:18

repayment with an additional 12 payments added for each additional one thousand

31:24

dollars borrowed about above that level up to a maximum of 20 to 25 years for

31:29

example a borrower with the principal balance of fourteen thousand dollars will receive forgiveness in year 12.

31:36

instead of the usual 10 to 25 years

31:42

the safe plan calculates your monthly payment amount based on your income and family size

here you can see an

31:49

estimated monthly payment based on income this is of course for illustrative purposes only but it gives

31:54

you an idea of the types of savings you may be looking at if you enroll in this plan a question

some of you may be

32:00

asking if I apply for a repay or the safe plan to Summer will my application

32:05

be processed before I have to start making payments in October the answer is yes if you apply for an IDR plan such as

32:12

the safe plan this summer your application will be processing time for your first payment due due date it may

32:18

take your services servicer a few weeks to process your request

32:23

while save will likely be the best repayment plan for most borrowers who want to enroll in an IDR plan when you

32:30

took out loans when you when you took out your loans choosing the best idea plan depends on a

32:37

lot of factors including your current loan type your current income whether

32:42

you're working towards forgiveness under pslf or IDI discharge your repayment goals your marital status including your

32:50

spouse's income your spouse's student loan debt your tax filing status whether you're filing your taxes separately or

32:58

together but obviously you don't need to sort through all of this without resources

33:04

you can get help picking and repayment plan whether it's a non-income dependent plan or an IDR using the loan simulator

33:11

tool the loan simulator will ask you to log into with your FSA ID username and

33:16

password it will pull your actual Student Loan Data balances Etc and ask you questions about your household

33:23

income household size tax filing status Etc based on that information it will

33:28

calculate for you and estimate a monthly payment under different repayment plans so it's really useful tool to help you

33:35

choose the best repayment plan for you for IDR make sure you enter your most

33:41

updated income information for accurate results if you decide to apply for an IDR plan

33:48

the best way to apply is online by going to student8.gov supposedly the new

33:53

application only takes about 10 minutes which is very exciting your application will be recorded on a federal student

33:59

aid website but your servicer will be responsible for processing your forms you have the option when applying to

34:05

check a box asking them to enroll on the idea plan with the lowest payment plan available to you

34:12

you can also call your servicer and ask them to enroll in an idea over the phone if you prefer

34:19

speaking with someone please note as I mentioned earlier you may face long wait times especially as we get closer to

34:25

October so if you want to call and enroll I recommend doing so as soon as possible

34:31

finally if none of the IDR options are other known income dependent repayment plans don't work for you you may want to

34:38

consider requesting a deferment or forbearance from your servicer the permanent forbearances are ways for a

34:44

student loan borrower to raise their hand so ask their servicer in request a pause under student loan payments the

34:51

ferments and forbearances are very similar for example usually neither times a deferment or forbearance count

34:57

as qualifying payments under normal pslf and IDR forgiveness rules however there

35:03

are a few key differences between deferments and forbearance a deferment temporarily stop payments for specific

35:10

situations like being in school unemployment military service or economic hardship the ferments are

35:16

usually a better option for forbearance because subsidized loans do not accrue interest during the permit but the

35:23

downside is that it requires certification and paperwork for the specific reason you are applying a

35:29

forbearance also temporarily stops or reduces your payments the downside of forbearances is that the interest will

35:35

accrue on your loans whether your loans are subsidized or unsubsidized the benefit of forbearance is that student

35:42

loan servicers have a lot of discretion to Grant forbearance and is usually does not require paperwork so it's easier to

35:50

get than the deferments while the permanent forbearances can be

35:55

a tool you can use as you navigate repayment they're usually best for

36:01

short-term situations again deferments and forbearances are usually best for short-term situations things

36:08

like a car breaking down a move Etc this is primarily because you are not making

36:14

you usually are not making any progress towards forgiveness they chart or discharge or on paying back your loan if

36:22

you need to pick one over the other the permits are usually a better option over forbearances if you're eligible and hold

36:28

any subsidized loans but I cannot stress this and emphasize this enough that an

36:34

income-driven repayment plan is usually a better option over deferment and in

36:39

forbearance if your situation is going to be long term and this is especially true if you are working towards bsif

36:45

forgiveness or IDR discharge these are the different types of

36:51

deferment the most common one is the in-school deferment in which you take

36:57

while attending school halftime or more some of these deferments including economic hardship Peace Corps Service

37:04

and active duty military service and up to 13-month post-active duty military

37:09

service in cancer treatment May count as qualifying payments towards IDR or pslr

37:15

forgiveness there are three main types of forbearance the most common one is

37:20

General forbearance which is typically the type of forbearance you can just call in request from your servicer

37:26

there are also mandatory forbearances which typically require some paperwork in order for you to be approved and

37:32

finally we have administrative forbearances which as the name implies has to do usually with administrative

37:39

action being taken into your account like the ferment a few types of forbearance can still count towards IDR

37:45

NPS sif forgiveness including Americorps natural disaster pending ivr approval

37:51

and most recently the covid-19 payment pause thank you

37:57

we are finally moving on to talk about from talking about payment options um

38:02

and we're going to talk about step number four which is to get out of default now there's a program going on

38:08

right now called The Fresh Start program which can remove folks out of default and make them eligible for title 4 8

38:14

that's currently in effect through August of 2024. it is a temporary opportunity meaning those who can

38:21

benefit from it should act now but it is an excellent opportunity for anyone currently in default under student loans

38:28

it is also especially beneficial for those who are in default and looking to go back to school because of that title

38:34

for Aid being restored Fresh Start removes the default record from the borrower's credit report and stops

38:40

collection attempts to enroll it should only take about 10 minutes if you want to enroll in fresh start you will need

38:46

to contact your loan holder and just ask to enroll in Fresh Start if you don't know your loan holder you

38:52

can call the number on the slide to find out who the loan holder is and how to contact them

38:58

I am also including on the slide a link to the fresh start page which has a little bit more detail on the program as

39:04

well as some options to do this process online instead of over the phone if you have head held loans

39:12

the last tap number five is to explore loan forgiveness and discharge options I

39:18

have here some of the most common types of forgiveness including Public service

39:23

loan forgiveness or pslf which forgives the remaining balance on your direct loan after you have made 120 qualifying

39:31

monthly payments approximately 10 years under a qualifying repayment plan while working full-time for an illegible

39:37

public employer future loan forgiveness or tlf which is designed to encourage

39:42

people to enter and continue in the teaching profession loan forgiveness is either 5 000 or 17 500 depending on the

39:50

subject you teach you must teach at a title one school for five consecutive years IPR forgiveness which we touched

39:58

on neuromir which can forgive your loans after 10 to 25 years depending on your IDR repayment plan and whether you have

40:05

undergraduate and or graduate loans there is a total there is total and

40:11

permanent disability discharge or tpd the online application is relatively easy for this for this one and you are

40:18

eligible if you are a veteran who has service connected disability or disabilities that is 100

40:25

disabling you receive SSDI benefits in your next scheduled disability review

40:30

will be within five to seven years from the date of your most recent SSA disability determination or you can

40:38

submit a certification from a doctor of medicine or osteopathy that you are totally and permanently disabled there

40:45

is closed code discharge which you may be allegible for if your school closes while you're enrolled or soon after you

40:51

withdraw and there's also borrower defense repayment which is a discharge for students who feel as if they were

40:57

taken advantage of by their school review of borrows offense claims has been slow borrowers can submit them but

41:05

it they may have to wait a while I'm talking about years here to hear a response under claim

41:10

there are many more types of forgiveness and discharges available though they're typically less common but I would

41:17

recommend you to review your options once again again on the student8.gov website I will go ahead

41:23

um and make sure that we have a link to the slides so that you can access all of the links that we have talked about

41:29

today during the presentation while we're on the topic of forgiveness

41:35

I did want to mention that there is a limited time opportunity available right now for borrowers to get closer to

41:42

forgiveness through the income driven repayment Account Adjustment happening between now and the end of 2024. this is

41:49

an adjustment that is hoping to correct for borrowers who are historically steered into the ferments and

41:54

forbearances unnecessarily when they could have qualified for an income driven repayment plan and make progress

41:59

towards forgiveness this adjustment will allow for certain pairs of forbearance and or deferment to confirm to convert

42:06

into IDR payments for borrowers with 12 or more consecutive months of forbearance 36 or

42:14

or more total months of forbearance months in economic hardship and Military deferments after 2013 and periods of

42:22

deferment before 2013 excluding in school um it's very important for you to know

42:28

that periods that you were considered in an in-school deferment in default and or

42:35

in bankruptcy status will not count under this adjustment any time spent and repayment will also

42:42

convert into IDR payments including any payments made before a consolidation if

42:48

applicable and any borrowers with loans that have accumulated eligible time and repayment of 20 to 25 years will see

42:55

automatic forgiveness even if they are not currently on the on an IDR plan yeah

43:01

any additional IDR payments a borrower may get will also count towards pslf if

43:07

they were employed in a qualifying public sector employer during that period loans that hit the Forgiveness

43:13

thresholds whether that is the 240 to 300 qualifying payments for IDR forgiveness or 120 qualifying payments

43:20

for pslf forgiveness we'll start to get forgiveness as early as this year and it was actually announced a few weeks ago

43:26

that some folks that are in this category already got forgiveness but the final IDR in pslf credits may not be

43:34

applied however until the end of 2024 so a lot of people might have to wait until

43:39

2024 in order to see this adjustment applied to their accounts some people depending on their

43:46

circumstances may need to act before the end of this year 2023 to take advantage

43:51

of this opportunity if you want to learn more about the idrcon adjustment I highly recommend watching my recorded

43:57

webinar on the topic for more information it's available on our website and I'm gonna have that link

44:03

later in the presentation I highly recommend everyone look into the idea adjustment for more because it

44:10

could really make a difference when it comes to achieving eventual forgiveness on your loan whether that is under pslf

44:15

or IDR forgiveness moving on to some not not so great news

44:20

as you may have already heard the Supreme Court issued the decision a couple you know about a month ago to

44:27

officially block the one-time that relief which is commonly known as the Biden debt relief this program would

44:33

have forgiven 10 to 20 000 of federal student loan debt for millions of borrowers who had met specific income

44:40

qualifications under the Court's rule the Department of Education cannot implement the one-time that relief but

44:47

the Department of Education is considering alternative ways to provide relief to Borrowers

44:53

this new alternative path to forgiveness has already been set in motion since the Department of Education started a

44:59

regulatory process Under The Higher Education Act of 1965 to forgive loans The Higher Education Act gives the

45:06

Secretary of Education the ability to compromise waive or release federal student loans under certain criteria

45:12

they have started what is called a negotiated rulemaking process that is going to take a while and while the

45:19

department of department wants to move as fast as they can they can only move as fast as the regulatory process allows

45:25

them to which has very specific guidelines and hurdles they want they have not yet announced what the specific

45:31

legibility requirements the pro for this program the program may also face

45:37

legal challenges and it is of course not a guarantee until it's fully implemented so we recommend staying optimistic that

45:45

that relief may come to this action but start making payments in October 2023 to

45:50

continue making progress towards other forgiveness options if you're able to

45:57

we're going to briefly mention private student loan consolidation or refinancing of federal student loans

46:02

because private companies are advertising heavily right now to draw borrowers to refinance their student loans please note that it is generally

46:10

not a good idea to refinance federal student loans into private student loans because then you lose a lot of the

46:16

benefits of federal student loans programs like pslf IDR and other types of forgiveness

46:23

it also cannot be reversed I have had many people reach out to me in the past few months asking how they can bring

46:29

their student loans back to the Department of Education and I sadly had to tell them the sad news that over and over that

46:37

this is just not possible however there can be some benefits to refinancing your student loans privately for example

46:43

these companies can sometimes get lower interest rates for some specifically

46:48

people that have good credit scores and not a lot of that if you want to go down this route please research the companies

46:55

you're considering before refinancing look for things like allegations of fraud or lawsuits but several people are

47:02

able to lower their interest rates to a more manageable level and because of that there may be able to decrease the

47:08

amount that have they have paid overall for their student loans just make sure to fully consider your options the pros

47:15

and cons before deciding to privately refinance your student loans because once again it cannot be reversed

47:22

all right so now we're going to recap what we talked about today so the steps you want to take to be ready for return

47:29

to repayment of student loans on September 1st are steps One update your

47:35

contact information in student8.gov and your services website step two watch out

47:41

for student loan scams step three consider your repayment options step 4 get out of default with fresh start if

47:48

applicable to you of course step 5 look into forgiveness and cancellation options and some extra important

47:55

reminders also include only use the permanent forbearances for short periods of time think carefully before

48:01

consolidating or refinancing your loans privately and start making payments in October

48:08

2023 if you can the link on this page which once again you're going to be able to access

48:14

um by going to our website and downloading the slides takes you to the FI the five tips in

48:21

case you want to look at them into more details

48:27

and here's some key dates for you to just be aware right July 30th 2023

48:33

part of this part of the safe benefits become available increase of 150 to 225

48:40

percent of the federal poverty guideline married filing separate can exclude

48:45

spousal income 100 interest subsidy if you make payments under saved September

48:52

1st 2023 interest will begin to accrue October 2023 first payments are due

49:00

since the beginning of the payment pause July 1st 2024 remaining safe benefits

49:06

become available five percent of the discretionary income for undergrad loans weighted average

49:12

um percentage for borrowers with both undergrad and grad loans no longer able

49:18

to enroll in payee and September 30th 2024 is the end of

49:24

the on-ramp period after 90 days late borrows will then

49:30

start being reported as delinquent if you want to stay up to date on all

49:36

student loan related things from now until the end of the year we are hoping to continue bringing Washington State

49:42

borrowers webinars discussing the new changes to student loan that's happening in 2023 and Beyond keep an eye on both

49:49

of our websites the student loan advocacy webpage and our pslf webpage for updates on upcoming webinars related

49:56

to student loan debt finally it would be great if you could

50:01

complete a short survey to let us know how we're doing your opinion really helps us understand the needs of Washington Student Loan borrowers and

50:08

continue developing presentations like this one for you now you're probably wondering I still have so many questions

50:14

the stuff is very confusing which you totally get well if you have a specific question about your case or maybe you

50:20

would like to submit a complaint about your student loan servicer please use our complaints and questions form

50:26

available at studentcomplaints.wa.gov again that's

50:32

studentcomplaints.w.a.gov make sure to select the student loan questions and complaints form
thank you for the

50:38

opportunity to present for you today and I hope to see you soon in another

50:43

one of our presentations foreign

English (auto-generated)