

What You Need to Know About Federal Student Loan Repayment

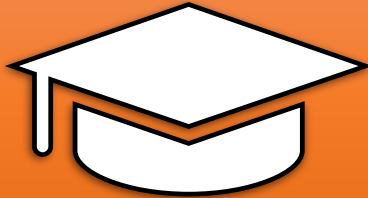
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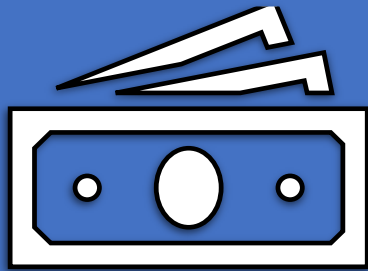
Illinois Student Assistance Commission (ISAC)



About ISAC



“Providing Illinois students with information and assistance to help make education beyond high school accessible and affordable”



We administer scholarships and grants to students across the State of Illinois



We provide professional development offerings on navigating the financial aid process, resources and support for underrepresented students, and understanding student loan repayment/forgiveness programs

Agenda

1. Navigating Repayment
2. One-Time Income Driven Repayment (IDR) Plan Adjustment
3. The Fresh Start Initiative
4. Resources



Navigating Repayment

What do we know?

Many borrowers entered repayment for the **first time**

Interest started accruing **September 1, 2023**

Federal student loan payments resumed in **October 2023**

The Supreme Court **ruled against** the Debt Relief Plan

The Biden Administration **has stated** that they are exploring other options for debt relief

Borrowers **received notice at least 21 days before** their payment due date – this included the amount and due date

Interest Accrual

- Interest began accruing on September 1, 2023, for the first time since March 13, 2020, and first payments were due in October
- Unpaid interest on loans can capitalize and be added to the principal balance, making future payments higher
 - The new Saving on a Valuable Education (SAVE) plan helps borrowers avoid this

What can borrowers do?

Identify loan servicer(s)

Update **all** contact information on studentaid.gov and loan servicer's website

Identify interest rate and payment due date

Use the Loan Simulator tool to find a repayment plan that meets your needs

Payment Amounts

- The payment amount will depend on which repayment plan you are enrolled in
 - You can change repayment plans at any time
- For standard, graduated, or extended plans, your loan servicer may recalculate your payment
 - Based on current loan balance and remaining repayment period
- For income-driven repayment (IDR) plans, your payment amount will stay the same
 - If you recently switched IDR plans or recertified, your payment may be different

Interest Rates

For many borrowers, the interest rate ***has not changed***



For some borrowers, the interest rate ***may be different*** due to consolidating your loans during the pause



Contact your loan servicer to find out the exact interest rate on your loans

IDR Plans

- Sets the payment amount based on income and family size
- At the end of the repayment period, any remaining balance is forgiven
- IDR is an umbrella term to describe several plans
 - Pay As You Earn (PAYE)—20 years
 - Saving on a Valuable Education (SAVE)—20 years for undergraduate loans, 25 years if you have graduate or professional loans
 - Income-Based Repayment (IBR)—20 years
 - Income-Contingent Repayment (ICR)—25 years
- Borrowers must apply for these plans

SAVE Plan

- Often the lowest cost IDR plan because payments are based on a smaller portion of AGI
- The government pays any accrued monthly interest not covered by the full monthly payment, avoiding the effects of capitalization
- Benefits in effect or coming in 2024 include:
 - Reduced percentage of discretionary income used
 - Possible forgiveness after 10 years if you borrowed \$12,000 or less
 - Consolidation won't erase forgiveness progress if done before the payment count adjustment
 - And more!

Recertification on an IDR Plan

- Recertification happens every year on an IDR plan
 - This was not required during the payment pause
- Borrowers are not required to recertify information right away
 - The earliest recertifications will happen six months after the end of the payment pause (March 2024)
 - If your recertification date falls between September 2023 and March 2024, the date will be pushed out by one year
 - Check with your loan servicer to find out your specific date

Auto-Debit

- Auto-debit did not restart automatically for all borrowers, but you can still enroll regardless

On auto-debit before March 13, 2020

- Your loan servicer should have contacted you before the end of the payment pause to confirm if you want to stay enrolled in auto-debit

Signed up for auto-debit after March 13, 2020

- Auto-debit payments should have restarted automatically on your first due date when payments resumed

Opted out of the payment pause and are signed up for auto-debit

- Your auto-debit will continue as normal. No action will need to be taken

Have loan(s) in default

- Your auto-debit may be different. Contact the Default Resolution group to discuss your options

Have Perkins Loans

- Your servicer (ECSI), cancelled all auto-debit enrollment on 1/5/2022. Borrowers needed to sign up for auto-debit again after 1/5/2022

What if a borrower can't afford payments?

Contact your loan servicer to discuss:

- Changing your payment due date
- Entering in a deferment or forbearance period

Consider consolidation to receive:

- A lower interest rate
- A lower payment amount
- One loan with one lender

Public Service Loan Forgiveness (PSLF)

Paused payments **counted** toward PSLF, if you met all other qualifications


Submit a PSLF form to **receive an updated** payment count

It was possible to **receive** forgiveness during the pause, if you met all other qualifications

We **recommend** being on an IDR repayment plan to continue receiving credit for PSLF

What happens if loans were in default before the payment pause?

- Payments are required now that the pause has ended
- Family Federal Education Loans (FFEL) were assigned to the Department of Education (ED) and returned to “good standing”
- Consider the Fresh Start initiative if eligible



One-Time Income Driven Repayment (IDR) Plan Adjustment

One-Time IDR Repayment Relief Fast Facts

- In April 2022, the Department of Education (ED) announced steps that will bring borrowers closer to forgiveness by updating payment counts
 - Intended to more accurately reflect a borrower's payment count
 - Currently underway and will continue automatically through July 1, 2024
- Borrowers are eligible for the adjustment regardless of whether they are currently enrolled in an IDR plan

Who is this adjustment for?

- This account adjustment impacts borrowers:
 - In an IDR plan or were on one in the past;
 - In the Public Service Loan Forgiveness (PSLF) program; or
 - Who are not on an IDR plan but are interested and have Direct or Federal Family Education Loan (FFEL) Program loans held by ED
- 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

How the Adjustment Works

- ED is reviewing all borrower accounts with at least one Direct Loan or FFEL Program loan held by ED and identify all payments to be counted and instruct your servicer to make the update to your account
 - ED has begun reviewing loans that have been in repayment long enough to qualify for IDR forgiveness
 - ED will review borrowers with at least one approved PSLF form to update the months that could qualify for PSLF only
 - ED will review all eligible loans to update the months that qualify for IDR forgiveness

What loans are eligible?

- Qualifying loans
 - Direct Subsidized/Unsubsidized Loans
 - Direct PLUS Loans
 - Direct Consolidation Loans
 - Direct Parent PLUS Loans
 - FFEL Loans owned by ED
- If you have commercially held FFEL or any Perkins or Health Education Assistance Loan (HEAL) loans, you need to consolidate them **by April 30, 2024**, to benefit from this adjustment

Payment Count Adjustment for Eligible Borrowers

- The payment count adjustment will include:
 - Any months in a repayment status, regardless of the payments made, loan type, or repayment plan;
 - 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance;
 - Any months spent in economic hardship or military deferments in 2013 or later;
 - Any months spent in any deferment (except for in-school deferment) prior to 2013; and
 - Any time in repayment (or deferment/forbearance, if applicable) on earlier loans before consolidation of those loans into a consolidation loan

Borrowers with Multiple Loans

- Some borrowers have multiple loans that will reach the forgiveness threshold at different times
- Borrowers may have one or more of their loans forgiven, but still have a balance on StudentAid.gov and on their servicer's website
 - It may take several weeks for servicers to update their systems after the adjustment

Impacts to PSLF

- ED started making automatic PSLF payment count adjustments in late 2023 for borrowers with eligible direct loans
- Borrowers who consolidate, will have their payment counts temporarily reset to zero
- PSLF counts will continue to be adjusted each month until the IDR counts for all federally held FFEL and Direct Loans in late 2024, including those consolidated by April 30, 2024
- Use the PSLF Help Tool to certify periods of employment and track progress
- After the adjustment in 2024, all periods credited toward IDR will also be credited toward PSLF, if applicable

Impacts to PSLF (continued)

- Under the current PSLF rules, if you consolidate, the qualifying payments made on the new loan will be credited using a weighted average of those payments
 - For example, a loan with 60 qualifying payments consolidated with a loan of zero qualifying payments will now be a consolidation loan with 30 payments
- For a limited time, ED will allow qualifying payments from all loans, including commercially or federally held FFEL loans, to count toward PSLF credit under the payment count adjustment without using a weighted average
 - If consolidation is needed for the IDR adjustment, borrowers must do this **by April 30, 2024**

Joint Consolidation Loans

- ED is currently developing a process for loan separation, but this will not be fully implemented until late 2024
- Borrowers will have to complete an application and a new Master Promissory Note
 - Joint application: requires each applicant to request loan separation of the joint debt
 - Separate application: only one borrower is needed to request loan separation that applies to their portion of the debt
- Borrowers are encouraged to contact the Federal Student Aid Ombudsman Group or their loan servicer to indicate that they intent to apply for separation



Fresh Start Initiative

What is the Fresh Start Initiative

- ED announced the one-time temporary initiative to help defaulted borrowers
- Borrowers who have eligible federal loans will temporarily regain FSA benefits
 - You will have the opportunity to get out of default and keep these benefits long term
 - You must act before the Fresh Start Initiative ends or you will lose access to benefits
- Borrowers can take advantage of this opportunity through September 30, 2024

What benefits will borrowers have access to?

Now

- Access to FSA to return to school
- Stopped collections
- Eligibility for other government loans
- Restored ability to rehabilitate loans

Later

- Access to IDR plans
- Access to loan forgiveness programs
- Access to forbearance and deferment periods

Which loans are eligible?

Eligible

- Defaulted Direct loans
- Defaulted Federal Family Education Loans (FFEL)*
- Defaulted Perkins loans held by ED

***Note:** FFEL loans that defaulted during the payment pause are not eligible for Fresh Start

Not eligible

- Defaulted Perkins Loans held by schools
- Defaulted Health Education Assistance Loan Program loans
- Loans with the U.S. Department Of Justice for ongoing litigation
- Direct loans that default **after** the payment pause ended
- FFEL loans that default **after** the payment pause ended
- New loans taken out during or after the Fresh Start Initiative

What do borrowers need to do?

- ED will transfer defaulted loans from the Default Resolution Group to a loan servicer automatically
 - This can take about 4-6 weeks
- The defaulted loans will be returned to “in repayment” status
- The record of default will be removed from your credit report
- ED will reach out with any action items so make sure your information is up to date with ED as well as your loan servicer

What happens if borrowers go into default again after Fresh Start?

- ED will use your loan's original date of delinquency when providing information to credit reporting agencies
 - Fresh Start will not reset how long credit reporting agencies report the loan as in default
- Exception: If your loan has been in default for more than seven years, it will not show up on a credit report



Resources

Current ED-Held Loan Servicers

**Great Lakes
Educational Loan
Services**

Edfinancial

**MOHELA (PSLF
servicer)**

Aidvantage

Nelnet

**OSLA
Servicing**

ECSI

**Default
Resolution
Group**

Loan Servicer's Website

FSA Official Servicer of Federal Student Aid. [What this means to you](#) ▾

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For your security, this site uses Transport Layer Security (TLS) to encrypt data during transmission.

If your loans recently transferred from another federal student loan servicer, you will need to register a new account to gain access to your loan information through MOHELA.com. Please allow approximately 10 business days after MOHELA receives the transfer for your full account details to be available. [Learn about the loan transfer process.](#)

FSA Official Servicer of Federal Student Aid

Who is my loan servicer?

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 ▾

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Considering School
I'm thinking about going to college or a career school.

In School
I'm in the process of earning a degree or certificate.

Parent
I want to help my child pay for college.

In Repayment
I have loans I need to repay.

FSA's Loan Simulator

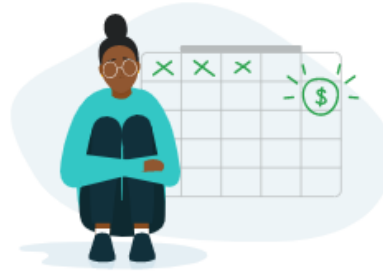


I Want to Find the Best Student Loan Repayment Strategy

[Log In and Start](#)

[Or Start From Scratch](#)

- See how you can lower your student loan payment.
- See how you can pay off your student loans faster.
- Decide whether to consolidate your student loans.



I'm Struggling With My Student Loan Payments

[Log In and Start](#)

[Or Start From Scratch](#)

- Consider a new repayment plan instead of suspending payments.
- Find out about the impacts of suspending payments.
- Learn how to avoid loan default.



I Want to Simulate Borrowing More

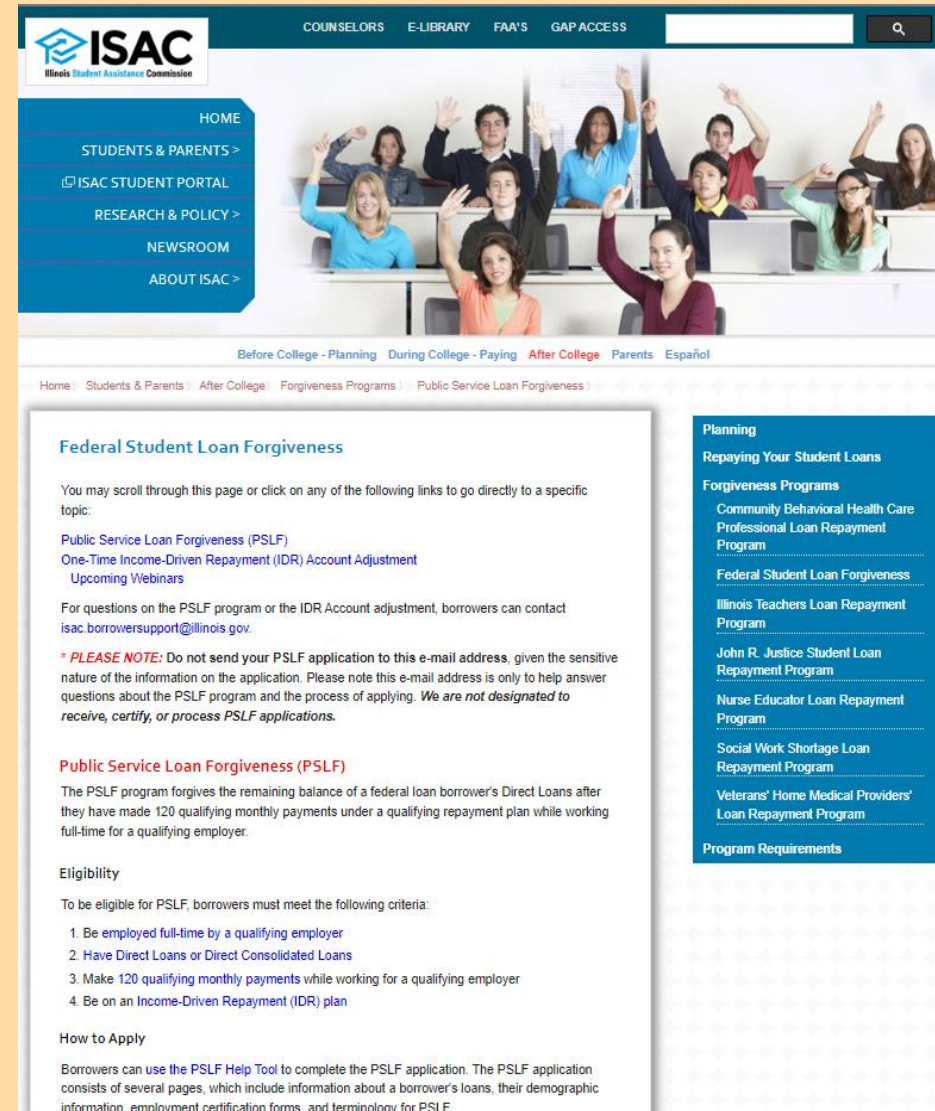
[Log In and Start](#)

[Or Start From Scratch](#)

- Explore impacts when you borrow more student loans.
- Find out about federal student loan limits.
- See how your choice of school affects how much you may need to borrow.

ISAC Resources

- Learn more on the One-Time Adjustment
 - Resource links
 - Other forgiveness programs
- ISAC is hosting webinars through the end of April
- Upcoming webinars:
 - March 13, 9-9:45am
 - March 26, 3-3:45pm



The screenshot displays the ISAC (Illinois Student Assistance Commission) website. The top navigation bar includes links for COUNSELORS, E-LIBRARY, FAA'S, and GAP ACCESS, along with a search bar. A blue sidebar on the left contains a menu with options: HOME, STUDENTS & PARENTS >, ISAC STUDENT PORTAL, RESEARCH & POLICY >, NEWSROOM, and ABOUT ISAC >. The main content area features a large image of students in a classroom with their hands raised. Below the image, there are breadcrumb links: Before College - Planning, During College - Paying, After College, Parents, and Español. The main heading is "Federal Student Loan Forgiveness". The text explains that users can scroll through the page or click on specific links for Public Service Loan Forgiveness (PSLF), One-Time Income-Driven Repayment (IDR) Account Adjustment, and Upcoming Webinars. It provides contact information for borrowers: isac.borrowersupport@illinois.gov. A red "PLEASE NOTE" section states that users should not send PSLF applications to this email address. Below this, the "Public Service Loan Forgiveness (PSLF)" section describes the program's purpose. The "Eligibility" section lists four criteria: 1. Be employed full-time by a qualifying employer, 2. Have Direct Loans or Direct Consolidated Loans, 3. Make 120 qualifying monthly payments while working for a qualifying employer, and 4. Be on an Income-Driven Repayment (IDR) plan. The "How to Apply" section mentions the PSLF Help Tool. A right-hand sidebar lists various programs under "Planning" and "Repaying Your Student Loans", including Community Behavioral Health Care Professional Loan Repayment Program, Federal Student Loan Forgiveness, Illinois Teachers Loan Repayment Program, John R. Justice Student Loan Repayment Program, Nurse Educator Loan Repayment Program, Social Work Shortage Loan Repayment Program, and Veterans' Home Medical Providers' Loan Repayment Program. A "Program Requirements" link is also present.


Submit a Complaint

- Once your payment count is updated, if you think there is an error, you can either reach out to your loan servicer or submit a complain with ED
 - You can also report issues, suspicious activities, or scams

The screenshot shows a user interface for submitting a complaint. At the top, there is a dark blue header with the title 'Submit a Complaint' and a green underline. Below the header, a paragraph explains that complaints are important and provides instructions on how to submit one or review an existing case. The main content area is white and contains two large, light blue-bordered boxes. The left box is titled 'Submit a Complaint' and features a pencil icon, a subtitle 'Submit a Complaint', and a description: 'Submit a complaint or report a suspicious activity or scam, on behalf of yourself or someone else.' Below this is a blue button labeled 'Submit Complaint'. The right box is titled 'Manage My Cases' and features a document icon with a checkmark, a subtitle 'Manage My Cases', and a description: 'Log in to your account to view, track, or update your case(s).' Below this is a blue button labeled 'Manage Cases'. At the bottom of the interface, a dark blue footer contains the text 'If your complaint isn't resolved, reach out to the Ombudsman Group.' and a white footer contains the text 'How can we help you?'.

Submit a Complaint


Your complaints are important to us. You can submit a complaint (about an issue, suspicious activity, or scam) or review an already-submitted case. If your complaint isn't resolved, reach out to the Ombudsman Group by logging in, adding information to your existing case, and requesting to escalate to the Ombudsman Group.



Submit a Complaint

Submit a complaint or report a suspicious activity or scam, on behalf of yourself or someone else.

Submit Complaint



Manage My Cases

Log in to your account to view, track, or update your case(s).

Manage Cases

If your complaint isn't resolved, reach out to the Ombudsman Group.

How can we help you?

Thank You!

Questions? Contact the Professional
Development team at
isac.borrowersupport@illinois.gov