

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

15:46

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 achieve forgiveness if your goal is to pay your debts as quickly as possible in your account you

17:04

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 reclaimant

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

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

34:57

as qualifying payments under normal psf 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 deferments 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)