

o o o o



Loan Forgiveness

o o o o



INvestEd - Who are we?

- **Indiana based nonprofit established in 1980 with the mission:**
 - Provide Hoosiers the tools they need to put education beyond high school within reach & limit student loan debt
- **Offer FREE education planning assistance**
 - Over 800 events across the state
 - Over 36,000 attendees at events
 - Over 10,500 individuals helped
 - Over 1,400 FAFSA's filed



We'll Discuss

- Latest Developments
- Loan Forgiveness Proposal
- Loan Repayment
- Help Available



Latest Developments





Payment Pause - Extended

Student Loan Payment Pause Extended

The student loan payment pause is extended until the U.S. Department of Education is permitted to implement the debt relief program or the litigation is resolved. Payments will restart 60 days later. If the debt relief program has not been implemented and the litigation has not been resolved by June 30, 2023 — payments will resume 60 days after that. We will notify borrowers before payments restart.



Federal Student **Aid**

An OFFICE of the U.S. DEPARTMENT of EDUCATION



PERSONAL FINANCE

Biden's student loan forgiveness plan heads to the Supreme Court. How that affects the payment pause

PUBLISHED FRI, FEB 3 2023•1:26 PM EST | UPDATED FRI, FEB 3 2023•2:19 PM EST



Annie Nova
@ANNIEREPORTER



How ending the COVID emergency will complicate the fight over student-loan forgiveness



By James Romoser
on Feb 6, 2023 at 8:51 am

SCOTUSblog

INDEPENDENT NEWS & ANALYSIS
ON THE U.S. SUPREME COURT





Debt Relief Heads to Supreme Court

- **Supreme Court indicated it would hear oral arguments the end of February**
- **Online application process halted**
 - U.S. Department of Education stopped accepting applications
 - Previously received applications being held pending the litigation





Possible Outcomes



Loan Forgiveness Proposal





Biden announces student loan relief for borrowers making less than \$125,000

By [Phil Mattingly](#), [Katie Lobosco](#) and [Maegan Vazquez](#), CNN

Updated 8:44 PM ET, Wed August 24, 2022



PERSONAL FINANCE

Here's how up to \$20,000 in student loan forgiveness could affect your credit score and ability to borrow

PUBLISHED SUN, SEP 4 2022•8:00 AM EDT | UPDATED SUN, SEP 4 2022•4:58 PM EDT



Annie Nova
[@ANNIEREPORTER](#)





PERSONAL FINANCE • EDITORS' PICK

Biden's Student Loan Forgiveness Could Be Taxable In Some States

Adam S. Minsky Senior Contributor @

I'm an attorney focused on helping student loan borrowers.

Forbes

AP

Indiana will tax loan forgiveness, similar to other states

By ARLEIGH RODGERS yesterday






Targeted Debt Relief

Announced: August 24, 2022

- Repayment pause extended
- Loan forgiveness
- Student loan repayment proposals
 - Proposing new income-driven repayment plan
 - Expand payments counting for Public Service Loan Forgiveness (PSLF)





The Biden Administration's Student Loan Debt Plan

FORGIVING DEBT	
\$20,000 if you went to college on Pell Grants	\$10,000 if you didn't receive Pell Grants
Forgiveness only applies to those earning less than \$125,000	
Student loan pause extended one final time through Dec 31, 2022	

PAYMENT BASED ON INCOME
If you have undergraduate loans, you can cap repayment at 5% of your monthly income



Loan Forgiveness

Relief amount tied to Pell grant

- Pell grant borrowers eligible for up to \$20,000
- Non-Pell grant borrowers eligible for up to \$10,000

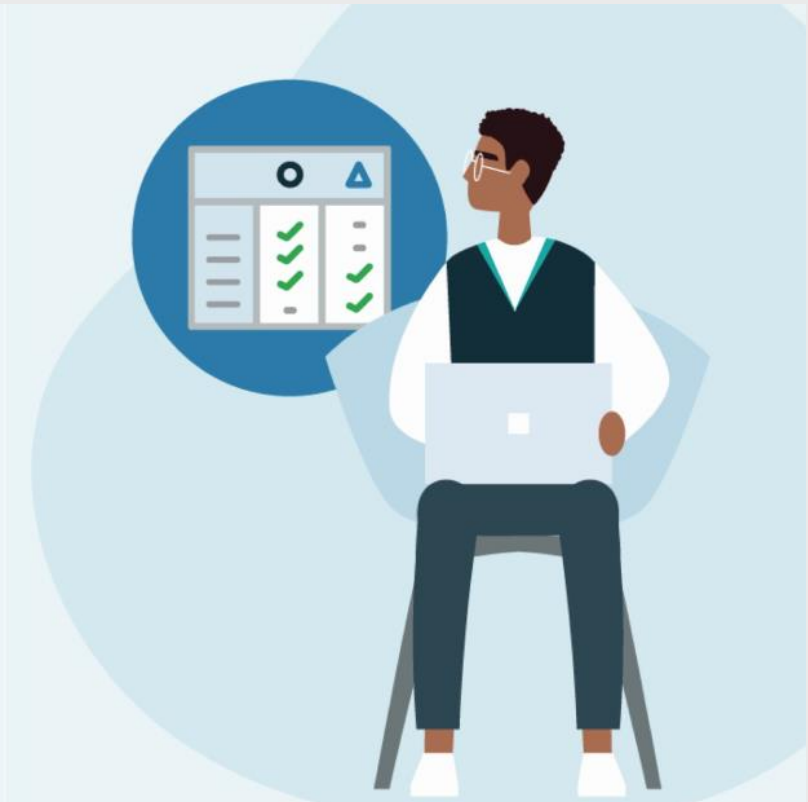
Annual federal income limits (2020 or 2021 AGI)

- Below \$125,000
 - Individuals or Married filing separately
- Below \$250,000
 - Married filing jointly or head of household

Dependent student's eligibility most likely based on parent tax information



Get up to **\$20,000**
in federal student
loan debt relief
based on your
income.





Loan Forgiveness – Eligible Loans

- **Direct loans**
 - Undergrad & Grad
 - Parent PLUS & Grad PLUS
- **Consolidation Loans**
- **FFEL & Perkins loans held by ED**
- **Defaulted loans**
 - Direct (sub, unsub, PLUS, Grad PLUS)
 - FFEL & Perkins (held by ED)



All loans must have an outstanding balance as of June 30, 2022 to be eligible





Eligible Loans - UPDATED

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

This means that subsidized loans, unsubsidized loans, parent PLUS loans, and graduate PLUS loans held by ED are eligible. Consolidation loans are also eligible for relief, as long as all of the underlying loans that were consolidated were ED-held loans and were disbursed on or before June 30, 2022. Additionally, consolidation loans comprised of any FFEL or Perkins loans not held by ED are also eligible, as long as the borrower applied for consolidation before Sept. 29, 2022.





Suggested Actions for Borrowers

Login to dashboard at studentaid.gov

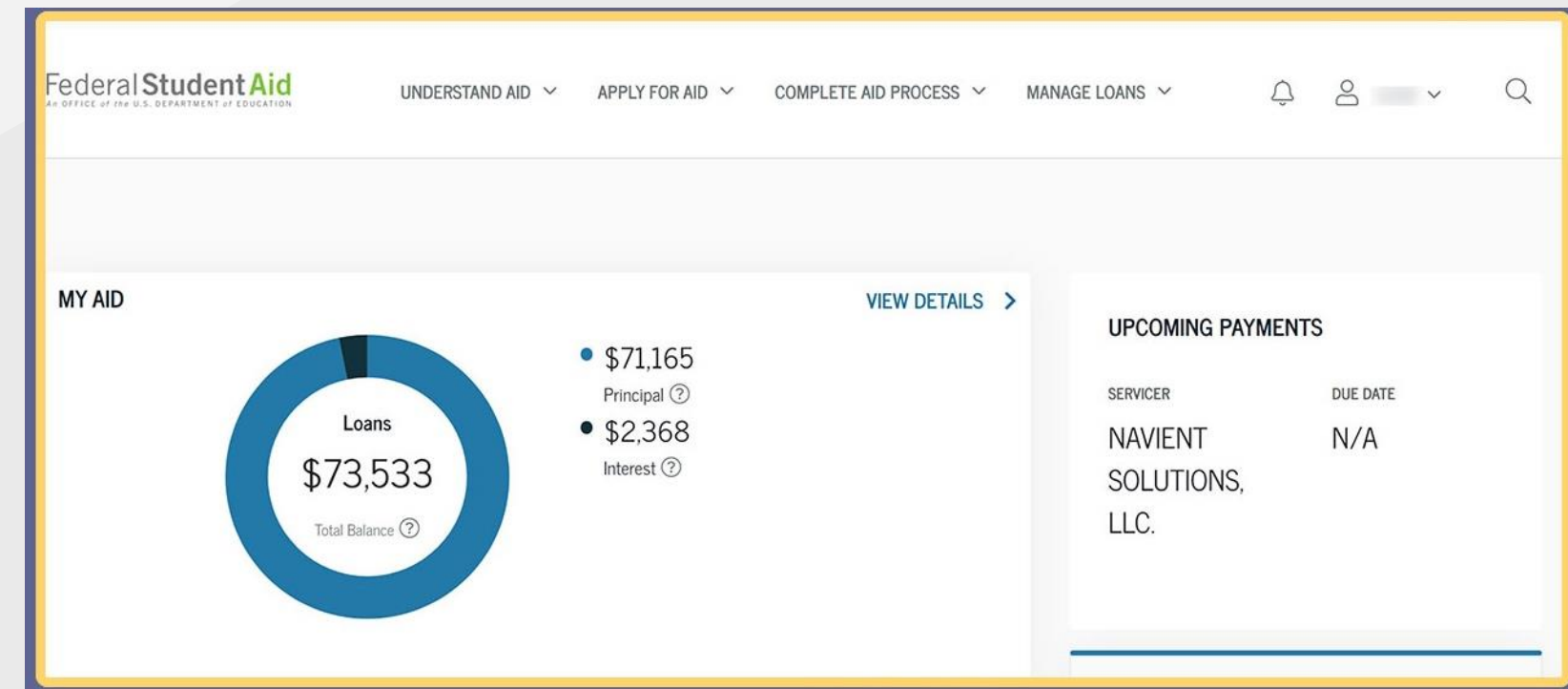
- Review loan status, amounts, rates & servicer
- Update any contact info

Sign up at ED's subscription page

- Select “Federal Student Loan Borrower Updates” option

Check out FAQ pages on studentaid.gov

- One-time federal student loan debt relief
- Student loan payment pause



Loan Repayment





Federal Loan Repayment Options

Basic repayment plans

- Standard (10 years)
- Graduated (10 years)
- Extended (up to 25 years)

Income-driven repayment plans

- Various plans that set monthly payment based on income and family size
- Renew eligibility and monthly payment each year





Income-Driven Repayment Plans

Monthly payment determined by income & family size:

- 10-20% of discretionary income
- Borrower certifies both annually



Other highlights

- Typically extends repayment to between 20-25 years
- At end of repayment period the balance is forgiven but could be counted as taxable income





Public Service Loan Forgiveness


Benefits

- After 120 payments – remaining loan balance is forgiven
- Amount forgiven isn't counted as taxable income for borrower

PSLF Help Tool

- Better understand the program & what is needed to participate
- Assesses if borrower works/worked for a qualified employer





Using the PSLF Help Tool

Use the PSLF Help Tool to search for a qualifying employer, learn what actions you may need to take to become eligible for PSLF or TEPSLF, and generate the form you need. Each time you submit a form, we will evaluate your eligibility for forgiveness, and provide that forgiveness to you if you are eligible. After you submit your form, if you have Direct Loans and work for a qualifying employer, you will receive a count of the number of qualifying payments you have made toward both PSLF and TEPSLF from MOHELA.

For the best experience using this tool, we strongly recommend that you read [Become a Public Service Loan Forgiveness \(PSLF\) Help Tool Ninja](#) before getting started.

The PSLF Help Tool has been modified to align with the conditions under [COVID-19 relief measures](#) and the limited PSLF waiver through Oct. 31, 2022. To get the most accurate information, make sure to carefully read any section titled "Special Notice for the COVID-19 Emergency" and [check out the limited PSLF waiver announcement](#).

Learn more about [PSLF](#) and [TEPSLF](#).

[Log In To Start](#)
Search for Qualifying Employers

studentaid.gov/pslf



Understanding The Options

Federal loan simulator can help

- Review the repayment plans a borrower may be eligible for
 - Getting ready to restart repayment
 - Struggling with payments
- Check out impact of suspending payments or paying extra
- Explore impact of borrowing more



studentaid.gov



I Want to Find the Best Student
Loan Repayment Strategy



I'm Struggling With My Student
Loan Payments



I Want to Simulate Borrowing
More



Private Student Loan Repayment

Borrowers with non-federal student loans

- Not eligible for federal options:
 - Payment pause
 - Possible loan forgiveness
 - Income driven repayment plans
- Work with loan servicer for repayment options
- Consider private loan refinance
 - Possibly lower interest rate, monthly payment or both



Help Available





INvestEd's Student Loan Checkup

Help borrowers identify

- Federal vs. private loans
- Balances, interest rates, length of terms & servicer
- Goals for repayment

Discuss options so borrower can make educated decisions

- View federal repayment options using loan simulator
- Pros & cons of refinancing loans including possible savings





Keys to Successful Repayment

- **Understand the options**
 - Federal loans different than private loans
- **Identify a repayment goal & budget appropriately**
- **Communicate with loan servicer**
 - Life happens
 - Avoid delinquencies & default
- **Review regularly & ask questions**





Bill Wozniak

317.715.9002

wwozniak@INvestEdIndiana.org