Major Policy & Program Updates: Interest - Payments

- The recent debt ceiling bill codified the date for payments to resume:
  - Student loan interest will resume starting on Sept. 1, 2023, and payments will be due starting in October - student loan servicers will notify borrowers of their exact payment due date.
  - Confirm your servicer and contact information at StudentAid.gov.
- Time during payment pause counts towards Public Service Loan Forgiveness - providing a huge opportunity for eligible borrowers:
  - Beginning March 2020, for every month that payments have been paused, PSLF-eligible borrowers are able to accumulate a PSLF “qualifying payment credit” for that month.
  - Meaning eligible borrowers have the potential to receive 40+ “Free” PSLF credits (toward the 120 total needed) to achieve full forgiveness on remainder of loan balance - that’s almost 1/3 of the way closer without having to pay a dime!
Major Policy & Program Updates: One-Time Debt Relief

- President Biden’s Student Loan Debt Relief Plan is currently blocked - lawsuits preventing implementation are in the process of being appealed.
  - Program provides eligible borrowers with full or partial discharge of loans up to $20,000 to Federal Pell Grant recipients and up to $10,000 to non-Pell Grant recipients.
  - As of Nov 11, 2022, the Dept. of Ed paused accepting applications. If you have already applied, they will hold your application and there is no need to re-apply. If your application has been approved, you will receive email (subject: “Update on Student Loan Debt Relief and the Status of Your Application”)

- The Supreme Court began hearing oral arguments on debt relief on 2/28 to determine if the plaintiffs have standing (reason to sue) and if the Debt Relief program is legal
  - The Supreme Court justices will deliberate to determine the fate of the program. If they rule in favor of the plaintiffs, the program will not continue.
  - If the plaintiffs don’t have standing, OR if they rule in favor of the Biden Administration, the program will continue.
  - A decision is expected in the coming weeks
Major Policy & Program Updates: PSLF

- Lasting improvements to PSLF program will take effect July 1, 2023 - Extending the benefits provided under the “PSLF Limited Waiver”, these will help reduce barriers that have made it harder for borrowers to make progress to forgiveness, in particular:
  - Help borrowers earn progress to PSLF: credit for late, installment, lump sum payments; count forbearance and deferment towards PSLF; receive weighted average of existing payments on new consolidation loans
  - Simplify criteria to help certify employment: apply a standard of full-time employment at 30 hours per week; allow adjunct faculty to multiply credit hours by 3.35, allow contract workers to certify employment
Major Policy & Program Updates: Account Adjustments

- In April 2022, the Department announced one-time improvements to address longstanding problems faced by borrowers receiving credit toward forgiveness under income-driven repayment (IDR) plans and PSLF.
- To receive the credit toward IDR and/or PSLF loans must be Direct Loans or FFEL loans managed by the Department.
  - Borrowers with other types of federal loans must consolidate by the end of 2023. Credit toward PSLF requires the borrower to have certified qualifying employment that overlaps the same periods.
- These one-time improvements will adjust a borrower’s account by awarding credit for:
  - Any month in repayment, regardless of whether payments were partial or late, the loan type, or the repayment plan;
  - Any month in which loans were in an eligible repayment, deferment, or forbearance status prior to consolidation;
  - Months while a borrower spent at least 12 months of consecutive forbearance;
  - Months while a borrower spent at least 36 cumulative months in forbearance; and
  - Any month spent in deferment (exception for in-school deferment) prior to 2013.
- These adjustments are expected to take place early in 2024.
Major Policy & Program Updates: **Fresh Start**

- A new program designed to quickly bring borrowers out of default and back into good standing
  - Restored access to IDR, forgiveness, new aid
  - No more wage garnishment, no collections calls
- Borrowers with defaulted Direct, FFEL, or Perkins loans held by ED are eligible
- Borrowers need to “opt-in” via phone with respective collection agency in order to enroll in Fresh Start
- Process takes about 1 month to complete
Major Policy & Program Updates: New IDR Plan

- The Dept. of Ed will revise the REPAYE plan to lower monthly payments.
  - This new plan will be 5% of discretionary income for undergrad loans and 10% for graduate loans.
  - Borrowers with a mix of undergrad and grad will have a weighted amount based on loan types/balances between 5-10%
- Unpaid interest will also be covered, so loan balances won’t increase
- The new plan will raise the amount of income considered non-discretionary
  - No borrower making under 225% of the poverty level will have a student loan payment
- Borrowers with loan balances under $12,000 will receive forgiveness after 10 years instead of 20
- This new plan is expected to be implemented before payments resume
# RECAP: Important Upcoming Dates

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td><strong>Feb 28, 2023</strong></td>
<td>Supreme Court heard oral arguments on President Biden’s Debt Relief Plan</td>
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<tr>
<td><strong>June 2023</strong></td>
<td>- Expected Supreme Court decision on President Biden’s Debt Relief Plan</td>
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<td>- Expected release of new Income-Driven Repayment Plan</td>
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<td><strong>July 2023</strong></td>
<td>PSLF improvements take effect</td>
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<tr>
<td><strong>September 2023 – October 2023</strong></td>
<td>Interest Resumes - Student Loan Payments Resumes</td>
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<tr>
<td><strong>October 2023</strong></td>
<td>Student loan payments will be due</td>
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<td><strong>December 2023</strong></td>
<td>Deadline to consolidate loans in order to receive full benefits of the One-Time account Adjustments</td>
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<tr>
<td><strong>Early 2024</strong></td>
<td>One-Time Account Adjustments expected to take place</td>
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