



Understanding the Income-Driven Repayment (IDR) Payment Count Adjustment

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WASHINGTON
Student Loan
— **Advocate** —

Q&A and Upvoting



- This presentation is being recorded.
- Copy of slides will be available.
- Chat is disabled for participants - used only by panelists to share links & resources.
- Participants are on mute.
- Enter your questions using the Q&A and vote on questions you would like to have answered live.
- Live closed captions available.

Questions we will answer:



What is Income-Driven Repayment (IDR)?

How do I apply for Income-Driven Repayment (IDR)?

What is the Payment Count Adjustment?

How can I benefit from the Payment Count Adjustment?

Where can I go to get help with my student loans?

Federal student loan debt in Washington



797,100
federal student loan
borrowers

\$28.4 billion
outstanding student debt

\$35,629.15
average student debt

Find your federal student loans on FSA website



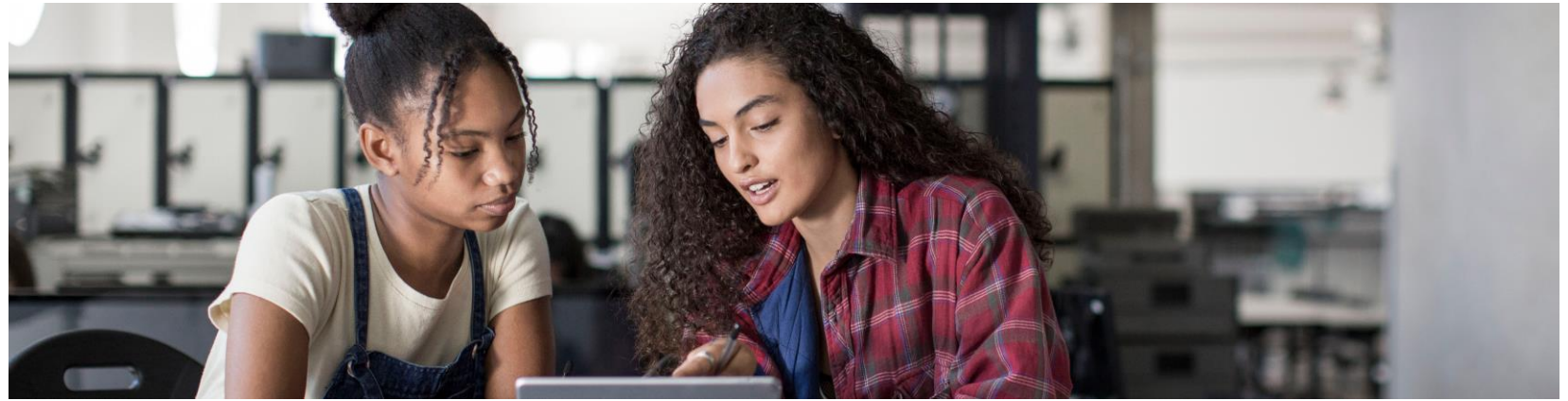
The screenshot shows the Federal Student Aid website homepage. At the top, there is a navigation bar with links for 'Help Center', 'Submit a Complaint', and 'English | Español'. Below this is the 'Federal Student Aid' logo and a menu with options: 'FAFSA® Form', 'Loans and Grants', 'Loan Repayment', and 'Loan Forgiveness'. A red box highlights the 'Log In | Create Account' link, with a large orange arrow pointing down to it from above. The main content area features a large heading 'Apply for Aid Using the FAFSA Form' with an 'Apply Now' button and a link to 'Learn About Applying for Aid'. To the right, under 'POPULAR TOPICS', there are several links: 'Learn About Public Service Loan Forgiveness >', 'Learn About Student Loan Debt Relief >', 'Prepare for Loan Payments To Restart >', 'Compare School Aid Offers >', and 'Complete a Master Promissory Note (MPN) >'. The background of the main content area shows an illustration of diverse students.

[StudentAid.gov](https://studentaid.gov)

Income-Driven Repayment



What are Income-Driven Repayment (IDR) plans?



**Based on your household
income**

**Affordable monthly
payments: as little as
\$0/month!**

**Monthly payments can
be recalculated if you
experience a loss in
income**

**A path to forgiveness in
10 to 25 years**

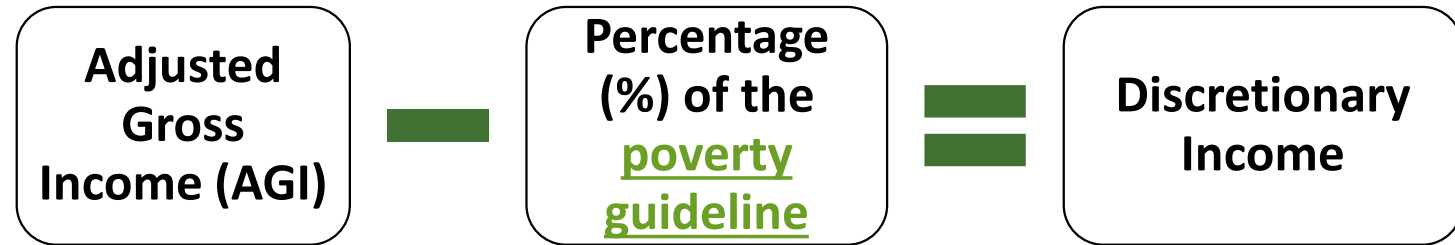
**An alternative to
delinquency and default**

**An alternative to
forbearances/deferments
that don't lead to
forgiveness**

How do IDR plans work?



- Monthly payment is generally a percentage (%) of discretionary household income



- Each year, you must update your income and family size (this is called recertifying your IDR plan).
 - Auto-certification now available!
- Married borrowers filing taxes separately don't have to include spouse's income for monthly payment calculation
- By the end of the repayment period in an IDR plan, any remaining balance that you have not paid off is forgiven (10 to 25 years depending on plan and original balance)

Who may benefit from an IDR plan?



You want an affordable monthly payment



You plan on qualifying for the Public Service Loan Forgiveness (PSLF) program after 120 qualifying payments (10 years)



You plan on qualifying for Income-Driven Repayment (IDR) forgiveness after 10 to 25 years in repayment



You are unemployed or underemployed and do not want a forbearance/deferment

What do I need to know about IDR forgiveness?



FORGIVENESS PROCESS

- No application!
- Once eligible, servicer will notify borrower
- Borrower given an opportunity to “opt-out” of forgiveness

TAX IMPLICATIONS

- Amounts forgiven not considered federally taxable until January 1, 2026
- No income tax in WA (currently), but may be taxed in other states
- When in doubt, consult a tax professional in with any questions



[7 FAQs About Income-Driven Repayment Plans – Federal Student Aid](#)

Plan Type	Plan Name	Monthly Payment Amount	Eligibility Criteria	Repayment Timeframe	Eligible Loans
Payment Plans	Standard	•Fixed	•All borrowers	•10 years •10-30 years for Consolidation Loans	•Direct Sub/Unsub Loans •All PLUS Loans •All Consolidation Loans (Direct or FFEL)
	Graduated	•Lower at first, then increases (usually every 2 years)			
	Extended	•Fixed or graduated	• Direct Loan borrowers: +\$30k in outstanding Direct Loans • FFEL borrowers: +\$30k in outstanding FFEL Loans	•25 years	
Income-Driven Repayment (IDR) Plans	Pay As You Earn (PAYE)	•10% of discretionary income (never more than the Standard Plan amount) •Recalculated annually*	•Be a new borrower on/after 10/1/07 and •Received a Direct Loan disbursement on/after 10/1/11 •Have high debt relative to income (also called partial financial hardship)	•20 years	•Direct Sub/Unsub Loans •Direct PLUS Loans made to students •Direct Consolidation Loans
	Saving on a Valuable Education (SAVE), formerly Revised Pay As You Earn (REPAYE)	•Never more than 5% - 10% of discretionary income •Recalculated annually	•Any Direct Loan borrower with any eligible loan type	•20 years (undergraduate loans) •25 years (graduate loans)	
	Income-Based Repayment (IBR)	•Depending on when loan was received, never more than 10%-15% of discretionary income (nevermore than the Standard Plan amount) •Recalculated annually	•High debt relative to income (also called partial financial hardship)	•20-25 years	•Direct Sub/Unsub Loans •Direct PLUS Loans made to students •Consolidation Loans (excludes Direct/FFEL PLUS Loans made to parents)
	Income-Contingent Repayment (ICR)	•Whichever amount is the lesser of: 1. Never more than 20% of discretionary income 2. The amount that would be paid on a fixed payment plan over 12 years(adjusted according to income) •Recalculated annually	•Any Direct Loan borrower with any eligible loan type	•25 years	•Direct Sub/Unsub Loans •Direct PLUS Loans made to students •Direct Consolidation Loans

Saving on a Valuable Education (SAVE)



What about SAVE (Saving on a Valuable Education)?



- SAVE replaced the Revised Pay As You Earn (REPAYE) plan.
- Increases discretionary income protection from **150%** to **225%** of federal poverty guideline.
- Not available for Parent PLUS borrowers unless they complete a double consolidation.

Repayment terms:

- 5% of discretionary income for undergrad loans
- 10% of discretionary income for grad loans
- Weighted average for borrowers who have both

Forgiveness timeline:

- 20 years for only undergraduate loans
- 25 years for graduate or a mix of grad/undergrad loans
- Shorter forgiveness timeline for borrower with low original total balances

SAVE (Saving on a Valuable Education) Benefits



Available now

- Lowers payments for almost all borrowers compared to other IDR plans.
- If you make your full monthly payment, but it's not enough to cover the accrued monthly interest, the government covers the rest of the interest that accrued that month.
- Shorter forgiveness timeline for borrower with low original total balances.

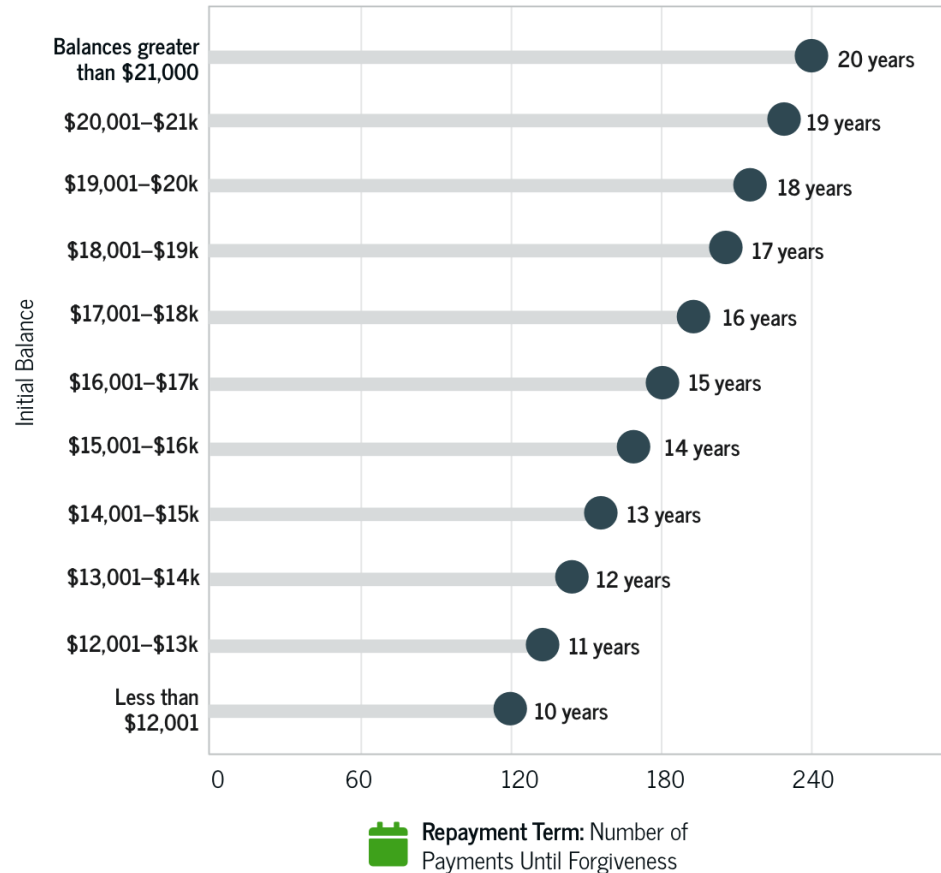
Available July 2024

- Reduction of payments to 5% of discretionary income for only undergrad
- Weighted average between 5-10% for borrowers with both grad and undergrad loans

Accessible versions of undergraduate-only and graduate charts

Loan Forgiveness Under SAVE Repayment Term

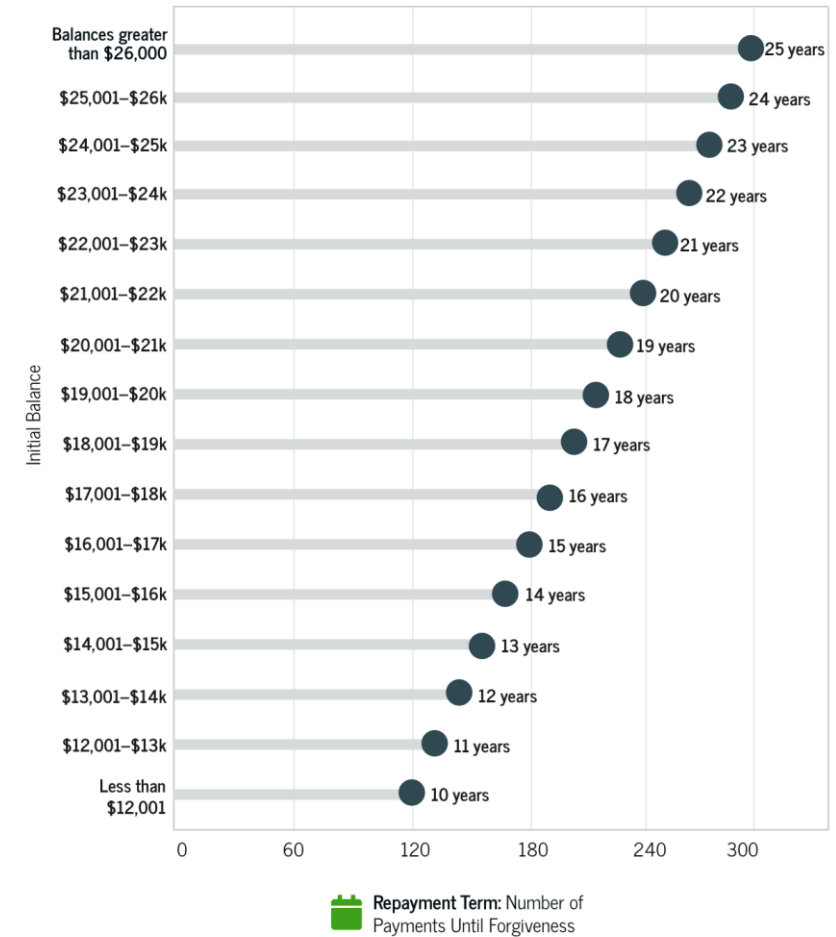
For Borrowers with Only Undergraduate Loans



Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Loan Forgiveness Under SAVE Repayment Term

For Borrowers with Graduate or a Mix of Graduate and Undergraduate Loans



Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Example of Undergrad-only loans under SAVE



Estimated Monthly Payment Under the SAVE Plan

Income	\$60k	\$227	\$130	\$34	\$0	\$0
	\$50k	\$143	\$47	\$0	\$0	\$0
	\$40k	\$60	\$0	\$0	\$0	\$0
	\$30k	\$0	\$0	\$0	\$0	\$0
	\$20k	\$0	\$0	\$0	\$0	\$0
	\$10k	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0
		1	2	3	4	5

Estimates are for illustrative purposes only. Your loan servicer will calculate your actual monthly payment amount under the SAVE Plan.

[Accessible version of table](#)

Applying for IDR



How do I apply for an IDR plan?



Apply for an Income-Driven Repayment Plan

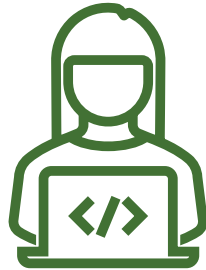
There are four different IDR plans to choose from. Our loan estimator can help you compare IDR plans to see which is best for your situation.

[Learn more about IDR plans](#)

[Log In to Start](#)

[View Demo](#)

OMB No. 1845-1012 • Form Approved



1. Complete an online application (recommended)

- studentaid.gov/idr
- Takes only about 10 minutes!
- Sign up for automatic annual certification
- Estimated payment amount shown before submitting application



2. Complete a manual application and submit it to your servicer

- Find out who your servicer is on [the Federal Student Aid website](#)

IDR Payment Count Adjustment



What is the Payment Count Adjustment?



Why is this happening?

This adjustment is intended to more accurately reflect borrowers' payment counts.



When will it be done?

The adjustment is currently underway and will continue through summer 2024.



Who is doing the recount?

The U.S. Department of Education (Federal Student Aid) is conducting this payment count adjustment.



Who may qualify?

The payment count adjustment will be applied to all Direct Loans and all FFEL Program loans held by the Department.

The adjustment will credit periods back to the start of the IDR program, July 1, 1994, as eligible toward IDR forgiveness.

Outcomes of the Payment Count Adjustment



- **You still have more time left until the end of your repayment period.** You may be closer to the end of your repayment period and closer to forgiveness. To continue working towards forgiveness, [apply for an IDR plan.](#)
- **You reach the end of your repayment period.** You will automatically receive loan forgiveness.
- **You have more than the number of months required in your repayment period.** In some cases, you'll receive a refund for any overpayment. [Learn about refunds.](#)

What will convert into IDR payments?



Periods of forbearance:

✓ 12 or more consecutive months of forbearance.

Sep 2001	Oct 2001	Nov 2001	Dec 2001	Jan 2002	Feb 2002	Mar 2002	Apr 2002	May 2002	Jun 2002	Jul 2002	Aug 2002
F	F	F	F	F	F	F	F	F	F	F	F

✓ 36 or more total months of forbearance.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2002	F	F	F	F	F				F	F	F	F
2003		F	F	F	F		F	F	F	F	F	F
2004			F	F	F	F	F	F	F	F	F	
2005		F	F	F	F	F	F	F	F			

*Periods under COVID-19 administrative forbearance will not count towards these thresholds and will be considered periods of repayment.

What will convert into IDR payments?



Periods of deferment:

- ✓ Months in economic hardship or military deferments after 2013.
- ✓ Periods of deferment before 2013 (excluding in-school).



Periods of Repayment:

- ✓ Any months spent in a repayment status, regardless of payments made, loan type, or repayment plan.



Consolidated loans:

- ✓ Includes any time in repayment (or deferment or forbearance, if applicable) on earlier loans **before** consolidation into a Direct Consolidation Loan.

What will not convert into IDR payments?



The following periods will not convert into IDR payments:

- In-school deferment
- Bankruptcy
- Default
- Forbearance periods that don't meet minimum thresholds
- Deferment periods besides economic hardship and military deferments after 2013

How many months of IDR payments do I need before receiving forgiveness?



- Loans are eligible for forgiveness based on the following timeframes:

Loan Type	Eligible After...
PLUS Loans for parents (or single consolidation loans that included a PLUS Loan for parents)	25 years (300 months) of payments
Borrowers with only undergraduate loans	20 years (240 months) of payments
Borrowers with graduate loans AND currently enrolled in the Pay As You Earn (PAYE) repayment plan	20 years (240 months) of payments
Borrowers with graduate loans and NOT currently enrolled in the PAYE repayment plan	25 years (300 months) of payments

*Table does not include borrowers enrolled in SAVE who may qualify for shorter forgiveness timelines due to lower original balances.

How does the IDR payment adjustment benefit borrowers in PSLF?



- FSA has begun to adjust PSLF counts for borrowers with at least one approved PSLF form since Fall 2023
- PSLF counts will continue to be adjusted each month until the IDR counts for all eligible loans are adjusted in 2024.
- After the adjustment in 2024, all periods credited toward IDR will also be credited toward PSLF for eligible loans and periods **where the borrower certifies public service employment** (from October 2007-present).
- If you believe you might benefit, use the [PSLF Help Tool](#) to certify periods of employment and track your progress toward forgiveness.
- Borrowers who have commercially or federally held FFEL loans and who [apply to consolidate those loans into Direct Consolidation Loans](#) by April 30, 2024, will also get PSLF credit under the payment count adjustment.
 - Borrowers who consolidate will have their PSLF counts temporarily reset to 0

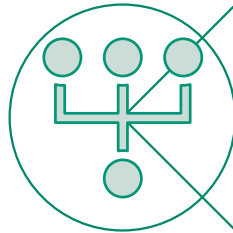
Who may benefit from consolidating before April 30, 2024?



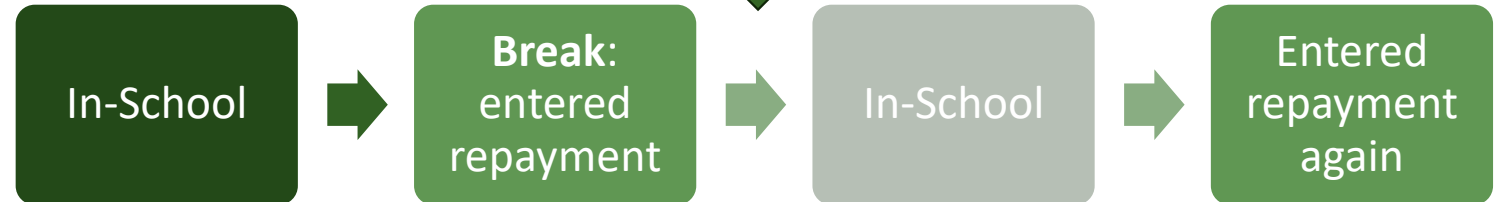
You have **commercially-held** FFEL, Perkins, or Health Education Assistance Loan (HEAL) Program loans. These loans will be listed with only the servicer's name on your StudentAid.gov account.



You have ED-held FFEL, Perkins, Health Education Assistance Loan (HEAL) Program loans and want to qualify for PSLF. These Loans will be listed as "Dept of ED/Servicer Name" on your the StudentAid.gov account.



You have loans with different periods in repayment.

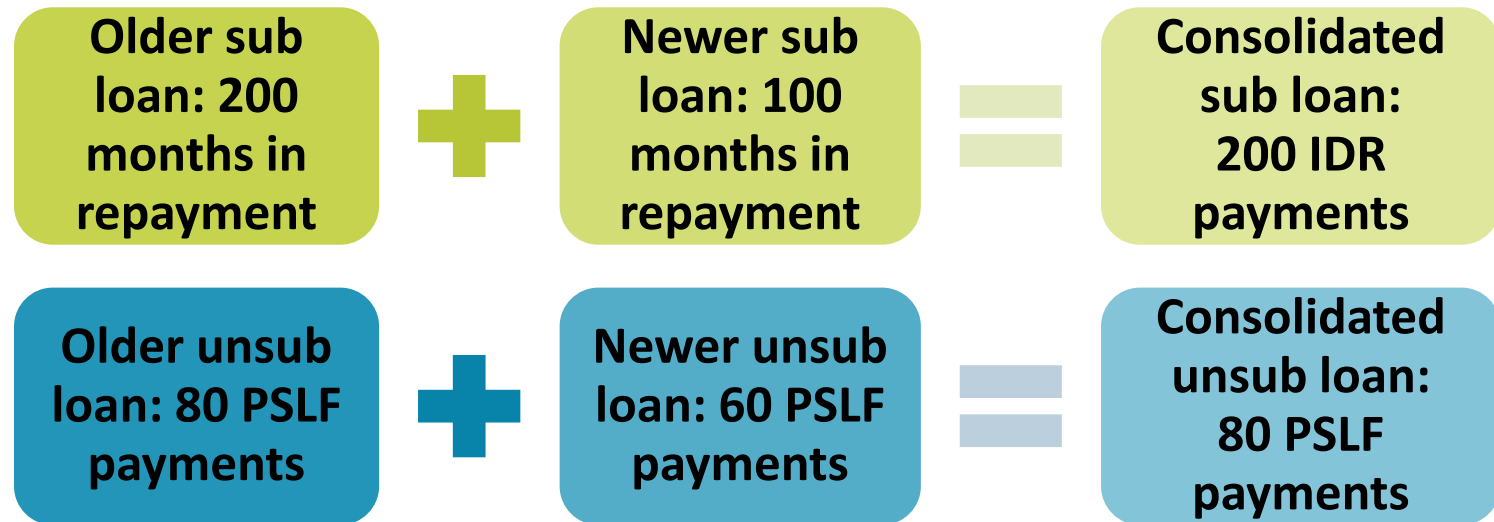


Benefits of consolidating before April 30, 2024



- Apply to consolidate before April 30, 2024:
 - Retain 100% of your PSLF or IDR credit.
 - PSLF counts temporarily reset to 0 but will be adjusted.
 - Direct Consolidation loan will be credited with at least the same number of qualifying payments as your oldest loan.

Examples:



Parent PLUS Loans and Consolidation



Parent PLUS loans are not eligible for an IDR plan unless they are consolidated into a Direct Consolidation loan. Consolidation options for Parent PLUS Loans:

Option 1: Submit a single consolidation application by April 30, 2024.

- **Pros:** Get full benefit of account adjustment, including 100% of IDR/PSLF payments.
- **Cons:** Will only get access to the Income-Contingent Repayment Plan (ICR).

Option 2: Submit a [double consolidation](#) application by July 1, 2025.

- **Pros:** Get access to all available IDR plans, including SAVE.
- **Cons:** Complex process and may not get 100% of IDR/PSLF credit, as you'll likely miss the April 30, 2024, deadline prior to submitting all necessary consolidations. You'll get a weighted average of IDR/PSLF payments made on Direct Loans for consolidations after the IDR Payment Count Adjustment is completed.

Note for borrowers with both loans taken out for your own education and Parent PLUS loans:

- Think carefully before consolidating all loans together! Doing separate consolidations for each type of loan (personal vs. Parent PLUS) may be beneficial.
- Consolidating loans taken out for your own education with Parent PLUS loans (with a single consolidation), will make you ineligible for SAVE and other IDR plans for the portion of the loans taken out for your own education.
- In some cases, however, it could be beneficial to consolidate loans together, for example, if the loans you took out for your own education are near the forgiveness thresholds (25 years for IDR and 10 years for PSLF).

IDR in Washington State

18,350

received IDR forgiveness due to
the payment count adjustment

\$878 million

will be discharged due to the
payment count adjustment

Every 2 months

the payment adjustment will
continue to happen between
now and July 2024.

More forgiveness coming!

**Data as of early
November 2023**

[Biden-Harris Administration Announces Nearly \\$5 Billion in
Additional Student Debt Relief | U.S. Department of Education](#)

What's happening at the federal level?



- Fresh Start for defaulted borrowers – enroll now!
- Early implementation of SAVE forgiveness for borrowers with low original total balances (<\$12k)
- Major servicer transfers:
 - FedLoan Servicing (PHEAA) → MOHELA
 - Navient → Aidvantage
 - Great Lakes → Nelnet
 - OSLA → Aidvantage
 - Commercial-FFEL Navient → MOHELA
 - So Your Loan Was Transferred, What's Next? | FSA

Student Loan Advocate Resources

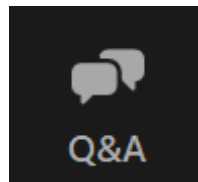


- Watch other student loan webinars on the [Student Loan Advocate webpage](#)
- [Subscribe for student loan updates](#) from the Student Loan Advocate
- [Submit questions or complaints](#) to Student Loan Advocate
 - Make sure to select “Student Loan Questions and Complaints Form”
 - Currently, wait time for a response is about 4-6 weeks

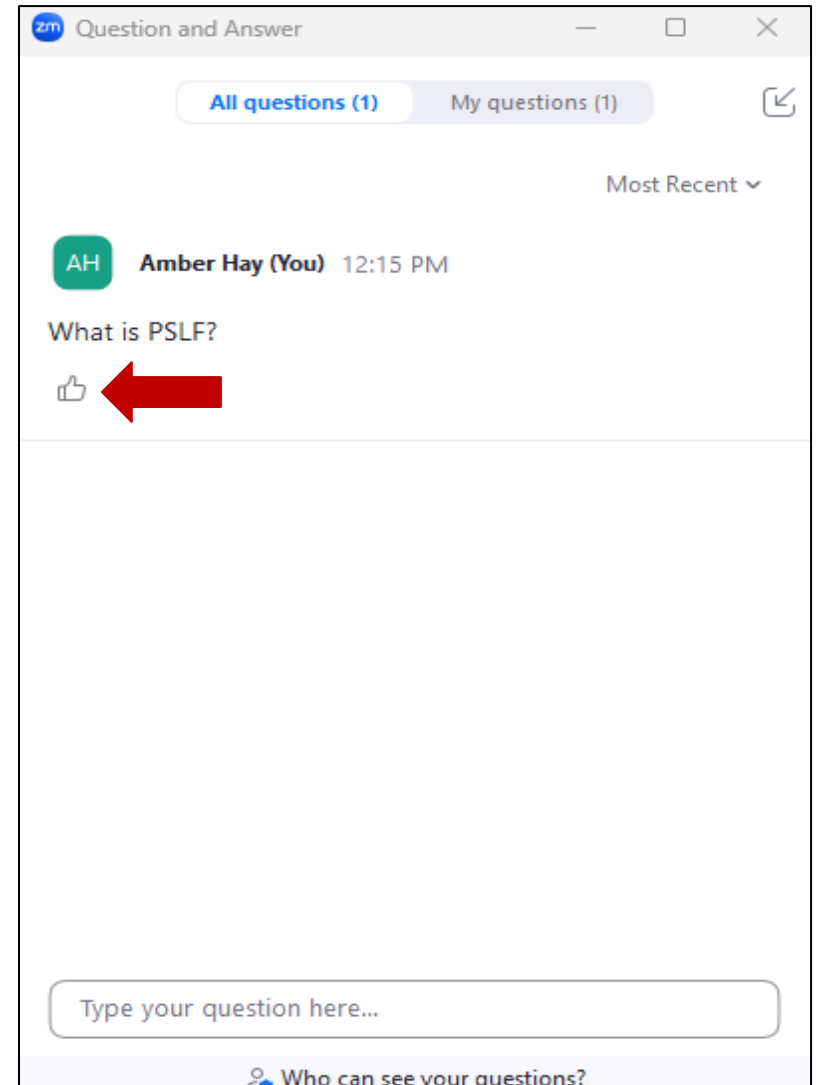
Break – Upvote questions to show your interest



- Typically, we're unable to answer all the questions in the Q&A.
- Please upvote questions you would like to hear the answer to.
Questions with more upvotes will be answered first!
- To upvote questions, click the **Q&A** button at the bottom of your screen.



- View the open questions and click the **Thumbs Up** button.



Let us know how we're doing!

Please fill out a [survey](#) and help us continue providing resources for WA student borrowers.

