

Latest Student Loan Updates

Presented by: Education Debt Consumer Assistance Program in partnership with Legal Services of Long Island

January 22, 2025



Agenda

- About Legal Services of Long Island
- Three Strategies for Tackling Student
- Legal Challenges, Post Election Climate
- Repayment Options
- Exploring Forgiveness, Cancellation and Discharge
- The IDR Account Adjustment
- Getting out of Default
- Relevant Links

Legal Services of Long Island

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



Legal Services of Long Island

Contact Information:



www.legalservicesli.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

Legal Services of Long Island



Our Programs:

Family

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

Housing

- Civil Unit (Eviction Prevention)
- Foreclosure Project

Other

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)

- Consumer Debt (including Education Debt)
- Veterans Rights
- Human 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
- Citizenship and Naturalization Project

Legal Services of Long Island

Legal Support Center for Advocates:



Legal Support Center for Advocates:

Advocates call (631) 232-2400 for
assistance:

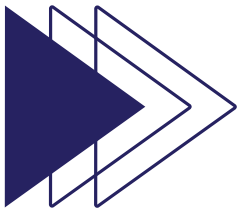
Sharon Campo - x3368
Cathy Lucidi - x3324
Hannah Fitzpatrick- x3343

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

Three Strategies for Tackling Student Debt: What's yours?



What's your strategy?



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

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

Legal Challenges- Post Election Climate

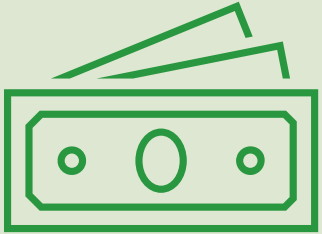
Court Challenges

- Lawsuits led by two states (Kansas and Missouri) were filed challenging the Biden Administration's SAVE plan and related regulations.
- 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.
- **Borrowers who were enrolled in SAVE at the time of the court injunction were placed in a non-interest-bearing forbearance.** Time spent in this forbearance will not qualify for forgiveness. SAVE applications won't be processed until legal issues are resolved.
- Online IDR and loan consolidation applications are now available. Some IDR plan applications should begin processing soon. **Expect long delays!**

Navigating the Current Environment

- Litigation and the upcoming change of Administrations have introduced a lot of uncertainty into the system.
- Download and save important documents from your servicer and FSA accounts to ensure information remains accurate and is not lost. This includes:
 - Loan details (from servicer accounts)
 - IDR Plan notifications (from servicer accounts)
 - PSLF Tracker information (from Federal Student Aid (FSA))
- 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](#)
 - EDCAP - [Subscribe to our newsletter](#)

Repayment Options



Choosing the Right Repayment Plan

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

**Forgiveness options of less than 20 years and IDR plan availability is subject to outcome of litigation.*

Current IDR Plans in a Nutshell

Repayment Plan	Availability Update
SAVE Plan	<ul style="list-style-type: none"> • On hold. • Not likely to survive legal challenges • Borrowers enrolled before July 18, 2024, have been placed in a non-interest- bearing forbearance which does not count towards forgiveness.
Income Based Repayment (IBR) (Borrowers with ANY loans disbursed prior to July 1, 2014)	<ul style="list-style-type: none"> • Available to borrowers who qualify (Must have Direct or FFELP Loans) • Calculates payments at 15% of Discretionary Income. • Offers forgiveness after 25 years. • The only plan available to FFELP borrowers. Other non-Direct loans can be consolidated to gain access. • Income test applies.
Income Based Repayment (IBR) for New Borrowers (Borrowers whose FIRST loans were disbursed on or after July 1, 2014)	<ul style="list-style-type: none"> • Available to borrowers who qualify (Must have Direct Loans) • Calculates payments at 10% of Discretionary Income. • Offers forgiveness after 20 years. • Income test applies.
Pay As You Earn (PAYE) (Must have no loans disbursed prior to October 1, 2007, and at least one loan disbursed after October 1, 2011)	<ul style="list-style-type: none"> • Available to borrowers who qualify (Must have Direct Loans) • Calculates payments at 10% of Discretionary Income. • Offers forgiveness after 20 years. • Income test applies.

Current IDR Plans in a Nutshell, (cont'd)

Repayment Plan	Availability Update
Income Contingent Repayment (ICR)	<ul style="list-style-type: none">• Available to borrowers who qualify (Must have Direct Loans) This is the only IDR plan available to Parent Plus borrowers who consolidate.• Payments calculated at the lesser of 20% of Discretionary Income or the payment in a 12-year fixed plan adjusted for income.• Offers forgiveness after 25 years.• No income test.
Revised Pay As You Earn (REPAYE) (Predecessor to the SAVE plan)	<ul style="list-style-type: none">• Not Available to any borrowers right now. (May be reinstated after SAVE litigation) (Must have Direct Loans).• Payments were calculated at 10% of Discretionary Income.• Offered forgiveness after 20 years if borrower had ONLY undergraduate school loans, 25 years if they had ANY graduate school loans.• Spousal income included in plan calculation regardless of how taxes were filed.• No income test.

IDR Application Processing

- **Can enroll but applications won't be processed until court case is resolved:**
 - SAVE Plan.
- **Processing Soon:**
 - IBR, PAYE and ICR applications.
 - Recertification and Recalculation applications for all plans except SAVE.

The On Ramp

Expired!

- The “On-Ramp” was a grace period during which borrowers could elect to skip payments without major financial repercussions:
 - No late fees were incurred.
 - Missed payments were not be reported to the credit agencies.
 - No risk of default.
- This option ended September 30, 2024. Eligible borrowers had their accounts brought current on October 31, 2024.
- Starting November 1, 2024, after 30 days of non-payment, late fees will be applied. After 90 days of non-payment, delinquencies will be reported to the credit agencies.
- After 270 days of non-payment (9 months), your loans will be at risk of default.

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 (forgiveness options of less than 20 years are subject to the outcome of litigation). 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 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.

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 here .
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.

Total and Permanent Disability (TPD) Discharge Applications

Processing
Delay

- Processing of TPD Applications was paused starting December 20, 2024, through spring 2025.
- Management of the TPD program will be transferred from Nelnet directly to the Department of Education.
- Borrowers may be able to submit applications to Nelnet via mail or email until the transition is completed (see instructions on page 1 of the application [here](#)), but we recommend calling first (1-888-303-7818). Or you can upload the application by using [this link](#) to a Federal Student Aid (FSA) account at studentaid.gov.
- Borrowers filing applications now will be placed in forbearance during the transition period. Expect processing delays!

Guidance for Borrowers Pursuing PSLF

- The legal challenges are not targeting the PSLF program, but they do affect IDR plans which borrowers are required to enroll and make payments in to receive qualifying payment towards forgiveness.
- For borrowers in the SAVE forbearance:
 - If you are close to 120 qualifying payments, consider using the [PSLF Buyback](#) (to get credit for months in a non-qualifying forbearance).
 - You must have 120 months of qualifying employment on record to use this option. (File an updated PSLF Certification form).
 - The months you buyback must be enough to get you to 120 qualifying payments.
 - You cannot buyback months prior to consolidation.
 - Consider switching to a different repayment plan. It may take a while for the application to process, but you should be placed in a processing forbearance which would qualify for PSLF for up to 2 months (note: servicers are not always applying the processing forbearance in these cases).

Guidance for Borrowers Pursuing PSLF, (cont'd)

- If you are eligible and can afford the payments, consider switching to the Standard 10-Year Fixed plan. Payments in this plan will count towards PSLF. (Borrowers with consolidation loans with repayment terms longer than 10-years can contact their servicer and request being placed in the 10-Year Standard Fixed Repayment plan but there is no guaranty this request will be granted).
- For borrowers pursuing PSLF in other IDR plans:
 - Continue making your payments.
 - Recertify your plan when required.

Borrowers in SAVE pursuing PSLF should expect that it to take longer to get qualifying payment credit

Continue to File PSLF Certification Forms

- These forms verify you've met the employment requirements of the PSLF program. You must file one form for each qualifying employer you've had since October 1, 2007, or later if your loans were disbursed after that date.
- Forms should be filed annually or when you change jobs.
- Use the [PSLF Help Tool](#) from your FSA account at studentaid.gov. **Request an electronic signature from your employer** if possible. This is the most efficient way to file these forms.
- Visit studentaid.gov for instructions on how to submit manually signed forms.
- Expect processing delays, especially when submitting manually signed forms.
- Starting July 2024, the PSLF qualifying payment count is managed directly by the Department of Education.

The IDR Account Adjustment:



Deadline was June 30, 2024!

IDR Account Adjustment gets you closer to eliminating your debt

- The IDR Account Adjustment is a one-time program that allows borrowers to accumulate retroactive credit for Public Service Loan Forgiveness and Income Driven repayment Forgiveness **even if no payments were made or they were not enrolled in an IDR Plan.**
- Borrowers with Direct or ED held FFEL loans will get the benefits of this program automatically. Credit has been applied to accounts and a tracker is now available from your studentaid.gov account.
- The deadline for consolidating non-qualifying loans like commercially held FFELP, Perkins or HEAL loans was **June 30, 2024.**

PSLF & IDRF Trackers on studentaid.gov

- **PSLF and IDR Forgiveness Trackers can be found on your Dashboard at studentaid.gov.**
- **Take screenshots.** We don't know if this information will remain on the accounts. The Tracker can be found in the Dashboard.

The screenshot shows the Federal Student Aid (FAFSA) dashboard. At the top, there is a navigation bar with the FAFSA logo and links for FAFSA Form, Loans and Grants, Loan Repayment, and Loan Forgiveness. A user profile icon is in the top right corner, with a dropdown menu showing options like Dashboard, My Activity, My Aid, My Documents, My Enrollment, Settings, and Log Out. The main content area is titled "Dashboard".

The first section is "PSLF/TEPSLF Payment Progress", which is highlighted with a red box. It shows a table of loan progress:

Loan	Qualifying Payments	Total Payments
Loan 14	22 qualifying payments	Out of 120
Loan 15	22 qualifying payments	Out of 120
Loan 13	N/A qualifying payments	Out of 120

Below the table is a link "Show more loans" with a dropdown arrow. To the right of the PSLF section is the "Upcoming Payments" section, which shows the servicer "Mohela", the due date "5/30/25", and a button "Pay on Servicer Website".

At the bottom left is the "Plan Ahead" section, which encourages completing the FAFSA form for the 2025-26 school year. It includes a "Start New Form" button and a "Share this window" link. A red arrow points from this section up to the PSLF section.

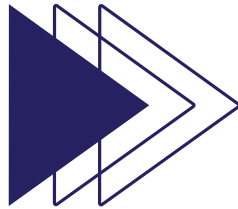
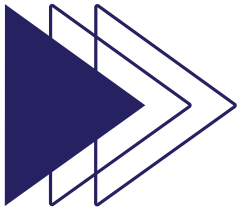
At the bottom right is the "IDR End of Payment Term" section, which is also highlighted with a red box. It shows "2 loans in IDR" and "278 remaining payments". A large green box displays "23 Years 2 Months" until the end of the IDR payment term. Below this is a "View IDR Progress" button, with a red arrow pointing to it.

Getting out of Default

Curing Default

- Though the Fresh Start Initiative is over, there are still two ways for borrowers to get out of default:
 - **Rehabilitation:** Make 9 monthly payments on time and in full over a 10-month period.
 - Removes default notation from credit report (but not delinquencies).
 - Can take up to a year to complete and may be expensive.
 - You can only successfully complete a rehabilitation one time per loan.
 - **Consolidation:** Replace old defaulted loans with new loans in good standing.
 - No credit repair.
 - Takes 2-3 months and can be done at no cost if application is filed online.
 - Generally easier to complete than rehabilitation if the borrower is eligible.

Borrowers should seek advice when in default!



Contact Legal Services of Long Island

Phone: 516-292-8100

Web: www.legalservicesli.org

Relevant Links

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, (cont'd)

- 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)