Get Ready for Repayment

Federal Student Loans Resume

Greg Kerr, ECMC
Tamiko Spann, UOP

May 18, 2023

University of Phoenix®
CAREER WITH CONFIDENCE™

ECMC Solutions

Contents

–Identifying Loan Servicer
–Creating Online Accounts
–Repayment Plans
–Public Service Loan Forgiveness
–One-Time Account Adjustment
–New PSLF Regulations
–FSA Tools for Students

Identifying Loan Servicer

1. Go to StudentAid.gov
2. Click **Log In**
3. Enter **FSA ID Username**, **Email**, or **Mobile Phone**
4. Enter **Password**
5. Click **Log In**
6. Review and **accept** the disclaimer

Identifying Loan Servicer

While on your Dashboard, click on **View Details** in the **My Aid** section for more in-depth information including:

- Servicer(s) name and contact information
- Balance information
- Loan types
- Current repayment plan
- Next payment due date
- And more!

Creating Online Accounts

If you do not have an online account with your servicer yet, go to their website and click on **Register** or **Sign Up** to start the process. You will typically need to provide:

- Social Security Number
- Date of Birth
- Email Address

Creating Online Accounts

Loan Servicer	Website	Email
Aidvantage	Aidvantage.com	1-800-722-1300
EdFinancial	Edfinancial.com	1-855-337-6884
Great Lakes	Mygreatlakes.org	1-800-236-4300
MOHELA	Mohela.com	1-888-866-4352
Nelnet	Nelnet.com	1-888-486-4722
OSLA	Public.osla.org	1-866-264-9762

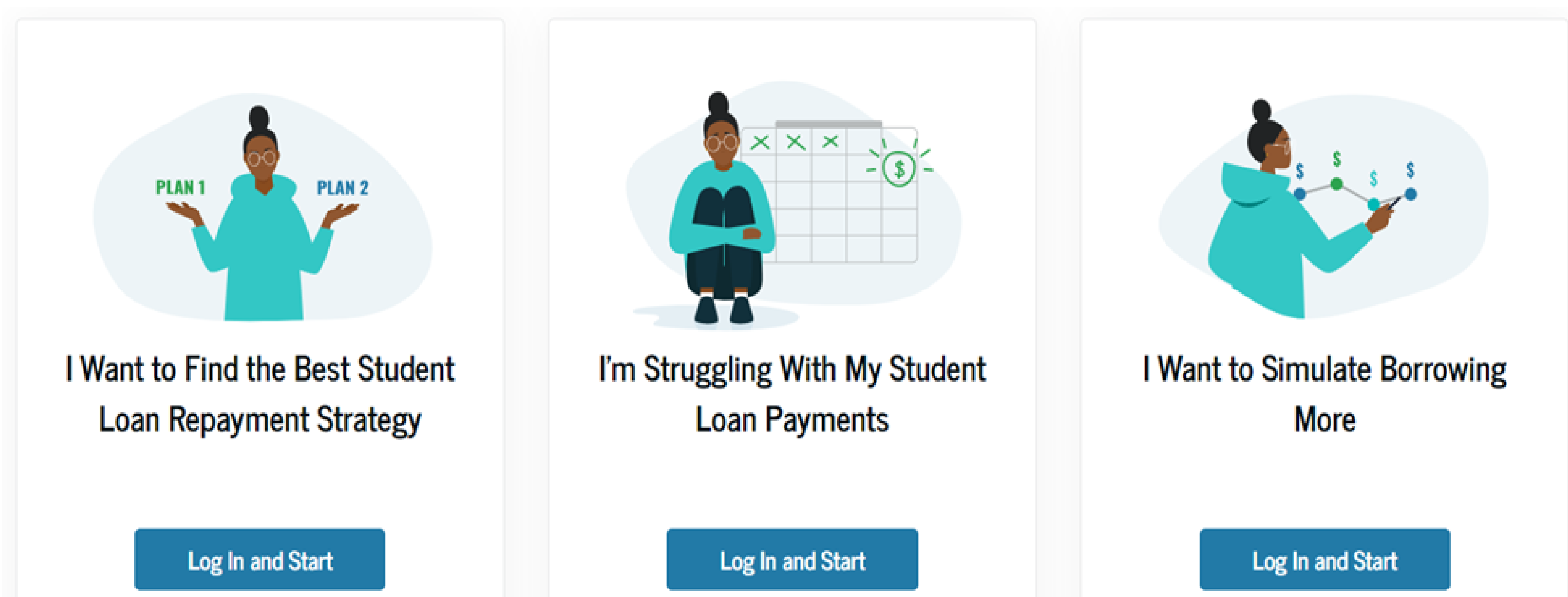
Repayment Plans

- Standard Plan
- Graduated Plan
- Extended Plans
- Income-Driven Repayment (IDR) Plans
  - Revised Pay As You Earn (REPAYE)
  - Pay As You Earn (PAYE)
- Income-Based Repayment (IBR)
  - Income-Contingent Repayment (ICR)

Repayment Plans

Loan Servicer	Website	Email
Aidvantage	Aidvantage.com	1-800-722-1300
EdFinancial	Edfinancial.com	1-855-337-6884
Great Lakes	Mygreatlakes.org	1-800-236-4300
MOHELA	Mohela.com	1-888-866-4352
Nelnet	Nelnet.com	1-888-486-4722
OSLA	Public.osla.org	1-866-264-9762

Public Service Loan Forgiveness



Qualifying Payments

- After October 1, 2007;
- Under a qualifying repayment plan;
- For the full amount due as shown on your bill*;
- No later than 15 days after your due date; and
- While you are employed full-time by a qualifying employer

**Paused payments during COVID-19 Forbearance may count!*

PSLF Resources

- PSLF Help Tool – Studentaid.gov/pslf
- Become a PSLF Help Tool Ninja article – Studentaid.gov/articles/become-a-pslf-help-tool-ninja/
- PSLF Information – Studentaid.gov/manage-loans/forgiveness-cancellation/public-service
- PSLF FAQ – Studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions

One-Time Account Adjustment

- Borrowers who have reached 240 or 300 months' worth of payment for IDR forgiveness
- Borrowers who have reached 120 months for PSLF
- Borrowers that have made qualifying payments that exceed the 20 or 25 year forgiveness thresholds will receive a refund for the overpayment

Payment Counts

- Any months in which you had time in a repayment status, regardless of the payments made, loan type, or repayment plan
- 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance
- Months spent in deferment prior to 2013 (with the exception of in-school deferment)
- Any time in repayment prior to consolidation on consolidated loans

How to Qualify

- FFEL, Perkins, Health Education Assistance Loan (HEAL) Program, or other non-Direct Loan loans should apply for a Direct Consolidation Loan by the end of 2023

- Borrowers with loans in default may be able to benefit by getting out of default before the end of 2023

- Complete your PSLF Form using the PSLF Help Tool at https://studentaid.gov/pslf

- Update your employment certification history to reflect all periods of public service employment

New PSLF Regulations

- Receive credit for payments that satisfy the monthly payment amount due that are made late, in installments, or in a lump sum
- Certain periods in deferment and forbearance will count
- Borrower will receive a weighted average of existing qualifying payments toward PSLF if they consolidate their Direct Loans
- Qualifying employers can certify the employment of contract employees providing services that by State law cannot be filled or provided by direct employees of the eligible employer

FSA Tools for Students

- Manage Loans – Studentaid.gov/h/manage-loans
- Complete Exit Counseling – Studentaid.gov/exit-counseling/
- Understand Loan Repayment – Studentaid.gov/manage-loans/repayment
- Find Your Loan Servicer – Studentaid.gov/manage-loans/repayment/servicers

FSA Tools for Students

- Estimate Your Payments – Studentaid.gov/loan-simulator
- Choosing a Repayment Plan – Studentaid.gov/manage-loans/repayment/plans
- Understand Loan Forgiveness – Studentaid.gov/manage-loans/forgiveness-cancellation
- FSA Help Center – Studentaid.gov/help-center/answers/landing

What’s going to happen once repayment resumes?

- Repayment on loans that have been in administrative forbearance since March 2020 will resume 60 days after June 30 (or earlier depending on the SCOTUS ruling about forgiveness)
- Interest rates will most likely be reset from 0% to the rate prior to the forbearance
- Auto-debit will **not** automatically resume. Students will have to sign up again with their servicers
- Delinquent loans will reset to day 0

Fresh Start

- Defaulted loans reset to zero. Credit reports adjusted.
- Defaulted students regain Title IV eligibility.
- No details around timeline.
- Old defaulted loans that get a fresh start will not lower your previous CDRs.
- Will delinquent and defaulted students find themselves in the same situation?

Loan Forgiveness

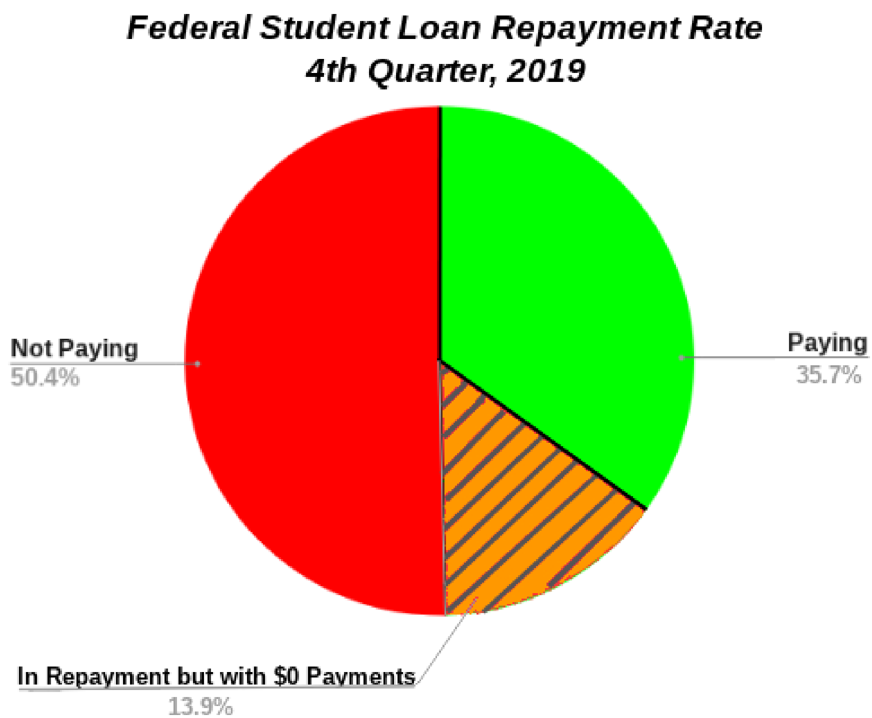
- $10,000 of loan balance forgiven. An additional $10,000 if the borrower received a Pell Grant
- Applies to Parent PLUS too
- Driven by income
- Estimated 37,000,000 are eligible to receive forgiveness. Over 22,000,000 applied
- AZ: 496,000 applied for loan forgiveness; 314,000 had applications approved prior to pause
- Will students risk delinquency and default for forgiveness even if they will still have a balance?

1. Cohort default rate

“Do we really need to consider action since the student loan pause has been extended and because of Fresh Start? This won’t impact our CDR for years.”

Prior to pandemic, 64.3% of borrowers were not making payments.

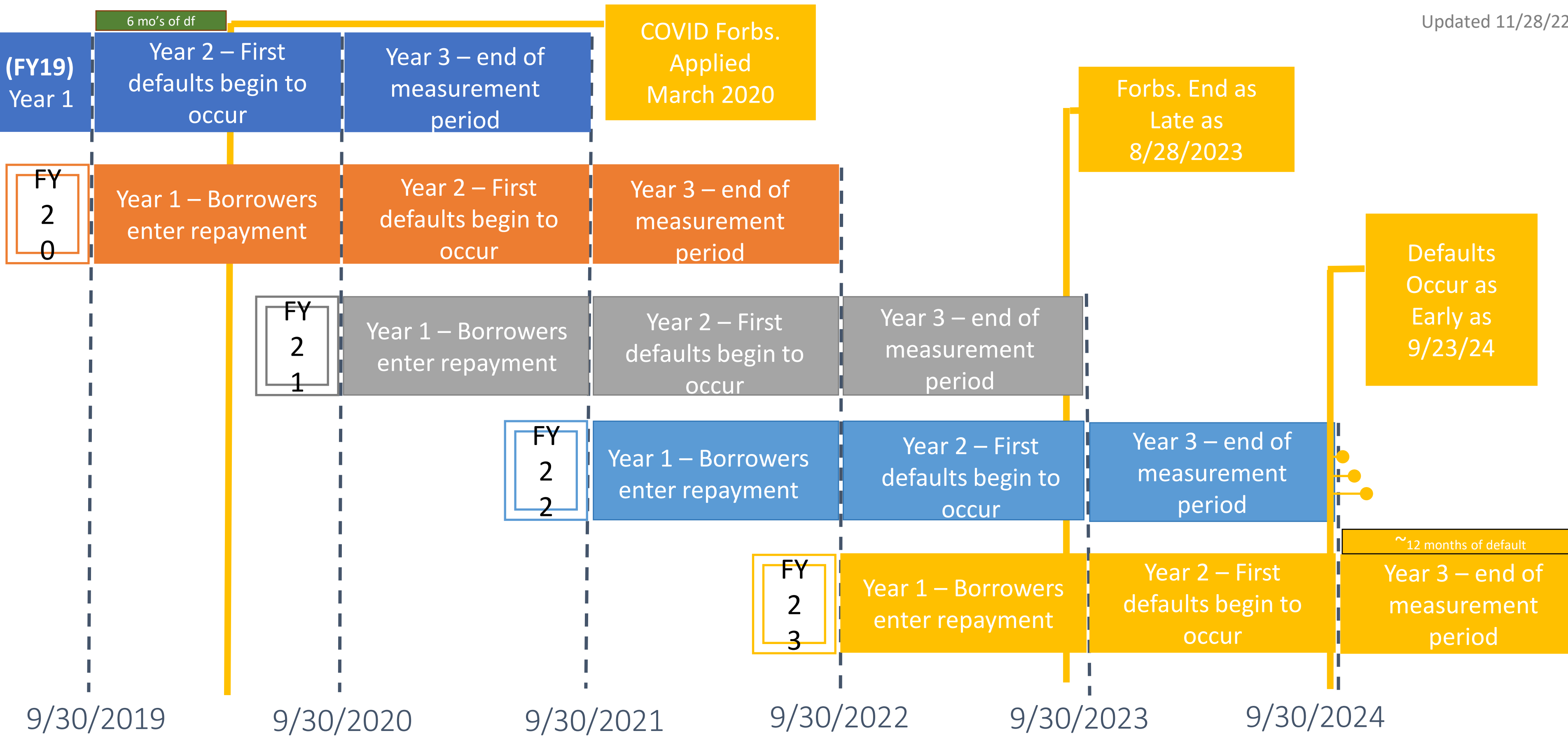
Taking into account deferment, grace and forbearances, it's 57%.



Source: Dept of Education

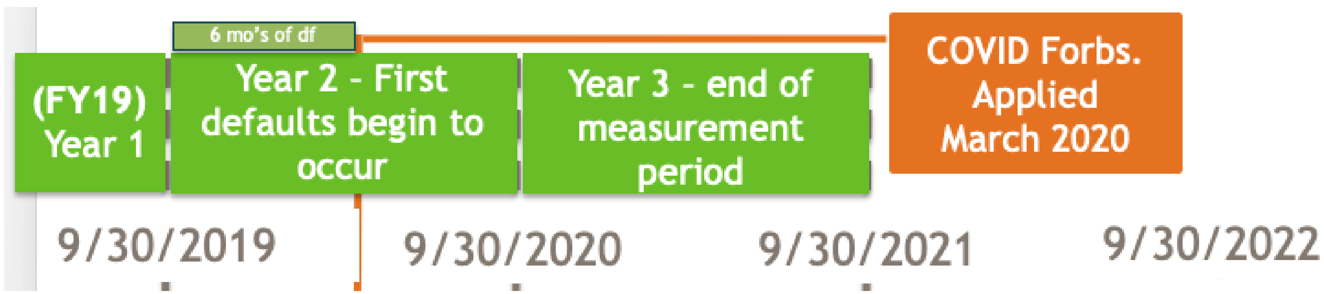
ECMC

Solutions



Solutions

FY19

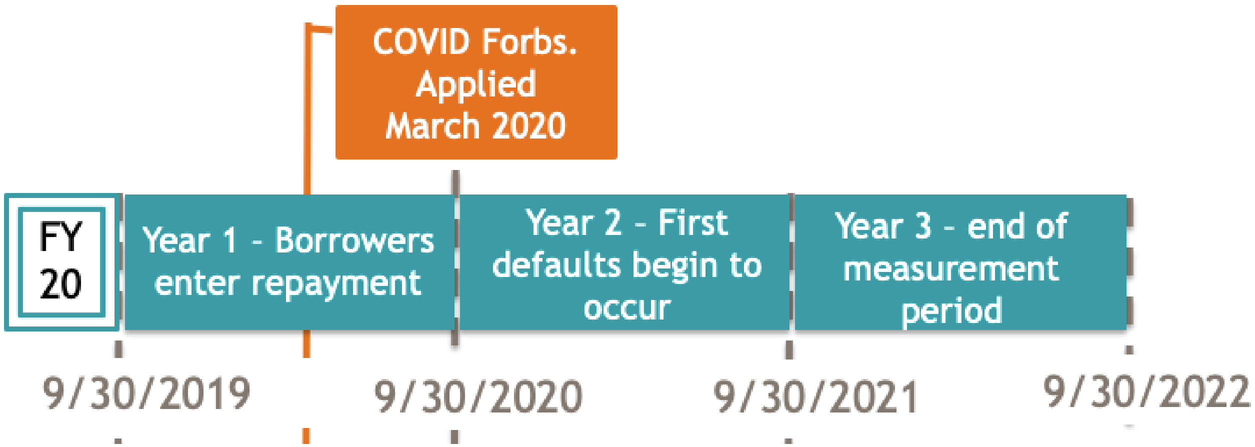


- Due to the suspension of payments on loans being extended multiple times, the window of opportunity to default never re-opened before the close of this cohort 09/30/2021. This results in a lower than normal CDR for the majority of schools. This should be reflected in your most recently published CDRs for FY19

- FY19, there was only a 6-month window where defaults occurred, compared to the 24 months we normally experience in a 3YR cohort.

Solutions

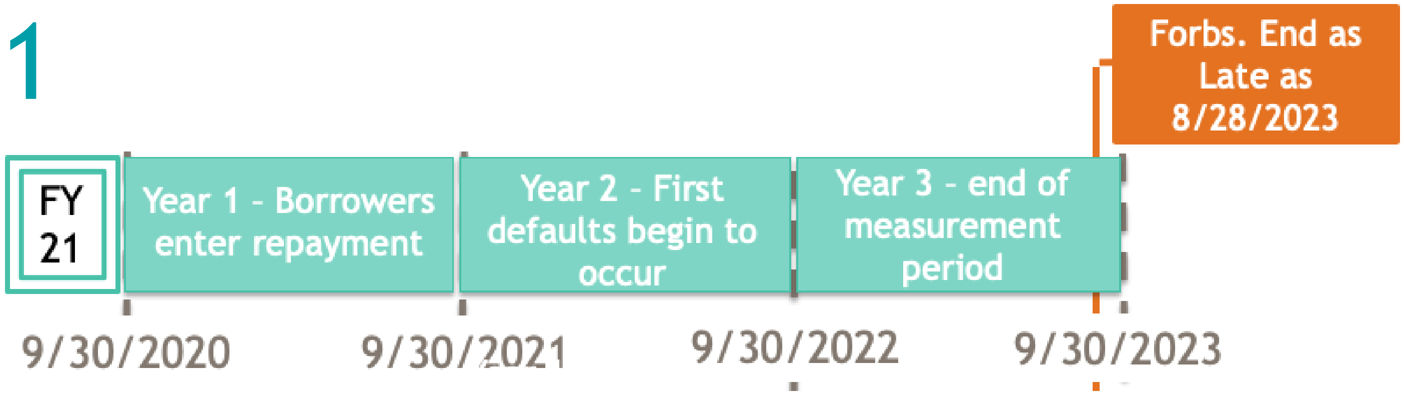
FY20



- Forbearance applied in the middle of FY20’s first year. During the first year of a cohort, defaults do not occur because students have not experienced a year’s worth of being delinquent in order to reach that default status.
- Window for defaults to occur never opened up
- Students MAY end up defaulting but it'll be outside of FY20's 3 YR calculation
- This results in a 0% CDR unless the department changes the calculation in some sort of way.

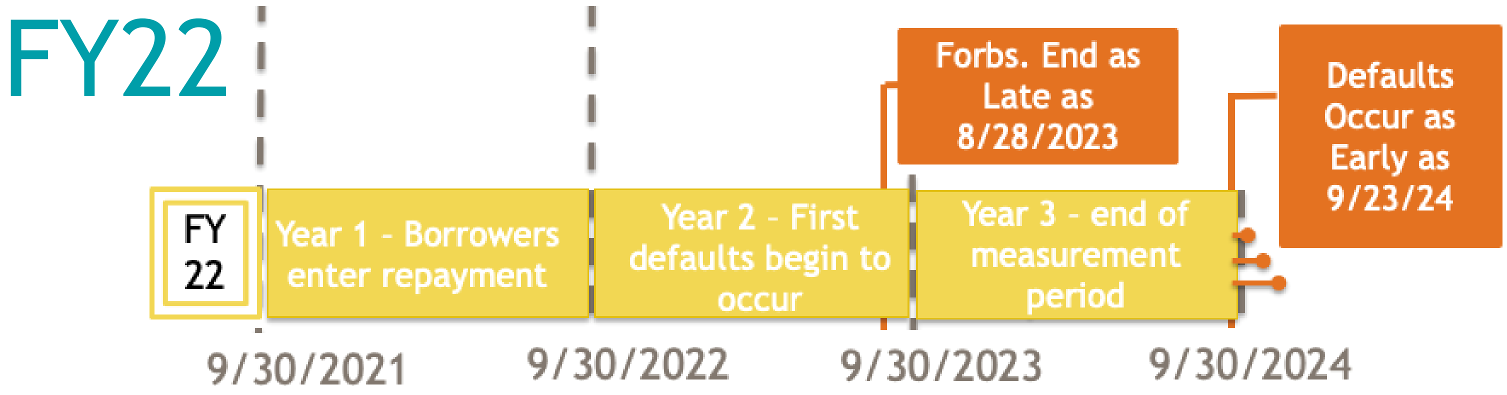
Solutions

FY21



- Forbearance was applied in the middle of FY21's first year. During the first year of a cohort, defaults do not occur because students have not experienced a year's worth of being delinquent in order to reach that default status.
- Window for defaults to occur never opened up
- Students MAY end up defaulting but it'll be outside of FY20's 3 YR calculation
- This results in a 0% CDR unless the department changes the calculation in some sort of way.

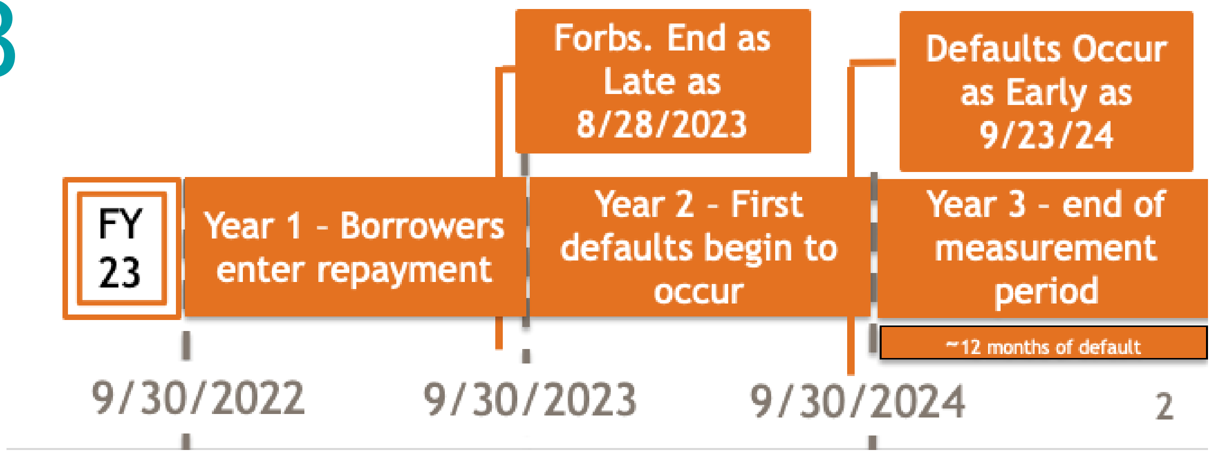
Solutions



- If we assume the forbearance ends June 30, 2023, payments will be due 60 days later - that means will go out 8/28/23 with a payment due date at 09/27/2023.
- If we take this date and start the clock on 360 days of delinquency until default, the first possible date in this scenario for defaults to occur would be 09/27/24
- Note: when forbearances are lifted, everyone will be resuming repayment AT THE SAME TIME. The students that belong to FY22 specifically, have never had to take any sort of payment action on their loans before.

Solutions

FY 23



- Finally, let’s talk about FY 23. We are still anticipating this cohort to be impacted significantly because like FY22, students belonging to FY23 would have departed from your institution during the pandemic. As seen on this timeline, there will be an ~12-month window where defaults can occur. We are anticipating a large group of students to behave similarly as just discussed in FY22 – cycle through delinquency together and default right when that default window opens up – but the added challenge that we have with this cohort is that the window for additional defaults to occur is MUCH longer.

2. Students aren't prepared for this

According to a survey by studentdebtcrisis.org (Nov. 2021), 89% of students aren't financially secure enough to resume payments. 21% believe they will never be financially secure to repay their student loans

45% say their financial wellness is currently poor/very poor vs. 25% said this was the case prior to the pandemic

“…many of them (borrowers) don’t have assets sufficient to bail them out during the pandemic. They don’t have friends or families or others who can help make these payments. **The evidence is clear that many of them will have to default.**”-Supreme Court Justice Sonya Sotomayor, February 28, 2023

3. Students are also confused

- Who is my servicer now?
- What do I need to do?
- Loan forgiveness expectations
- Which loans are impacted?
- How? When? Who? Where? Help!

Call to action

- Outreach, inform, clarify, demystify
- Talk to your administration now
- Don’t wait until repayment resumes. **Inform them now.**
- Use student workers, social media
- This will benefit not just your CDR, but student success as well.