

# Your Path to Student Loan Freedom: Maximizing Your Forgiveness Options

Presented by The Legal Assistance of Western NY Consumer Unit  
May 23, 2023



# Agenda

- About EDCAP
- Student Loan Relief Overview and Payment Pause Extension
- Federal Student Loan Cancellation
- Programs to Manage and Eliminate Debt
- Preparing for Payment Resumption and Loan Servicer Changes
- Resources

# Who We Are & What We Do

- Legal Assistance of Western New York is a member of the EDCAP Network.
- EDCAP is a program initiative of the Community Service Society.
- Created to help tackle the student debt crisis in New York.
- Offers free and unbiased services:
  - Advise on student loan repayment options.
  - Rehabilitate loans to help prevent wage garnishments, social security offsets, and tax intercepts.
  - **Apply for loan forgiveness, cancellation and discharge.**
  - **Help consolidate loans**, request deferments, and forbearances.
  - Resolve issues with loan servicers and lenders.

# The EDCAP Network

EDCAP Helpline

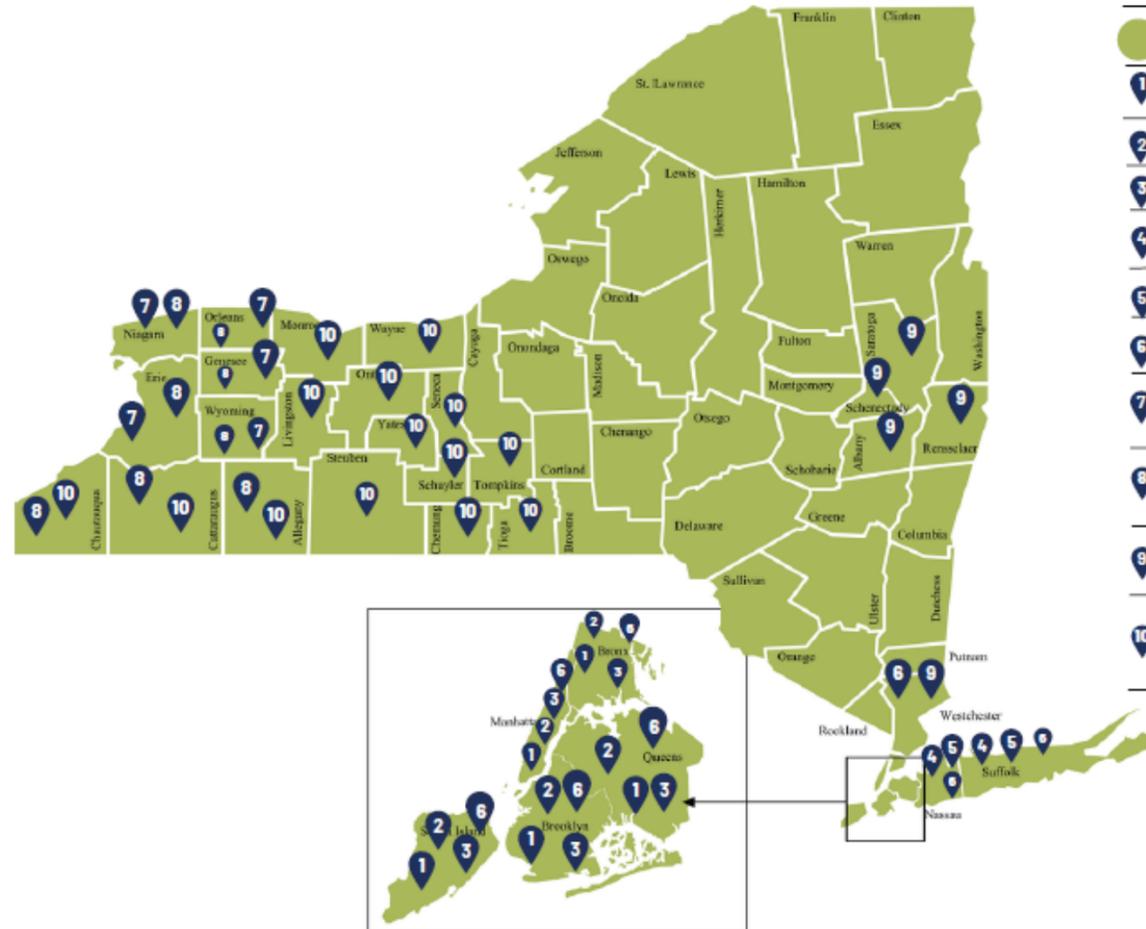
888.614.5004

[www.edcapny.org](http://www.edcapny.org)

[www.cssny.org](http://www.cssny.org)

Education Debt  
Consumer Assistance  
Program

# EDCAP



AGENCY	COUNTIES	PHONE NUMBER
Community Service Society of New York	Statewide	888-614-5004
1 Brooklyn Legal Services	NYC	718-237-5500
2 City Bar Justice Center	NYC	212-382-4782
3 Day Care Council of New York	NYC	212-206-7818 x 2128
4 Nassau Suffolk Law Services	Nassau, Suffolk	516-292-8100
5 United Way of Long Island	Nassau, Suffolk	631-940-3712
6 New York Legal Assistance Group	NYC, Nassau, Suffolk, Westchester	212-613-5000
7 Neighborhood Legal Services Inc.	Erie, Genesee, Niagara, Orleans, Wyoming	716-847-0650 x 445
8 Parachute Credit Counseling	Allegany, Cattaraugus, Chautauqua, Erie, Genesee, Niagara, Orleans, Wyoming	716-712-2060
9 Empire Justice Center	Albany, Rensselaer, Saratoga, Schenectady, Westchester	518-935-2849
10 Legal Assistance of Western New York	Allegany, Cattaraugus, Chautauqua, Chemung, Livingston, Monroe, Ontario, Schuyler, Seneca, Steuben, Tioga, Tompkins, Wayne, Yates	585-325-2520

# Student Loan Relief Overview and Payment Pause Extension

# Covid-19 Relief Measures

- The Covid Forbearance set interest rates to 0% and suspended payments on loans in good standing starting March 13, 2020.
- Collection activities on defaulted loans have been suspended through most of this period and will remain suspended throughout 2023 and into 2024.
- Most federal loans are eligible for this relief.

# Payment Pause Extension

- The latest payment pause extension links payment resumption to the outcome of the Biden-Harris Debt Relief plan to cancel up to \$20,000 in debt for eligible borrowers. This program is currently being blocked by the courts. The Supreme Court heard arguments on February 28<sup>th</sup>. A ruling is expected in the summer.
- Payments will resume 60-days after resolution of the court case. If there is no resolution by June 30, 2023, payments will resume 60-days after that.
- Effectively, this means payments will probably resume around **September 2023.**

# Federal Student Loan Cancellation

What You Should  
Know

# Loan Cancellation (On Hold)



- The Biden Administration announced a targeted plan to cancel up to \$20,000 in student debt for many borrowers.
- Loans disbursed prior to July 1, 2022, will be eligible.
- This relief will be available to borrowers with Department of Education-held loans who earned less than \$125,000 or \$250,000 (depending on tax filing status) in either 2020 or 2021.
- The program is being blocked by the courts. The Supreme Court heard the case in February 2023.
  - Online and paper applications are not available at this time.
  - If you filed an application, it will be held and processed when/if the program is allowed to proceed.
- **Caution:** Consolidating commercially-held FFELP or Perkins loans with loans that are eligible for cancellation, will make the entire consolidated balance ineligible for this relief. If you need to consolidate commercially-held loans, that can be done separately. **Contact LawNY for help!**

Register for updates on the [Department of Education Subscription Page](#)

**The Supreme Court  
Decision Only Affects One  
Program!**

# Supreme Court decision does not impact the timing or availability of most programs

- The **ONLY** case the Supreme Court heard in February is the Biden-Harris Debt Relief plan to cancel up to \$20,000 of student debt for eligible borrowers! This ruling does not affect any other student loan program.
- Borrowers will still be able to take advantage of changes to:
  - Income Driven Repayment Forgiveness (IDRF)
  - Public Service Loan Forgiveness (PSLF)
  - Total and Permanent Disability (TPD) Discharge
  - Borrower Defense To Repayment
  - New opportunities for borrowers with defaulted loans and more...

# Programs to Manage and Eliminate Federal Student Loan Debt

# Understanding Loan Forgiveness

- The federal government has created several programs to help borrowers reduce or eliminate their student loan debt.
- Student loan forgiveness, discharge, or cancellation mean the same thing—you are no longer required to pay some or all of your federal student loans.
- The key to benefiting from these programs is making sure you meet the specific program requirements and track your progress.

# Overview

- Income Driven Repayment Forgiveness (IDRF)
- Public Service Loan Forgiveness
  - IDR Account Adjustment—Impact on IDRF and PSLF
- Total and Permanent Disability Discharge
- Fresh Start-A Way Out Of Default
- Borrower Defense To Repayment

# **Income Driven Repayment Forgiveness (IDRF)**

# IDRF

- Forgives remaining balances for borrowers enrolled in an Income Driven Repayment plan after making 20-25 years of payments (depending on the plan and/or loan type).
- There is no employment requirement! You could be unemployed and still get credit toward the 20-25 years.

# What is an Income Driven Repayment (IDR) Plan?

- Income Driven Repayment plans were designed to help borrowers have manageable repayment plan options.
- Payments and payback period are based on Adjusted Gross Income (AGI), family size and tax filing status.
- IDR is the umbrella term and there are four plans:
  - Revised Pay As You Earn (**REPAYE**), Pay As You Earn (**PAYE**), Income Based Repayment (**IBR and IBR for new borrowers whose first loans were disbursed on or after July 1, 2014**) and Income Contingent Repayment (**ICR**).
  - Payments are usually based on the AGI from your last filed tax return unless your income at the time of applying is lower.
  - Plans must be recertified annually because they are based on your income.
  - You can apply for, recertify, recalculate or switch plans on [studentaid.gov](https://studentaid.gov).

# IDR Loan Forgiveness: How long do you have to make payments?

<b>Loan Type</b>	<b>Eligible After...</b>
PLUS Loans for parents (or 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

**Public Service Loan  
Forgiveness for individuals  
who work in the non-profit  
or government sectors.**

# PSLF

- Forgives balances for borrowers working for qualified employers after making 120 qualifying monthly payments (10 Years).
- MOHELA is the servicer managing the PSLF program. As a result, your loans would need to be with MOHELA. You can get your loans to MOHELA by filing your PSLF Employment Certification Form or if you need to consolidate, by selecting them as your servicer on the loan consolidation application.

# **The IDR Account Adjustment to the rescue!**

# IDR Account Adjustment and impact on IDRFB and PSLF

- The IDR Account Adjustment will allow more borrowers to get qualifying payment credit towards PSLF and IDRFB. Through this process, borrowers may get credit for the following:
  - Periods in repayment
  - Time spent in forbearance if they had 12 consecutive or 36 cumulative months in forbearance.
  - 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 will **NOT** get credit for time spent in an in-school deferment, grace period or default.
- For PSLF, you must still meet the employment requirement!

# When and how will credit be applied?

**Once you have Direct Loans, credit will be applied automatically between now and 2024!**

# Action Steps If Pursuing Income Driven Repayment Forgiveness (IDRF)

Make sure you consolidate commercially held FFELP, Perkins or HEAL loans by **December 31, 2023.**

When payments resume, be sure to enroll in an Income Driven Repayment Plan to continue accumulating credit towards the 20-25 years in repayment.

Track your progress. ED will provide a tracker on [studentaid.gov](https://studentaid.gov) that will give you the ability to monitor your progress towards IDRF.

# Action Steps If Pursuing Public Service Loan Forgiveness (PSLF)

You must have Direct Loans! Make sure to consolidate all non-Direct Loans such as FFEL or Perkins by **December 31, 2023**.

File the PSLF Employment Certification form for every qualifying employer you've had since 2007 **AFTER** the consolidation is complete. Use the PSLF Help Tool.

When payments resume, make sure you are enrolled in an Income Driven Repayment Plan accumulating qualifying payments.

- Commercially held FFELP and Perkins loans are not eligible for loan cancellation.
- If you need to consolidate these loans for PSLF, do it separately and keep your Direct loans eligible for cancellation if the program is allowed to proceed.

**Contact The EDCAP team at LawNY for help!**

**Total and Permanent  
Disability for individuals  
with a disability.**

# TPD



- Allows borrowers to discharge 100% of their debt 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. There is an income threshold requirement.
- Disability may be proven:
  - Through the Veteran’s Administration if you are a disabled vet.
  - Through Social Security if you are on SSDI.
  - By a physician’s certification.
- Applications are processed by Nelnet, even if you have a different servicer.
- Visit <https://www.disabilitydischarge.com/> for more information and to apply.

New rules taking affect in July 2023 will make it easier for borrowers to obtain and keep TPD Discharges.

**Fresh Start for loans in  
default.**

# Fresh Start Initiative: A path for borrowers in default in 2023!



- Borrowers with eligible defaulted federal student loans can bring their loans back into good standing and repair credit through an initiative called Fresh Start.
- Borrowers must take action to benefit:
  - If you plan to continue your education, apply for FAFSA and enroll in school at least half-time. Your loans will be transferred to a non-default servicer and placed in an in-school deferment after which the default will be removed from your credit reports.
  - Contact your debt collector (in most cases this will be the Default Resolution Group at 1-800-621-3115) or apply on your [myeddebt.ed.gov](https://myeddebt.ed.gov) account. Request that your loans be transferred to a non-default servicer and enroll in a long-term repayment plan after which the default will be removed from your credit reports.
  - Borrowers will have until one year after the payment pause ends to “opt-in”. Collection activities for eligible loans will remain suspended until the end of the Fresh Start Initiative.

**Borrower Defense to  
Repayment for individuals  
who were defrauded by  
their higher education  
institution.**

# BDR

- If your school misled you or engaged in other misconduct, you may be eligible for Borrower Defense to Repayment.
- You must have attended a school that engaged in misconduct, and you must have taken out federal student loans to attend that school.
- The BDR application process involves submitting a claim to the U.S. Department of Education (ED). ED will review your claim and determine whether you are eligible for loan forgiveness.
- The application process can be lengthy, but it's worth it if you're able to get your federal student loans discharged.

# Preparing for Payment Resumption and Loan Servicer Changes

# How to Prepare for Payment Resumption

1. **Update your contact information** with your loan servicer and with Federal Student Aid (FSA).
2. **Check your email and servicer In-Box** regularly for notifications.
3. **Know when your first payment is due after the Covid Forbearance expires and how much it will be.** Servicers are required to send notices at least 21 days before payment resumption.
4. **Prepare your bank account.** Auto Debit arrangements in place prior to March 2020 will have to be reestablished. Notify your servicer if your bank has changed. Make sure you have sufficient funds to cover payments.

# How to Prepare for Payment Resumption, (cont'd)

**5. Check your credit.** There should be no negative impact on your credit during the Covid Forbearance. You can get free credit reports weekly from Equifax, Experian and Transunion at [AnnualCreditReport.com](https://AnnualCreditReport.com) through December 31, 2023. Running your own credit report DOES NOT affect your credit score.

**6. Enroll in the right repayment plan.** There are two ways to pay back federal student loans:

- Standard/Traditional Plans-base payments on loan balance, interest rates and payback periods.
- Income Driven Repayment (IDR) plans-base payments on income, family size and tax-filing status.
  - If the Standard plan is too expensive, explore IDR options.

**7. IDR Recertification; be strategic!.** Borrowers who are eligible for the Covid Forbearance will not be required to recertify IDR plans earlier than six months after the payment pause ends. But if your income is lower now than it was in March 2020, you may benefit by recertifying before payments resume.

# Loan Servicer Changes

- **FedLoan Servicing** stopped servicing federal student loans in 2022. PSLF portfolios were transferred to MOHELA. All other accounts were transferred to other federal servicers.
- **Navient** transferred all loans directly owned by the Department of Education to Aidvantage last winter. This transition is complete. If your student loans are still with Navient, they are either commercially held FFELP or private loans.
- **Great Lakes** was acquired by Nelnet in 2018. They are in the process of transferring their accounts to Nelnet. The process started in March 2022, but it is unclear how long it will take them to finish the transition.

**Keep good records!** Download payment history, loan details, applications and important notifications from your in-box.

**What if things go  
wrong?**

# Filing and Escalating Complaints

- Submit a complaint to your servicer and in NYS to the Department of Financial Services: [dfs.ny.gov/complaint](https://dfs.ny.gov/complaint).
- Submit a complaint to the US Department of Education (ED) online at [studentaid.gov](https://studentaid.gov).
  - If you don't get a response or get a response you disagree with, you can escalate by filing a complaint to ED's Ombudsman Group through their [Online Feedback Center](#) or by calling **877-557-2575**.
- Contact us! We may be able to help.

# Resources

Quick Links To Key  
Resources

# Other Forgiveness-Cancellation-Discharge Programs

- **Teacher Loan Forgiveness (TLF):** Forgives up to \$17,500 in debt after meeting a 5-year service requirement. Most borrowers who are eligible for TLF are eligible for PSLF as well.
  - Borrowers cannot pursue TLF and PSLF at the same time.
  - Borrowers with low loan balances may eliminate most if not all debt through TLF faster than through PSLF.
  - Borrowers with high loan balances are usually better off pursuing PSLF because there is no limit to the amount of forgiveness received in that program.
- **Perkins Cancellation:** Up to 100% cancellation is offered to Perkins loan holders employed in certain fields or who meet other program requirements. Contact your school for more information.
- **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.

# Additional Information

- Covid Relief-Payment Pause Extension-Preparing for Payment Resumption
  - Visit [studentaid.gov](https://studentaid.gov).
- Student Loan Cancellation
  - Access the cancellation application (when/if available) at [studentaid.gov/debt-relief/application](https://studentaid.gov/debt-relief/application).
  - Visit [studentaid.gov](https://studentaid.gov) for the official announcement and [latest information](#).
  - [To get updates and information about the cancellation application, sign up sign up at the Department of Education subscription page.](#)
- Public Service Loan Forgiveness
  - [Information](#) about PSLF and Waiver (expired October 31, 2022).
  - [PSLF Help Tool](#) to generate the required Employer Certification and Application Form.
  - PSLF Employer Certification and Application Form ([in PDF](#))
  - Loan consolidation online [application](#).

# Additional Information, (cont'd)

- Income Driven Repayment Account Adjustment
  - [Federal Student Aid \(FSA\) Announcement](#)
- Repayment Plans
  - [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
  - If eligible, [apply](#) for loan cancellation when the application becomes available.
  - Learn about the [Fresh Start](#) initiative.
  - Apply for Fresh Start through your [myeddebt.ed.gov](#) account.

# Additional Information, (cont'd)

- Total and Permanent Disability (TPD) Discharge
  - Learn more about the [TPD program](#)
  - [TPD Applications \(PDFs\)](#)
  - File a TPD Application [online](#)
- Other Information
  - [Borrower Defense to Repayment \(BDR\)](#) (online and manual applications)
  - Guidance on [how to write a BDR claim](#)
  - [Teacher Loan Forgiveness](#)
  - [Perkins Cancellation](#)
  - US Department of Education Press Release: [2023 Rule Changes to relief programs](#)
  - Federal Student Aid (FSA) [Forms Library](#)
  - Federal Student Aid (FSA) [Announcements Page](#)

# Contact Information

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