

Weathering the Storm: Navigating Student Loans in Uncertain Times

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- Important Updates
- Three Strategies for Tackling Student Debt
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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



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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

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Legal Services of Long Island

Our Programs:



Family

- Domestic Violence Family Court Project
- Child Support Defense 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

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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

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Important Updates

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Recent Developments

- **The U.S. Department of Education (ED) Workforce Reduction:** ED has cut its workforce in half with more layoffs to come. These reductions will have a severe impact on the management of student loans, financial aid, and civil rights enforcement. The Ombudsman department has been gutted leaving borrowers limited options to resolve disputes within Federal Student Aid. Borrowers can file complaints:
 - In New York State with the [Department of Financial Services \(DFS\)](#).
 - Through their elected officials. The [Student Borrower Protection Center \(SBPC\)](#) offers a tool to help you with this process.
- **Transition of the student loan portfolio to the Small Business Administration (SBA):** The President announced that the federal student loan portfolio will be moved to the Small Business Administration. This must be done through congress. Loan details and repayment and forgiveness options will not change if this happens. Stay tuned!

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SAVE Litigation

- The 8th Circuit Court of Appeals has extended its injunction, halting the implementation of SAVE and other relief measures.
- **What does this mean?**
 - Borrowers currently enrolled in the **SAVE plan** remain in a **non-interest-bearing forbearance**. Time spent in this forbearance **does not count toward loan forgiveness**.
 - Online and paper applications for **Income-Driven Repayment (IDR) plans** have been reopened but are still **not being processed**. Expect long processing delays.
 - **IDR forgiveness is on hold**. Borrowers who have reached **20–25 years of qualifying payments** may not have their loans discharged at this time.
 - **Online loan consolidation applications have been reopened**. Servicers are processing both online and paper consolidation applications. **Seek advice before consolidating**.
 - **PSLF remains in place**. Borrowers in non-SAVE IDR plans can continue accumulating credit. More on this.

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Recertification Guidance

- FSA provided updated [guidance](#) regarding IDR recertifications on March 26, 2025:
- **For Recertifications Due on or Before February 20, 2025:**
 - **If Submitted and processed before Feb. 20, 2025:** No impact.
 - **If Submitted by Feb. 20, 2025, but not processed:** Recertification extended by **one year**—no action needed.
 - **If Not Submitted by Feb. 20, 2025:** Payment temporarily recalculated **without income and family size**. Submit a new **IDR recertification application** to adjust your payment.
- **For Recertifications Due on or After February 21, 2025:**
 - Recertification is **extended by one year**—no action required.
 - Some borrowers may see incorrect payment amounts; servicers are actively working on corrections.

Monitor your accounts to make sure the correct loan status, payment plan and payment have been applied.

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Potential Changes

- **Legal Challenges:**

- The impending court ruling will probably eliminate the SAVE plan and possibly regulations that affect other IDR plans such as automatic IDR recertification and weighted average retroactive credit towards IDR Forgiveness (IDRF) upon consolidation.
- The courts may also make a determination on whether IDRF can be offered through PAYE and ICR.
- The IBR plan is in statute and will not be affected by these court rulings. In addition, payments in any IDR plan will continue to count towards PSLF.

- **Beyond the legal challenges:** Budget Reconciliation (through Congress) and Negotiated Rulemaking may result in significant changes to the student loan system: Proposals include:

- Replacing current repayment options for future borrowers with two plans; a) the Standard 10-Year fixed plan and b) some version of an IDR plan that would not provide forgiveness which would result in many low-income borrowers being trapped with debt for life!
- Making changes to existing IDR plans such as PAYE and ICR.
- Sunsetting the Plus loan program for parents and graduates.
- Changing PSLF Eligibility per the President's [Executive Order](#).

For more information about Negotiated Rulemaking and to participate in the public hearings, click [here](#)

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What Should You Do?

- **Keep Good Records!** You cannot count on FSA or servicers to keep accurate records of your debt. Download and screenshot the following information:

- Loan details – From FSA and servicer account(s).
- Payment History – From servicer account (s)
- Information from PSLF and IDRF Trackers – From FSA
- Important notifications from the servicer inbox.

Repeat this process monthly or if you are notified that your loans will be transferred

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



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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.

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Repayment Options



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Choosing the Right Repayment Plan

	Traditional Repayment Plans	Income Driven Repayment Plans (No Applications being processed at this time).
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 20-25 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"> • Income-Based Repayment (IBR) • Pay As You Earn (PAYE) • Income-Contingent Repayment (ICR) • Savings for a Valuable Education (SAVE) -On Hold

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Income Driven Repayment Forgiveness (IDRF)

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IDR Forgiveness (IDRF)

- IDR plans offer forgiveness after 20-25 years of qualifying payments, with no employment requirement.
- The Biden Administration gave credit towards IDRF via the IDR Account Adjustment.
- Most borrowers can now see and track their IDR progress on studentaid.gov.
- Current Challenges:
 - The SAVE litigation is questioning whether borrowers can receive IDR forgiveness under the SAVE, PAYE, and ICR plans.
 - IBR is the only plan explicitly granting this forgiveness, and until recently, forgiveness was being granted under IBR.
 - Status: IDR forgiveness (IDRF) appears to be paused across all IDR plans.



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Public Service Loan Forgiveness (PSLF)

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The PSLF Rules

- Make 120 qualifying monthly payments (10-years) after which remaining loan balances are forgiven. A qualifying payment is:
 - An on-time payment made in full on or after October 1, 2007,
 - on Direct loans,
 - in an IDR plan or a Standard 10-Year Fixed repayment plan,
 - while working an average of at least 30 hours per week,
 - for one or more qualifying employers (non-profits or governments) concurrently.
- Payments do not have to be consecutive.
- You must meet the employment requirements at the time you submit your application for forgiveness.

Forgiven balances are not taxable at the federal or state level in New York!

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The IDR Account Adjustment (IDRAA) and PSLF

- The IDRAA was a one-time account revision that allowed borrowers to **accumulate retroactive credit** for Income Driven repayment Forgiveness (IDRF) based on a set of relaxed rules.
- IDRF credit on Direct loans can be converted to PSLF credit when you verify your employment for those months by submitting the PSLF Certification form.
- **Note:** All FFEL loans **had to be consolidated by June 30, 2024**, to make this credit count towards PSLF. Borrowers currently holding FFEL loans can consolidate to become eligible for PSLF, but the qualifying payment count will reset.

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Consolidation Rules

- PSLF borrowers can consolidate loans and get retroactive credit for PSLF on a weighted average basis.
Example:
 - A borrower has two Direct Unsubsidized loans of \$50,000 each. One loan has 40 months of qualifying payments towards PSLF, the other has 60 qualifying payments towards PSLF.
 - Post consolidation, the borrower will have **one Direct Unsubsidized Consolidation loan of \$100,000 with 50 qualifying payments towards PSLF.**
- Submit the PSLF Certification forms to update your qualifying payment count on all your loans before you consolidate!

We don't recommend consolidating for this reason until after IDR application processing resumes!

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The PSLF Buyback

- The buyback allows you to purchase PSLF credit for months spent in a disqualifying status under the following circumstances:
 - You must have **120 qualifying months of employment** on record.
 - The months you buyback **must bring you to 120 qualifying payments**.
 - You **cannot** purchase months prior to consolidation or months spent in a school deferment, grace period or default.
 - Payments are based on the payments you were making in an IDR plan prior to entering the disqualifying status and immediately after exiting that status (if applicable).
- Submit a request through [PSLF Reconsideration](#). Select the “PSLF Buyback” option.

We are not sure if applications are being processed now or if time spend in the SAVE Forbearance is eligible, but there is no downside to submitting a request.

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Executive Order on PSLF

- President Trump issued an Executive Order (EO) directing the Secretary of Education to redefine which “public service” agencies qualify for PSLF.
- It seeks to target organizations that:
 - Violate federal immigration laws.
 - Support terrorism or engage in violent acts against U.S. government policies.
 - Engage in child abuse or related activities.
 - Aid illegal discrimination.
 - Violate state tort laws like trespassing or vandalism.
- **This EO does not eliminate the program or immediately change program requirements.**
- Stay tuned for updates!

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Guidance for Borrowers




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Guidance for IDR Borrowers

• 1. If You Are in the SAVE Forbearance

-  No action required right now unless you are pursuing PSLF and want to start accumulating qualifying payment credit (more on this later).
- Your payments are paused, and **no interest is accruing** on your account.
- Online IDR applications have reopened but are still not being processed.
- Get help and explore your IDR plan options before switching.

• 2. If You're on a Standard Plan and Trying to Enroll in IDR

-  **Request forbearance** if you cannot afford a standard repayment plan—this may need to be renewed frequently, contact your student loan servicer.
-  **Stay alert! If you haven't already done so, submit an IDR plan application for a plan other than SAVE.**

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Guidance for IDR Borrowers, (cont'd)

- 3. If You Need to Recertify Your IDR Plan

- 🔍 Double-check if recertification is in fact required. See previous Recertification guidance.

- 4. If You Want to Switch Between Non-SAVE IDR Plans

- ⌚ Hold off for now! Do not try to switch plans until IDR applications are being processed again.
- **Continue making payments** in your current IDR plan.

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Guidance for PSLF Borrowers

- For Borrowers in PAYE, IBR or ICR:

- Continue making your payments to accumulate additional PSLF credit!

- For Borrowers in the SAVE Forbearance:

- Submit an online or paper IDR application now but expect significant processing delays. IBR is recommended based on current information but if PAYE or ICR are cheaper and you are eligible, they should qualify too. (When submitting an application, request a **processing forbearance**. Processing forbearances are eligible for PSLF for up to two months!)
- Submit a PSLF Buyback request if you meet the requirements.
- If you are eligible and can afford the payments, you can earn credit for PSLF in the Standard 10-Year fixed repayment plan. **Caution: Direct Consolidation loans are generally not eligible for this plan. Standard plans with payback periods longer than 10 years DO NOT qualify!**

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Verify Your Employment for PSLF

- You can continue to update your employment by submitting the PSLF Certification Form. These forms verify you've met the employment requirements of the PSLF program.
- You must submit one form for each qualifying employer you've had since October 1, 2007.
- Submit these forms annually or whenever you change jobs.
- We strongly recommend using the PSLF Help Tool from your studentaid.gov account and requesting an **electronic signature** from your employer.

Complete the Public Service Loan Forgiveness (PSLF) Form With the PSLF Help Tool

Use the PSLF Help Tool to confirm you're eligible and fill out and submit your PSLF form.

Using the PSLF Help Tool

PSLF is a program for people who work in public service in federal, state, tribal, or local government, or for a non-profit organization.

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.

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 a PSLF or TEPSLF form.

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.

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 a PSLF form. You will need to provide an email address for an authorized official who can certify your employment and sign your form.

After you submit your PSLF form, we will process it and you will receive a count of the number of qualifying payments you have made toward both PSLF and TEPSLF. You can see updates by logging into [StudentAid.gov](#) and visiting My Activity.

Log In To Start

Log In To Start

Search for Qualifying Employer

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Monitor Your Progress Towards PSLF

- Track your progress using the **PSLF Tracker** located on the Dashboard of your Federal Student Aid (FSA) account at studentaid.gov.

Dashboard

PSLF/TEPSLF Payment Progress

*Last updated on 12/12/2024

View Details

Loan 14	<div><div></div></div>	
	22 qualifying payments	Out of 120
Loan 15	<div><div></div></div>	
	22 qualifying payments	Out of 120
Loan 13	<div><div></div></div>	
	N/A qualifying payments	Out of 120

Show more loans ▾

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Total & Permanent Disability (TPD) Discharge

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Total & Permanent Disability (TPD) Discharge: Application Process

New!

- ▶ TPD discharges loans if you have a mental or physical disability that prevents you from earning a livable wage.
- ▶ Management of the program has been transitioned to the Department of Education. Visit the new [TPD Application page](#) at studentaid.gov.
- ▶ Three ways to submit forms:
 - ▶ Use online application and request electronic signatures (including medical certifications).
 - ▶ Use online application and request manual signatures. *
 - ▶ Complete the entire application manually by using the [PDF](#). *
- ▶ For more information, visit the [TPD page](#) at studentaid.gov.

**Manually signed applications must be mailed, faxed or uploaded from "My Activity" on studentaid.gov.*

The screenshot shows the Federal Student Aid website navigation bar with links for FAFSA Form, Grants and Loans, Loan Repayment, and Loan Forgiveness. The 'Loan Forgiveness' link is highlighted with a red box and a red arrow pointing to the 'Total and Permanent Disability (TPD) Discharge Application' page. The page header includes 'Log In | Create Account' and a search icon. The main content area is titled 'Total and Permanent Disability (TPD) Discharge Application' and features a section 'Apply for a TPD Discharge' with a 'Log In To Start' button. Below this, there are three columns: 'Who Should Complete This?' (for student loan borrowers and TEACH Grant recipients), 'How Long Will It Take?' (10 minutes), and 'What Do You Need?' (qualifying U.S. Department of Veterans Affairs (VA) documentation, qualifying Social Security Administration (SSA) documentation, and an authorized medical representative).

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Getting out of Default

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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!

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Contact Legal Services of Long Island

Phone: 516-292-8100

Web: www.legalservicesli.org

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Relevant Links

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Relevant Links

- **Income Driven Repayment (IDR)**
 - [IDR Plans](#)
 - [IDR Forgiveness](#)
 - For the latest PDF version of the IDR Application visit the [FSA Forms Library](#)
 - [File for IDR online](#)
- **IDR Account Adjustment:** [One Time Account Revision](#)
- **Public Service Loan Forgiveness (PSLF)**
 - [PSLF Program Details](#)
 - [PSLF Buyback](#)
 - [PSLF Help Tool](#)
- **Loan Consolidation:** [File a consolidation application online](#)
- **Stay Informed:** [Subscribe to EDCAP's Newsletter](#)

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Contact Us

If you live in New York State and need guidance on managing student debt, paying for school, or completing the FAFSA, we're here to help. [Our services](#) are free, confidential, and unbiased!

Our Services



Education Debt Helpline

Call our Education Debt Helpline at **(888) 614-5004**. We have dedicated staff Monday to Friday, 9 am to 4 pm.

[Call us](#)
[Email us](#)


Virtual Counseling Session

Meet with a counselor to discuss repayment strategies, debt relief, issues with lenders or loan servicers, consolidation, deferment, forbearance, and more.

[Book appointment](#)


Contact Us

Email us at edcap@csny.org or complete the form to send us your questions.

[Contact Form](#)


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