PREPARING BORROWERS TO RESTART STUDENT LOAN PAYMENTS
AGENDA

01 Borrower Checklist
02 Understanding Repayment Plans
03 Public Service Loan Forgiveness (PSLF)
04 Avoiding Student Loan Scams
05 Resources and Tools
06 Q&A
BORROWER CHECKLIST

Ashley Harrington
U.S. Department of Education
PREPARE FOR STUDENT LOAN PAYMENTS TO RESTART

Final extension date for January 31, 2022

Steps for borrowers:

• Update their contact info with their loan servicer and at StudentAid.gov.
• Review their auto-debit enrollment or sign up for auto-debit for the first time.
• Make sure they are on the best repayment plan.
• Consider applying for an income-driven repayment (IDR) plan.
• Review the requirements for loan forgiveness programs, including the recent changes to Public Service Loan Forgiveness (PSLF).
• Final extension date for January 31, 2022
ON STUDENTAID.GOV BORROWERS CAN:

- Update contact information
- Identify their servicer
- Identify their due date and IDR Anniversary date
- Sign up for IDR (Income Driven Repayment)
- Get detailed information about their loans and repayment history
UNDERSTANDING REPAYMENT PLANS

Bruce Honer
U.S. Department of Education
# repayment plans based on amount borrowed

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>How Payment Amount is Determined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>Payments are fixed amounts that ensures loans are paid off within 10 years</td>
</tr>
<tr>
<td>Graduated</td>
<td>Payments start lower and generally increase every two years to ensure the loans are paid off within 10 years</td>
</tr>
<tr>
<td>Extended</td>
<td>Payments can be either fixed or graduated to ensure loans are paid off within 25 years – must have a debt minimum of $30,000</td>
</tr>
</tbody>
</table>
INCOME DRIVEN REPAYMENT (IDR) PLANS

- Revised Pay As You Earn (REPAYE)
- Pay As You Earn (PAYE)
- Income-Contingent Repayment Plan (ICR)
- Income-Based Repayment Plan (IBR)
ELIGIBLE LOAN PROGRAMS

Direct Loans
Federal Family Education Loan (FFEL) Program

ICR  IBR  PAYE  REPAYE
ELIGIBLE LOAN TYPES

ICR  IBR  PAYE  REPAYE

Loan received as student
Loan received as parent
Consolidation (no parent loans)
Consolidation (parent loans)
# DISCRETIONARY INCOME

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Discretionary Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICR</td>
<td>The difference between your annual income and 100 percent of the poverty guideline for your family size and state of residence.</td>
</tr>
<tr>
<td>IBR</td>
<td>The difference between your annual income and 150 percent of the poverty guideline for your family size and state of residence.</td>
</tr>
<tr>
<td>PAYE REPAYE</td>
<td></td>
</tr>
</tbody>
</table>
Most IDR plans have two formulas – for those that do, borrowers always pay the lesser of the two.

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Payment Based Only on Income</th>
<th>Payment Based on Loan Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICR</td>
<td>20% of discretionary income</td>
<td>12-year standard payment adjusted based on income</td>
</tr>
<tr>
<td>IBR</td>
<td>15% of discretionary income</td>
<td>10-year standard amount</td>
</tr>
<tr>
<td>PAYE</td>
<td>10% of discretionary income</td>
<td>10-year standard amount</td>
</tr>
<tr>
<td>REPAYE</td>
<td>10% of discretionary income</td>
<td>None</td>
</tr>
</tbody>
</table>
LOAN FORGIVENESS

- ICR: 25 years
- IBR
- REPAYE: Any grad loans
- PAYE: 20 years
- REPAYE: All undergrad loans
IDR APPLICATION PROCESS
IDR CERTIFICATION OF INCOME

Due to the COVID-19 emergency, borrowers with only federally held student loans can self-report their income through July 31, 2022.

• Applies to first-time IDR applicants as well as annual recertification
• When completing Step 2 of the IDR application, select “I’ll report my own application”
WHAT IS **LOAN SIMULATOR**?

• Launched on February 23, 2020, is a unique product in the market that offers users custom recommendations, based on their financial situation and financial goals.

• Recommended repayment strategy and the opportunity for users to compare other repayment goals if they interested.

• **Loan Simulator** is divided into 3 intents which are the repayment strategy, trouble making payments, and borrowing more. The intents provide user-friendly guides to the scenarios (like Turbo Tax)
HOW DOES IT WORK?

• Log in as an authenticated user
• User can start Loan Simulator from scratch/guided questions/demo.
• User can skip the guided questions and complete the simulation, but the recommendations would not be personalized and tailored as if they went through the guided questions.

• https://sa-uat901.test.studentaid.gov/loan-simulator/
PUBLIC SERVICE LOAN FORGIVENESS (PSLF) PROGRAM

Travis Sturlaugson
U.S. Department of Education
120 qualifying payments… While working for a qualifying employer

Forgiven amount is not taxable income

...on Direct Loans... ...when applying for and receiving PSLF
PSLF BASICS: ELIGIBLE LOAN TYPES

• Direct Loans, including:
  • Consolidation Loans
  • Parent PLUS Loans (once consolidated)

• FFEL Program Loans
• Perkins Loans
• Any other federal or private student loan
PSLF BASICS: ELIGIBLE PAYMENTS

- On-time
- In a Standard Plan or any IDR plan
- For at least the amount due
- Can be non-consecutive

- More than 15 days late
- In a Graduated, Extended, or Alternative plan
- For less than the amount due
- Made when not required (e.g. in-school deferment)
CHANGES TO PAYMENT COUNTS

• Multiple payments in less than the amount due may be counted only if all smaller payments:
  • Add up to the amount due and
  • Are paid within 15 days of the due date

• Lump sum payments will be counted as eligible
  • Limited to 12 months or payments or until IDR plan recertification date, whichever comes first
  • Exceptions for Americorps, Peace Corps, and DoD still apply
PSLF BASICS: ELIGIBLE EMPLOYMENT

- Full-time (30 hours/week) or equivalent
- Government (including military)
- All 501(c)3 non-profits
- Some limited exceptions

- Part-time work that does not add up to full-time
- Volunteer work
- For-profit entities
- Including those that employ essential workers
- Labor unions
PSLF BASICS: ELIGIBLE EMPLOYMENT

• It’s all about the employer...
  • All federal, state, and local governments, including public schools and military branches
  • All 501(c)3 non-profit organizations
  • Other non-profit organizations that provide a qualifying service (e.g. public safety)
• Multiple part-time jobs can add up to full-time employment
• 2020 regulatory change means time spent on religious activities (e.g. proselytizing) now count toward the full-time allocation
• Must be employed at an eligible employer when forgiveness is granted
TEMPORARY EXPANDED PSLF

Provides loan forgiveness to those who do not qualify for PSLF only because some or all their qualifying payments were made on non-qualifying plans

• Extended and Graduated, if:
  In the 12 months before applying for TEPLSF, the borrower paid at least the amount they would have paid under an IDR plan

• Alternative
COVID-19 EMERGENCY RELIEF

StudentAid.gov/Coronavirus

Loans in forbearance due to the payment pause are eligible for PSLF and TEPSLF. Loans in any other status (except for “In Repayment”) continue to be ineligible for PSLF and TEPSLF. Borrowers do not have to be in an eligible repayment plan if they are in forbearance due to the payment pause.
LIMITED PSLF WAIVER: THROUGH OCT. 31, 2022

Payments made prior to consolidation are now eligible

- No matter the loan program (DL, FFEL, Perkins)
- No matter the repayment plan
- No matter the loan type (with the exception of Parent PLUS)

Employment requirements still apply

- Must have been employed
  - full-time and
  - for a qualifying employer when prior payments were made

Borrowers must act now

Borrowers who still have FFEL and Perkins Loans can only get credit for past payments if they consolidate into DL and file PSLF Forms for prior employment before Oct. 31, 2022
PSLF LIMITED WAIVER: BORROWER GROUPS

StudentAid.gov/PSLFWaiver

**IF YOU ONLY BORROWED DIRECT LOANS...**

File a PSLF Form for each eligible employer you had since you borrowed the loan (or since Oct. 1, 2007, whichever is later)

**IF YOU PREVIOUSLY CONSOLIDATED INTO DIRECT LOAN(S)**

File a PSLF Form for each eligible employer you had since you borrowed any loans underlying the Direct Consolidation Loan (or since Oct. 1, 2007, whichever is later)

**IF YOU STILL HAVE FFEL OR PERKINS LOANS...**

Consolidate your loans into the Direct Loan Program and file a PSLF Form for each eligible employer since you borrowed the loans you are consolidating (or since Oct. 1, 2007, whichever is later)
# COUNTING ELIGIBLE PAYMENTS

For a payment to count, a borrower must...

<table>
<thead>
<tr>
<th></th>
<th>Make 120 payments</th>
<th>Have qualifying employment</th>
<th>Consolidate into the Direct Loan Program</th>
<th>File a PSLF Form to update their payment count</th>
<th>Be in a qualifying repayment plan</th>
<th>Have been in an “In Repayment” status</th>
<th>Be currently employed at a qualifying employer in order to receive forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSLF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>TEPSLF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>COVID-19 Forbearance</td>
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<td>✓</td>
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<td>✓</td>
</tr>
<tr>
<td>Limited PSLF Waiver</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>
What to Expect When You’re Expecting

(a servicing transfer or loan forgiveness)

Fedloan Servicing Transition

• FedLoan Servicing announced that they would be leaving the DL Program as a servicer in July 2021.

• Transfers will pause as we approach return to repayment, then will recommence.

• We anticipate all accounts will be transferred by the end of 2022.

PsF Employment Certification and Forgiveness

• We strongly encourage borrowers to complete a PSLF Form using the PSLF Help Tool.

• If a borrower manually enters an employer using the PSLF Help Tool they will experience delays in receiving their form.

• Borrowers will continue to receive targeted emails about the PSLF Limited Waiver.

• Forgiveness will be automatically processed when possible.
  • As of mid-November, 25K borrowers have received $1.7B in forgiveness.
PSLF HELP TOOL OVERVIEW

Austin Hall
U.S. Department of Education
Complete the Public Service Loan Forgiveness (PSLF) Form With the PSLF Help Tool

The PSLF Help Tool helps determine whether you work for a qualifying employer for the PSLF or Temporary Expanded Public Service Loan Forgiveness (TEPSLF) programs, suggests actions you can take to become eligible for PSLF, and guides you through the PSLF form and submission process.

Important Limited PSLF Waiver Opportunity

On Oct. 6, 2021, the U.S. Department of Education (ED) announced a temporary period during which borrowers may receive credit for payments that previously did not qualify for PSLF or TEPSLF.

Learn More About this limited PSLF waiver.

Using the PSLF Help Tool

Use the PSLF Help Tool to search for a qualifying employer, learn what actions you may need to take to become eligible for PSLF or TEPSLF, and generate the form you need. Each time you submit a form, we will evaluate your eligibility for forgiveness, and provide that forgiveness to you if you are eligible. After you submit your form, if you have Direct Loans and work for a qualifying employer, you will receive a count of the number of qualifying payments you have made toward both PSLF and TEPSLF from FederalLoan Servicing. For the best experience using this tool, we strongly recommend that you read Become a Public Service Loan Forgiveness (PSLF) Help Tool Sinai before getting started.

The PSLF Help Tool has been modified to align with the conditions under COVID-19 relief measures and the limited PSLF waiver through Oct. 31, 2022. To get the most accurate information, make sure to carefully read any section titled “Special Notice for the COVID-19 Emergency” and check out the limited PSLF waiver announcement.

Learn more about PSLF and TEPSLF.
SECTION 1: EMPLOYMENT HISTORY

Using the Employer Search Feature

Public Service Loan Forgiveness (PSLF) Help Tool

My Employers
Add your past and current employers below to determine whether they qualify for PSLF and TEPSLF during the time of your employment.

Note: 1) Only add your employment history since your last approved employment certification (if applicable). If you’ve certified an employment period in the past, then you do not need to do so again.

2) If at least one day of your employment falls within a period during which we determined your employer to be eligible, you will be able to complete the PSLF Help Tool even if the employer was not an eligible employer for the entire period you entered. However, the PSLF Servicer will conduct a comprehensive review of the specific dates of your employment for eligibility with the submission of a PSLF form. Please note that periods of employment prior to October 2, 2007, cannot qualify for PSLF even if they were with a qualifying employer.

You have not added any employers.

+ Add Employer

Public Service Loan Forgiveness (PSLF) Help Tool

Search for Employer

Employer Identification Number (EIN)

How do I find my EIN?

This is my current employer

Employment Start Date

Employment End Date

Search

Previous

Next Section
The Department of Education announced a limited-time change to PSLF program rules as a result of the COVID-19 national emergency.

Loan Eligibility Changes:
Now, for a limited period that goes through October 31, 2022, borrowers may receive credit for past payments made on loans that would otherwise not qualify for PSLF. As a result, we have modified the PSLF Help Tool experience for you to complete the form. Please continue to the next section, Application Details.
In Section 3, the borrower is asked to provide additional details about the number of qualifying payments that he or she believes have been made.

If the information on file indicates that the borrower has not made 120 payments, the radio button will default to No.

If a borrower indicates that he or she has made 120 payments, but the information on file contradicts this, the borrower will not be able to continue until he or she selects No.
SECTION 4: PERSONAL INFORMATION

The borrower will be able to enter and edit mailing information and contact information.

Note: If a borrower wants to update his or her contact information, and selects the visit your Account Settings link, he or she will be taken to account settings to update the information.
In Section 5, the borrower will be able to review and make any final edits to his or her information.

Selecting **Save** will complete the Help Tool flow and save the borrower’s information.
CONFIRMATION

After selecting Save, the borrower will be taken to a Confirmation page with a warning banner that states “You’ve completed the PSLF Help Tool, but your application has not been submitted.” For the application to be complete, the borrower must complete the application form and submit it using one of the methods provided:

- Secure upload to MyFedLoan.org
- By Postal Mail
- Or by Fax
STUDENT LOAN SCAMS

Kalynn Wollard and Anmaar Habib
FSA Ombudsman Group
TYPES OF STUDENT LOAN SCAMS

• **Grant Scams:** promises a grant or scholarship

• **Credit Reporting Scams:** promises credit repair services for borrowers

• **Student Loan Relief Scams:** promises student loan relief through consolidation, forgiveness, deferment, or a reduction in loans
  
  • Typically, these are scams conducted by **Third Party Debt Relief Companies (TPDR’s)**
The customer called about what appeared to be a FAFSA email sent to her student account. The email stated that she was approved for a grant. The email requested her information so that they could send her a grant and followed up with a text message asking for her to verify her personal information.
IDENTIFYING CREDIT REPORTING SCAMS

FTC Returns More than $3.1 Million to Victims of Student Loan Debt Relief and Credit Repair Scheme

March 26, 2020

The customer received multiple phone calls from a phone number and was instructed to call a different phone number via voicemail. When he called back, he was directed to a credit repair company. The credit repair company claimed to be affiliated with FSA and Facebook Ads. The customer neither has student loans nor bad credit.
STUDENT LOAN RELIEF SCAMS

• There are many scams where a company will present themselves as the Department of Education (ED), Federal Student Aid (FSA), or as an external company affiliated with ED providing assistance with student loan repayment
  • Companies often present themselves as document preparation service companies, which allows them to operate legally
  • Companies claim to help enlist with enrollment in ED’s repayment programs (examples: PSLF, IDR, Consolidations, Borrower Defense applications)
  • Companies may initiate loan consolidation on behalf of a borrower without the borrower's knowledge. This may create barriers for borrowers interested in using ED’s repayment programs such as PSLF
  • Please Note: Any legitimate document preparation services the companies may offer can be done for free with assistance from your federal loan servicer
IDENTIFYING STUDENT LOAN RELIEF SCAMS

• Upfront Fees:
  • Many scam companies require upfront fees for their services. These fees typically do not go towards repayment of any federal student aid
  • ED and Federal Student Loan Servicers do not require any kind of upfront payment for help with loan repayment. Contacting and obtaining help from ED/a servicer is free

Customer called to say that had $600 taken and that she was scammed by a TPDR. The company’s stated purpose was that was to give student loan forgiveness at $175/month for 6 months and then $11/month for 240 months. She was then told to spend $600 upfront for $0/month for 240 months. The money was taken through direct withdrawal.

She signed forms but had no clue what forms she signed. The company had called her, The customer’s motivation was to get her loans finally taken care of. She thought it was a Federal loan servicer, but she knew the services were free.
IDENTIFYING STUDENT LOAN RELIEF SCAMS

Promise of Loan Forgiveness:

• Many scam companies claim to provide immediate loan forgiveness or lower monthly payments

• Companies may request a borrower’s PII or FSA ID
IDENTIFYING STUDENT LOAN RELIEF SCAMS

Cold Calls:

• Companies who use phrases such as “act now” request action now or limited time offers are most likely scam companies

• These communications do not come from the Department of Education or any of our partners
REPORTING STUDENT LOAN SCAMS

The most important steps to take when you encounter any kind of student loan scams are:

1. **Reverse any actions taken against your FSA Account.**
   This involves contacting FSA, submitting a case to the FSA Feedback Center, and changing your FSA ID password.

2. **Contact your Federal Student Loan Servicer.**
   Confirm your account, contact information and discuss the recent encounter with the scam company.

3. **Report the egregious actors to partner enforcement agencies:** Consumer Financial Protection Bureau and Federal Trade Center.
If you suspect you have been contacted by a student loan scam company, please share those details with us by submitting a Complaint to our Feedback Center.

- Online: [StudentAid.gov/feedback-center](https://StudentAid.gov/feedback-center)
- By Phone: 1-844-651-0077
RESOURCES AND TOOLS
RETURN TO REPAYMENT OUTREACH TOOLKIT

The toolkit is a series of resources for stakeholders to leverage to help us communicate with borrowers.

Toolkit content is on financialaidtoolkit.ed.gov:

- **Returning to Repayment Fact Sheets**: Fact sheets for stakeholders and borrowers will include key information about returning to repayment and steps stakeholders or borrowers can take to prepare.

- **Approved Email Content**: Approved email content for general borrowers and later, specific borrower segments (including in school, borrowers working toward loan forgiveness, and borrowers with loans in default).

- **Social Posts**: Posts to share on social media to help borrowers understand steps they need to take to prepare for payments to restart.

- **Video**: 30-second video is a roadmap that helps borrowers prepare to return to repayment.
WE WELCOME YOUR FEEDBACK!

Thank you for attending this Federal Student Aid (FSA) presentation. Please take our survey so that we can receive feedback on how FSA can better serve you!

www.surveymonkey.com/r/RTR21