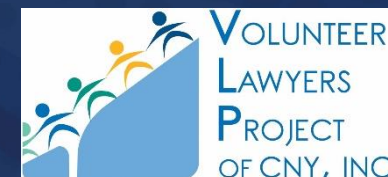


The Strategic Guide to Managing Student Loans

Presented by The Volunteer Lawyers Project of CNY, Inc.

Date: Updated 7.18.24



Agenda

- About The Volunteer Lawyers Project of CNY, Inc.
- Three Strategies for Tackling Student Debt: What's yours?
- Return to Repayment
- Repayment Options: Focus on SAVE
- Exploring Forgiveness, Cancellation, and Discharge
 - Fresh Start (For Loans in Default)
- Managing Private Student Loans
- Resources

The Volunteer Lawyers Project of CNY, Inc.

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About The Volunteer Lawyers Project of CNY, Inc.

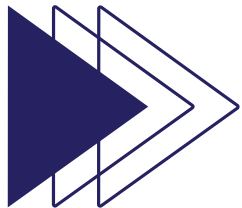
The Volunteer Lawyers Project of CNY, Inc. is a 501(c)(3) non-profit legal aid organization that provides free legal information, assistance, and representation in civil legal matters to low-income people in Central New York. Our services are provided by staff and volunteer attorneys with the help of paralegals and law students.

Services throughout Central New York include legal issues related to housing, family, elder, LGBT* rights, immigration, debt, and economic opportunity.

Three Strategies for Tackling Student Debt: What's yours?



What's your strategy?



Did you know?
Some repayment strategies do not involve repaying the entire balance?

Strategy	Description
Pay debt in full as quickly as possible	<ul style="list-style-type: none">• This strategy is suitable for borrowers with low loan balances or high income relative to their balance.• They have the option to make lump sum payments or pay more than the required amount, regardless of the repayment plan.
Pay minimum required and pursue forgiveness, if eligible	<ul style="list-style-type: none">• Borrowers with high balances or low to moderate income compared to their debt can opt for this strategy.• They make the minimum required payment until they become eligible for forgiveness.• Making extra payments is not advisable if you expect to get forgiveness.
Pay minimum required until death do you part!	<ul style="list-style-type: none">• If paying off your debt or pursuing forgiveness is not a feasible option, consider paying the minimum required until you die.• This strategy is often chosen by older borrowers who cannot realistically repay their loans or achieve forgiveness.• Federal student loans are dischargeable upon death.

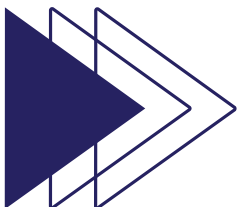
Return to Repayment

Federal student loan payments resumed

- Federal student loan payments officially resumed October 1, 2023.
- The 12-month [“On-Ramp”](#) (from October 1, 2023, to September 30, 2024) is a grace period during which missed payments will not have major financial repercussions.
- Borrowers have been placed in administrative forbearances for many reasons since payments resumed, including wrongly calculated payments and inability of the servicer and/or Department of Education to implement changes to repayment plans on a timely basis.
 - Borrowers who received retroactive forbearances and made payments can ask for a refund.
- If you are still facing issues, you can file a complaint with [Federal Student Aid \(FSA\)](#) or the [NYS Department of Financial Services \(DFS\)](#).
- Wage garnishments/social security offsets will resume later this year.

Repayment Options

	Traditional Repayment Plans	Income-Driven Repayment Plans
Pros	<ul style="list-style-type: none"> • More predictable payments. • Shorter repayment period in some cases, potentially paying off loans faster. • No recertification or income verification. 	<ul style="list-style-type: none"> • Affordable payments based on income. • Loan forgiveness after 10-25 yrs of payments. • Required for other forgiveness programs. • Can adjust payments when income changes.
Cons	<ul style="list-style-type: none"> • Higher monthly payments, potentially challenging for those with limited income. • Limited flexibility in adjusting payments. • No forgiveness. 	<ul style="list-style-type: none"> • Annual recertification & income verification required. • Potential interest accumulation over extended repayment period. • Longer repayment period, extending time to become debt-free.
Plan Names	<ul style="list-style-type: none"> • Standard • Graduated • Extended 	<ul style="list-style-type: none"> • Savings for a Valuable Education (SAVE)- Replaced the REPAYE plan. • Pay As You Earn (PAYE) • Income-Based Repayment (IBR) • Income-Contingent Repayment (ICR)



Did you know? You can enroll, recertify or change IDR plans on your own at studentaid.gov/idr. To enroll in traditional plans, contact your servicer.

The new SAVE plan is available*

- [SAVE](#) replaced the REPAYE plan.
- Current plan features make this the cheapest option for most borrowers. In addition:
 - Unpaid interest will not be added to your account balance.
- Anyone with Direct Loans is eligible for SAVE except borrowers with [Direct Parent Plus loans](#).
 - Borrowers with non-Direct loans (like FFELP, Perkins or HEAL) can consolidate and gain access to SAVE.
 - Direct Parent Plus loans are not eligible for ANY IDR plans. They may be consolidated to get access to the ICR plan but are not eligible for SAVE. Visit the EDCAP website for more information about [managing Parent Plus loans](#).
- Additional benefits were implemented in July 2024, reducing payments for some borrowers. However, some states have sued to prevent parts of the SAVE plan from going into effect. Learn more [here](#) and [here](#).

When and how to enroll in SAVE

- If you were enrolled in the REPAYE plan prior to payment resumption, you should have been automatically transitioned to SAVE.
- If you were enrolled in an [IDR plan](#) other than SAVE prior to payment resumption, and you were eligible for the payment pause, your payments are calculated based on the income reported the last time you filed an IDR application. **The earliest your current plan will expire will be November 1, 2024 (you will need to file recertification in September 2024).**
 - If your income has increased since the last time you filed an IDR application, consider waiting to enroll in SAVE until after your current plan expires.
 - If your income has declined since you last filed an IDR application, or you're not currently in an IDR plan, enroll in SAVE now.
- Apply for SAVE and other IDR plans on studentaid.gov.

Sunsetting of PAYE and ICR Plans

- ▶ Effective July 1, 2024, borrowers can no longer enroll in the PAYE plan
 - ▶ Borrowers who are already enrolled in PAYE will not be forced to enroll in another repayment plan.
 - ▶ If you are currently in PAYE and enroll in another repayment plan, you will not be able to re-enroll in PAYE after you have switched.
- ▶ Most borrowers will not have the option of enrolling in the ICR Plan
 - ▶ Only Parent Plus borrowers who consolidate their loans will be able to enroll in ICR
 - ▶ ICR remains the only income-driven repayment plan available for Parent Plus borrowers
 - ▶ Parent Plus borrowers must consolidate their loan(s) to enroll in the ICR Plan

Automatic IDR Recertification

- All Income Driven Repayment (IDR) plans (SAVE, PAYE, IBR and ICR) must be recertified annually.
- When you file an IDR application, you can now authorize the Department of Education to access your tax information through the IRS database going forward.
- Income information will be retrieved annually, and your IDR plan will be automatically recertified every year.
- You can still recalculate or switch plans manually or revoke this authorization at any time.

Authorization To Retrieve Federal Tax Information



This authorization is intended for borrowers holding Direct Loans only. If you have Federal Family Education Loan (FFEL) Program loans with a remaining balance, you must provide alternative documentation of income.

Income-Driven Repayment (IDR) plans must be certified annually. By providing your approval and consent to use your information, granting us consent to access your information, you may be eligible for auto-recertification of your IDR plan on its recertification date. Plus, we will continue to do this each year so long as consent is still provided.

By selecting “approve” below, you will be: (1) consenting to the U.S. Department of Education (ED) disclosing certain information about you to the U.S. Department of the Treasury, Internal Revenue Service (IRS); (2) affirmatively approving the U.S. Department of Education obtaining your federal tax information (FTI) from the IRS for certain purposes on an annual basis, as described below; and (3) agreeing that your approval will be ongoing until you fulfill your repayment obligations under an income-driven repayment (IDR) plan, withdraw from your IDR plan, or, as described below, revoke your approval and consent, as further described below. You are not required to provide your consent, approval, or agreement as a condition of eligibility for an IDR plan but, if approval and consent are not provided, you are required to provide alternative documentation of income.

Exploring Forgiveness, Cancellation and Discharge Options

The Forgiveness Programs Everyone Should Know About

Income Driven Repayment Forgiveness (IDRF)	Forgives your remaining loan balance after making payments under an Income Driven Repayment (IDR) Plan for 10-25 years. There is no employment requirement. You must be enrolled in an IDR plan.
Public Service Loan Forgiveness	Forgives your remaining loan balance after 10 years of having your loans in repayment under an Income Driven Repayment plan and working full-time or an average of 30 hours per week for a non-profit or government employer. You must have Direct loans. Check out updated FSA PSLF webpage!
Borrower Defense To Repayment	Discharges remaining loan balance for borrowers who were defrauded by their higher education institution. You must have attended a school that engaged in misconduct and taken out federal student loans to attend that school. Visit studentaid.gov for more info!
Total and Permanent Disability Discharge	Allows borrowers to discharge their remaining loan balance if they are disabled. It must be a disability that prevents you from engaging in “substantial gainful activity”—i.e., you can’t work and earn enough to support yourself.

**IDR Account Adjustment Deadline
Ended on June 30, 2024**

IDR Account Adjustment and its Impact on IDRf and PSLF

- The IDR Account Adjustment allowed more borrowers to get qualifying payment credit towards PSLF and IDRf. Through this process, borrowers may have gotten credit for the following:
 - Periods in repayment
 - Time spent in forbearance of 12 consecutive or 36 cumulative months.
 - Most deferments prior to 2013, economic hardship deferments after 2013.
 - Months prior to loan consolidation!
 - Credit will be awarded even if you were not making payments or enrolled in an IDR plan!
- Borrowers who consolidated loans with different repayment histories by the deadline (June 30, 2024) got the longest payment history applied to the entire balance.
- Borrowers who consolidated before the deadline will NOT get credit for time in an in-school deferment, grace period or default (except when using Fresh Start to bring loans out of default, credit will be given for months in default during the payment pause).
- For PSLF, you must still meet the employment requirement!

Changes to PSLF Monitoring and Processing

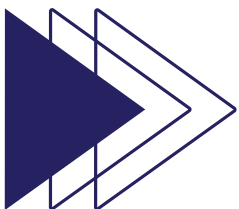
- ▶ Starting in July 22024, Mohela is no longer the only servicer available to borrowers seeking Public Service Loan Forgiveness
- ▶ The Department of Education will take over tracking qualifying payments for PSLF. Trackers are currently available through Federal Student Aid on studentaid.gov.
- ▶ Processing of PSLF Certification forms was paused from April until the end of June. The Department of Education has resumed processing forms that are filed electronically. It remains unclear how to process manually signed form.
- ▶ Expect delays in processing times and decisions as the Department of Education catches back up.
- ▶ It is highly recommended borrowers submit PSLF Certification forms through the FSA help tool. Select the “electronic signature” option for your employer rather than submitting manually signed forms through the mail.

Other Forgiveness, Cancellation & Discharge Programs

NYS Get on Your Feet Loan Forgiveness Program	For individuals who earned an undergraduate degree from a college/university in NY and are living in NYS; it provides up to 24 months of loan payments for eligible participants. Learn more here .
Teacher Loan Forgiveness (TLF)	Forgives up to \$17,500 in federal loans for teachers who meet certain criteria, including teaching in a designated subject area or shortage area for five consecutive years. CAUTION: Time used to qualify for Teacher Loan Forgiveness cannot be used for Public Service Loan Forgiveness. If you have a high loan balance, pursuing Public Service Loan Forgiveness only may be best. Get advice before applying.
School Closure Discharge	Granted to borrowers whose schools closed while they were enrolled or shortly after they withdrew and who did not complete teach outs or comparable programs elsewhere.
Bankruptcy	Bankruptcy should be a last resort! It is not impossible, but it is difficult to discharge federal student loans in bankruptcy. You must meet the “undue hardship” test. Seek the advice of an experienced bankruptcy attorney who specializes in student loan discharge cases.
Discharge Upon Death	While this path might seem a bit macabre, it’s just not feasible for some borrowers to pay off their student loans, and that’s okay. Rest assured that student loans are discharged upon death and can never become another loved one’s burden.

Fresh Start Initiative: A path for borrowers in default in 2023/2024

- Borrowers with eligible defaulted federal student loans can bring their loans back into good standing and repair credit through an initiative called Fresh Start (available through 9/30/24).
- Borrowers must take action to benefit:
 - Contact your debt collector: Contact your debt collector (in most cases this will be the Default Resolution Group at 1-800-621-3115) or apply on your myedebt.ed.gov account. Let them know you want to take advantage of Fresh Start and request that your loans be transferred to a non-default servicer and enroll in a repayment plan after which the default history will be removed from your credit reports.
 - Pursue further education: If you intend to continue your education, apply for the Free Application for Federal Student Aid (FAFSA) and enroll in school at least half-time. By doing so, your loans can be transferred to a non-default servicer and placed in an in-school deferment, resulting in the removal of the default history from your credit reports.



Did you know? Borrowers who use Fresh Start to bring loans out of default will get credit towards IDRf or PSLF for months spent in default during the payment pause (from March 13, 2020-August 31, 2023).

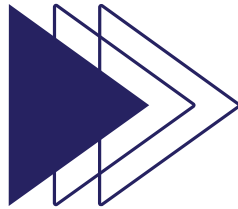
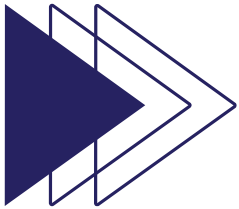
Managing Private Student Loans

Private student loans

- Private student are offered by banks, credit unions and private financial institutions. Terms may vary from lender to lender.
- Interest rates may be variable or fixed and are influenced by credit scores.
- Approval depends on creditworthiness, often requiring a co-signer for students with limited credit history. Co-signers are 100% liable for the debt if the primary borrower cannot pay. It may be difficult to remove a co-signer from the loan.
- Private loans do not offer the same protections as federal loans such as payment plans based on income or forgiveness programs.
- Private loans are subject to a statute of limitations (a date beyond which the lender cannot sue you in court).
- If you're struggling to make payments, refinancing may offer better terms such as lower interest rates or extended payment periods. But the borrower must have creditworthiness and employment.

Explore federal aid and all other financing options before turning to private loans!

Contact The Volunteer Lawyers Project of CNY, Inc.



By Phone: 315-234-4583

Email: Debt@vlpcny.org

Web: www.vlpcny.org

Our Student Loan Debt Program does not have any income eligibility requirements and can assist anyone regardless of income!

Resources

Relevant Links

- [EDCAP's Repayment Guide](#)
- Covid Relief-Payment Pause Extension-Preparing for Payment Resumption
 - Visit studentaid.gov
- Public Service Loan Forgiveness
 - [PSLF Program Information](#) (Updated--check it out)
 - [PSLF Help Tool](#)
 - [PSLF Employer Search](#)
 - [PSLF Frequently Asked Questions](#)
 - [Public Service Loan Forgiveness \(PSLF\) & Temporary Expanded PSLF \(TEPSLF\) Certification & Application \(PSLF form\)](#)
 - [Submit a PSLF Reconsideration Request](#)
 - [Loan consolidation online application](#)

Relevant Links, (cont'd)

- Income Driven Repayment Account Adjustment
 - [Federal Student Aid \(FSA\) Announcement](#)
- Repayment Plans
 - [The new SAVE Plan](#)
 - [Loan Simulator](#) to determine your repayment plan options.
 - [Income Driven Repayment](#) plan options.
 - Income Driven Repayment plan [online application](#) to enroll in an income driven repayment plan. If you want to enroll in a standard plan, you will need to call your student loan servicer.
- Student Loan Servicers—Who Is Your Servicer?
 - Information about [federal student loan servicers](#), including contact information.
- For defaulted borrowers
 - Get out of default though [Fresh Start](#)

Relevant Links, (cont'd)

- Total and Permanent Disability (TPD) Discharge
 - [Learn more about the TPD program](#)
 - [TPD Applications \(PDFs\)](#)
 - [File a TPD Application online](#)
- NYS Forgiveness Programs
 - [NYS Get on Your Feet Forgiveness Program](#)
 - [Others](#)
- Other Information
 - [Borrower Defense to Repayment \(BDR\) \(online and manual applications\)](#)
 - [Guidance on how to write a BDR claim](#)
 - [Teacher Loan Forgiveness](#)
 - [Perkins Cancellation](#)