

# Empowering Your Future: Managing Student Loan Debt

Presented by **Nassau Suffolk Law Services** and the Education Debt Consumer Assistance Program (EDCAP)

August 28, 2024



# Agenda

- About [Nassau Suffolk Law Services](#)
- Three Strategies for Tackling Student Debt: What's yours?
- Legal Challenges
- Repayment Options
- Exploring Forgiveness, Cancellation, and Discharge
- IDR Account Adjustment
- Fresh Start
- Private Loans
- Additional Resources/ Relevant Links

# Nassau Suffolk Law Services

## *Who we are, what we do...*

- .Over 6,000 legal cases each year
- . Direct representation, phone consultations
- . Brief service or referrals
- . Offices in Hempstead, Islandia, Riverhead
- . Case handling staff includes attorneys, paralegals and social workers
- . Partnerships with Community Agencies



# Nassau Suffolk Law Services

## Contact Information:



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

### **Hempstead:**

1 Helen Keller Way 5th Fl  
Hempstead NY 11550  
(516) 292-8100

### **Islandia:**

1757 Veterans Hwy Ste 50  
Islandia NY 11749  
(631) 232-2400

### **Riverhead:**

400 W. Main St Ste 200  
Riverhead, NY 11901  
(631) 369-1112

# Nassau Suffolk Law Services



## Our Programs:

### Family

- Domestic Violence Family Court Project (Suffolk)
- Child Support Project (Suffolk)

### Housing

- Civil Unit (Eviction Prevention)
- Foreclosure Project

### Disability & Health-Related Projects

- HIV Unit
- Mental Health
- ICAN - Advocates in Managed Long-Term Care
- Education and Disability Rights (Special Education and Rights of Developmentally Disabled)
- Disability Advocacy Project (SSD/SSI Appeals)

### Other

- Consumer Debt (including Education Debt)
- Veterans Rights
- Civil Rights Project
- Public Benefits
- Adult Care Facility Unit
- Senior Citizen Law Project (Nassau)
- Pro Bono Project (Suffolk)
- Volunteer Lawyers Project (Nassau)
- Community Legal Help Project

# Nassau Suffolk Law Services



Legal Support Center for Advocates:

## **Legal Support Center for Advocates:**

Advocates call (631) 232-2400 for  
assistance:

Sharon Campo - x3368

Cathy Lucidi - x3324

Hannah Fitzpatrick- x3343

- Provide Technical Support to Advocates
- “Advocates” include legislative staff, social workers, outreach workers, medical personnel, and guidance counselors
- Host Community Trainings
- Publish Newsletters

# Nassau Suffolk Law Services



## Upcoming Important Dates

### **Legal Support Center for Advocates**

#### **Presentation: Understanding the Importance of Advanced Care Directives**

September 13<sup>th</sup>, 2024 1:00 to 2:00pm

#### **Learn About Law Services: Volunteer Lawyers Project and Nassau Community Legal Help Project**

September 17<sup>th</sup>, 2024 1:30 to 2:00pm

#### **To Register Visit**

<https://www.nslawservices.org/important-dates/>



## Save the Date

### **Legal Resource Fair**

Tuesday, October 22, 2024

Brentwood Public Library

5:00-8:00pm

### **Legal Services of Long Island Open House**

Thursday, November 7th, 2024

Islandia, NY

4:00-6:30pm

RSVP to Cathy at [clucidi@nsls.legal](mailto:clucidi@nsls.legal)



# LEGAL SERVICES OF LONG ISLAND

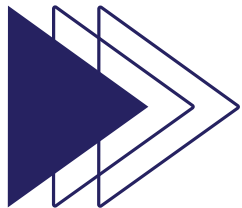
Formerly Known as Nassau Suffolk Law Services

Where  
Dignity  
Meets Justice

**Name Change  
Coming Soon...**



# What's your strategy?



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

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

# Legal Challenges

# Court Challenges to SAVE

- Lawsuits led by two states (Kansas and Missouri) were recently filed challenging the Biden Administration's SAVE plan.
- A federal appeals court blocked the Department of Education from enrolling borrowers in the SAVE plan or offering forgiveness through that plan until the legal issues are resolved. This could be months or longer.
- Borrowers currently enrolled in SAVE are being placed in a non-interest-bearing forbearance. Time spent in this forbearance will not qualify for forgiveness.
- Online IDR and loan consolidation applications are not available at this time. Borrowers can submit paper applications for all four IDR plans but expect long delays in processing. SAVE applications won't be processed until legal issues are resolved.
- The Court ruling affects other features of the IDR system (treatment of retroactive credit when consolidating loans for certain forgiveness programs, which IDR plans are available, etc.)

# Potential Outcomes

- **Best Case Scenario:** Court cases are rejected and all features of SAVE, and related regulations are available including:
  - Reduced payments for borrowers with any undergraduate school loans.
  - Shortened path to forgiveness for borrowers whose original loan balances were low.
  - More periods of forbearance and deferment count towards IDR Forgiveness.
  - Borrowers consolidating Direct and/or FFEL loans will not lose retroactive credit towards IDR forgiveness (IDRF).
- **Worst Case Scenario:** Courts rule the SAVE plan and the entire regulation is illegal.
  - IDR program reverts to pre-SAVE rules.
  - Most likely-Borrowers enrolled in SAVE will be transitioned to REPAYE (SAVE's predecessor).
  - Payments will increase across the board.
  - Borrowers consolidating Direct and/or FFEL loans for IDRF will reset the forgiveness count to zero.

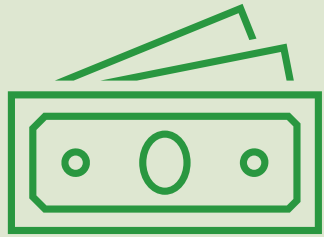
# Potential Outcomes, (cont'd)

- **The Middle Ground:** Courts allow some features of SAVE to move forward but eliminate other features. Possible outcomes:
  - SAVE remains the cheapest option for most borrowers but reduced payments for those with any undergraduate school debt is not allowed.
  - No shortened path to IDR Forgiveness. Borrowers will have to pay for 20-25 years to qualify.
  - Other rules that are part of the SAVE regulation are left intact (i.e., borrowers don't lose retroactive credit towards forgiveness when consolidating).

# Navigating the Current Environment

- Litigation has introduced a lot of uncertainty into the system.
- Err on the side of caution. Seek advice before doing anything complicated right now like consolidation.
- Stay informed. For updates on legal developments visit:
  - Federal Student Aid (FSA)-[SAVE Plan Court Actions](#)
  - Department of Education- [Updates on SAVE](#)

# Repayment Options



# Choosing the right repayment plan

	Traditional Repayment Plans	Income Driven Repayment Plans
Pros	<ul style="list-style-type: none"> <li>• More predictable payments.</li> <li>• Shorter repayment period in some cases, potentially paying off loans faster.</li> <li>• No recertification or income verification.</li> <li>• Best suited for those with high income relative to their debt.</li> </ul>	<ul style="list-style-type: none"> <li>• Affordable payments based on income.</li> <li>• Loan forgiveness after 10-25 yrs of payments.</li> <li>• Required for other forgiveness programs.</li> <li>• Can adjust payments when income changes.</li> <li>• Best suited for those with high debt balances and low-moderate income or for people pursuing certain forgiveness programs.</li> </ul>
Cons	<ul style="list-style-type: none"> <li>• Higher monthly payments, potentially challenging for those with limited income.</li> <li>• Limited flexibility in adjusting payments.</li> <li>• No forgiveness.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual renewal &amp; income verification required.</li> <li>• Potential interest accumulation over extended repayment period.</li> <li>• Longer repayment period, extending time to become debt-free.</li> </ul>
Plan Names	<ul style="list-style-type: none"> <li>• Standard</li> <li>• Extended</li> <li>• Graduated</li> </ul>	<ul style="list-style-type: none"> <li>• Savings for a Valuable Education (SAVE)</li> <li>• Pay As You Earn (PAYE)</li> <li>• Income-Based Repayment (IBR)</li> <li>• Income-Contingent Repayment (ICR)</li> </ul> <p><b>IDR Plan options subject to change</b></p>



# SAVE plan-Continued Availability Pending Litigation

- **Cost-Effective:** SAVE replaces REPAYE as the cheapest option for most borrowers.
- **Interest Subsidy:** Interest won't accumulate if your required payment does not cover it.
- **Forgiveness Component:** Borrowers with original loan balances up to \$12,000 may receive forgiveness after 10 years. Additional years of repayment added for every extra \$1,000 borrowed, up to 20-25 years.
- **Spousal Income:** Spousal income is excluded when borrowers file taxes separately.
- **Eligibility:** All Direct Loan holders qualify for SAVE except those with Direct Parent Plus loans.
- **Consolidation Option:** Borrowers with non-Direct loans (e.g., FFELP, Perkins, or HEAL) can consolidate to access SAVE.
- **Direct Parent Plus Loans:** Not eligible for any IDR plans but may be consolidated to access the ICR plan. Visit the EDCAP [website](#) for Parent Plus loan management.

# The “On-Ramp”

- The “On-Ramp” is a grace period during which borrowers can elect to skip payments without major financial repercussions:
  - No late fees will be incurred.
  - Missed payments will not be reported to the credit agencies.
  - No risk of default.
- This option ends September 30, 2024 (subject to change).
- Missed payments will not count towards forgiveness.
- Borrowers will get delinquency notices.

If you can find an affordable payment plan, you should enroll and start making payments now.

# **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](http://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.

Learn more at [Student Loan Forgiveness Options - EDCAPNY.org](http://StudentLoanForgivenessOptions-EDCAPNY.org)

# Changes to PSLF Servicing



- Starting July 2024, the PSLF qualifying payment count will be managed directly by the Department of Education.
- PSLF Trackers are now available on Federal Student Aid at [studentaid.gov](https://studentaid.gov). Access to the Tracker can be found on your Dashboard under “Quick Links”.
- The Department of Education is processing PSLF Certification Forms filed electronically.
- Visit [studentaid.gov](https://studentaid.gov) for instructions on how to submit manually signed forms.
- Expect processing delays!

# **The IDR Account Adjustment:**



**Deadline was June 30, 2024!**

# IDR Account Adjustment gets you closer to eliminating your debt

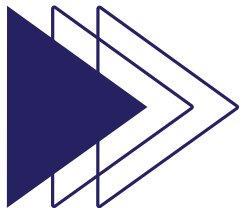
- The IDR Account Adjustment opens doors for more borrowers to qualify for payment credit towards Public Service Loan Forgiveness and Income Driven repayment Forgiveness **even if no payments were made or they were not enrolled in an IDR Plan.**
- You may get additional credit for...
  - Periods in repayment
  - Time spent in forbearance of 12 consecutive or 36 cumulative months
  - Most deferments prior to 2013, economic hardship deferments from 2013 or later
  - Months prior to loan consolidation!
- Borrowers with Direct or ED Held FFEL Loans will get the benefit of this program automatically and will be notified later this year of their qualifying payment credit.
- IDR Forgiveness trackers may be available on your FSA account later this year.
- If you missed the deadline for consolidation, seek expert advice.

# Fresh Start



# Fresh Start Initiative

- 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:
  - Continuing your education?: File the Free Application for Federal Student Aid (FAFSA) and enroll in school at least half-time. Your loans will be transferred to a non-default servicer and default history will be removed from your credit report.
  - Not going back to school? 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 account. Your loans be transferred to a non-default servicer. You must enroll in a repayment plan after which the default history will be removed from your credit reports.
- If you consolidate your loans during the Fresh Start period, you get the full benefit of the IDR Account Adjustment.
- The Fresh Start period ends **September 30, 2024**.



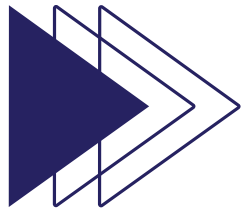
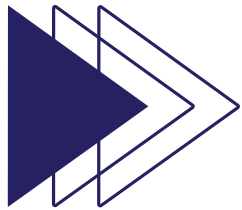
**Did you know?** If you use Fresh Start to get out of default, you will get the benefit of the IDR Account Adjustment and will receive credit towards forgiveness for the period you were in default during the payment pause (from March 13, 2020).

# Private Loans

# Private Loans

- Are offered by banks, credit unions and private institutions.
- Generally, do not offer payments based on income or forgiveness programs.
- Credit checks are required, and most students must obtain co-signers (usually parents, but it can be any adult who qualifies).
- Co-signers are 100% liable for the loan if the primary borrower defaults. It can be difficult to get a co-signer release.
- Interest rates are determined by prevailing market conditions and the creditworthiness of the applicants.
- Subject to Statute of Limitations.

**Private loans should be your last resort for funding. It's best to avoid them altogether if you can!**



## **Contact Nassau Suffolk Law Services:**

Phone: 516-292-8100

Web: [www.nslawservices.org](http://www.nslawservices.org)

# **Additional Resources/ Relevant Links**

# 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 <a href="#">here</a> .
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.

Learn more at [Student Loan Forgiveness Options - EDCAPNY.org](https://www.edcapny.org/student-loan-forgiveness-options)

# Relevant Links

- Federal Student Debt Overview
  - [Federal Student Aid Homepage \(studentaid.gov\)](https://studentaid.gov)
  - [Federal Direct Student Loan Program](#)
  - [Subsidized vs. Unsubsidized Loans](#)
  - [Federal Student Loan Borrowing Limits](#)
- Loan Repayment
  - [EDCAP's Repayment Guide](#)
  - [Traditional Repayment Plans](#)
  - [Income-Driven Repayment Plans](#)
    - [SAVE Plan](#)
    - [Apply for IDR Online](#) at studentaid.gov
  - [FSA Loan Simulator](#) (estimate your payments)

# Relevant Links, (cont'd)

- Forgiveness Programs
  - [IDR Forgiveness](#)
  - Public Service Loan Forgiveness
    - [PSLF General Info](#)
    - [PSLF Frequently Asked Questions](#)
    - [PSLF Help Tool](#)
    - [PSLF Employer Search Tool](#)
  - [Teacher Loan Forgiveness](#)
  - [Borrower Defense to Repayment](#)
  - [Total and Permanent Disability Discharge](#)
  - [NYS Get On Your Feet](#)



# Relevant Links

- Forbearance, Deferment and Consolidation
  - [Forbearance](#)
  - [Deferment](#)
  - [Consolidation](#)
    - [Consolidate online](#) at studentaid.gov
- Student Loan Servicers—Who Is Your Servicer?
  - Information about [federal student loan servicers](#), including contact information.
- Miscellaneous -
  - [FSA Forms Library](#)
  - [FSA Announcements](#)
  - [Get out of Default](#)
    - Learn about [Fresh Start](#) (available until 9/30/24)