

# Big Changes, Big Decisions: Navigating Student Loans in Uncertain Times

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

June 25, 2025



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## Agenda

- About Legal Services of Long Island (LSLI)
- Important Updates
- Three Strategies for Tackling Student Debt
- Repayment Options
- Income-Driven Repayment Forgiveness (IDRF)
- Public Service Loan Forgiveness (PSLF)
- IDR Guidance for Borrowers
- Total & Permanent Disability (TPD) Discharge
- Delinquency, Default & Collections
- Relevant Links

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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](http://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)

### 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)

### Housing

- Civil Unit (Eviction Prevention)
- Foreclosure Project

### Other

- 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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## Staff Reductions, Transition to SBA

- **The U.S. Department of Education (ED) Workforce Reduction:** Staff reductions at ED have gutted offices like the Ombudsman group which helped borrowers resolve disputes. Despite a court order to reinstate fired employees, these departments are still significantly understaffed. 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. A federal court recently issued an order blocking this move. The Administration has appealed. Stay tuned!

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## Federal Student Loan Collections

- **Collections Restarting:**

- In April, the U.S. Department of Education (ED) announced it would resume collections on defaulted federal loans starting May 5, 2025, after a pause that began in March 2020. As of the end of May, it had collected \$100 million.
- In early June it was reported that ED will pause collections on Social Security. However, ED has not mentioned any pause on tax refund intercepts, wage garnishment or other federal payments and in fact, it seems like intercepts of some federal payments are moving forward.
- Nearly **10 million borrowers** could be in default soon—about 25% of the total loan portfolio.

- **What This Means for Borrowers:**

- If you're in default, you may receive notices about Treasury offsets (e.g., tax refund and some may have received Social Security garnishment notices prior to the pause) and, later this summer, potential wage garnishment.
- You'll get email communications urging you to contact the Default Resolution Group (or a guarantee agency for some defaulted FFEL loans) and make arrangements to resolve your default.

If you have defaulted student loans and are on Social Security, use this time while collections are paused to bring your loans back into good standing.

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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**. However, time spent in this forbearance **does not count toward loan forgiveness**. This forbearance has recently been extended to 10/31/2025.
- Online and paper applications for **Income-Driven Repayment (IDR) are available**. Borrowers can submit an application to enroll in or switch IDR plans. Expect processing delays.
- **IDR forgiveness is on hold**. Borrowers who have reached **20–25 years of qualifying payments** in all IDR plans are not getting forgiveness right now.
- **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 Fixed repayment plan with payback periods ranging from 10-25 years and b) a new IDR plan that will offer forgiveness after 30 years. This plan will also qualify for PSLF.
  - Making changes to or eliminating existing IDR plans such as PAYE and ICR.
  - Sunsetting the Plus loan program for graduates and changing borrowing limits for other programs.
  - 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 the PSLF Tracker – 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"> <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>
Pay minimum required and pursue forgiveness, if eligible	<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>
Pay minimum required until death do you part!	<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>

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## Repayment Options



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## Choosing the Right Repayment Plan

	Traditional Repayment Plans	Income Driven Repayment Plans <b>(Processing has just resumed for all plans except SAVE)</b>
<b>Pros</b>	<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 20-25 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>
<b>Cons</b>	<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>
<b>Plan Names</b>	<ul style="list-style-type: none"> <li>• Standard</li> <li>• Extended</li> <li>• Graduated</li> </ul>	<ul style="list-style-type: none"> <li>• Income-Based Repayment (IBR)</li> <li>• Pay As You Earn (PAYE)</li> <li>• Income-Contingent Repayment (ICR)</li> <li>• Savings for a Valuable Education (SAVE) <b>-On Hold</b></li> </ul>



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## Income Driven Repayment Forgiveness (IDRF)

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## IDR Plan Options

- **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.
- An IDRF tracker briefly appeared in borrowers' FSA accounts but has since been removed. The data is still available—follow these instructions.
  - Login to your FSA account at [studentaid.gov](https://studentaid.gov).
  - Open a separate tab in the same browser and click the following link:  
<https://studentaid.gov/app/api/nslds/payment-counter/summary>
  - Download the HTML file or copy & paste to a Word document.
- **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.
  - **Status:** IDR forgiveness (IDRF) appears to be paused across all IDR plans. TBD on its resumption under IBR.

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}

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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 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.

Buyback applications are being processed and time spent in the SAVE Forbearance does count. But it's slow. About 3,300 applications were processed in May and the backlog is almost 59,000.

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## PSLF Borrowers Can Continue to Verify Employment

- 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](https://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](https://studentaid.gov) and visiting My Activity.

[Log In To Start](#)

[Log In To Start](#)

[Search for Qualifying Employer](#)

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## IDR Plan Guidance for Borrowers




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## Guidance for Borrowers

### • 1. If You Are in the SAVE Forbearance

-  No action required right now unless you want to get out of the SAVE forbearance (e.g. to pursue PSLF).
- Your payments are paused, and **no interest is accruing** on your account.
- Get help and explore your IDR plan options before switching.

### • 2. If You Are close to earning 120 qualifying payments for PSLF

- If enrolled in IBR, PAYE or ICR, continue making your payments to earn credit.
- If you are in the SAVE Forbearance and have not already done so, file an application to switch your repayment plan. We recommend IBR but if PAYE or ICR are cheaper, you can earn PSLF credit in both. (Note: when submitting an IDR application, you should be placed in a processing forbearance for up to 2 months. Processing forbearances are eligible for PSLF credit).
- Submit a buyback application if you are eligible.

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## Guidance for Borrowers, (cont'd)

### • 2. If you are close to earning 120 qualifying payments for PSLF, (cont'd)

- If you are eligible and can afford the payments, switch to the Standard 10-Year Fixed plan. **Caution: If your loans are consolidated you are not eligible for the Standard 10-Year Fixed plan if your balance is more than \$7,500.**

### • 3. 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.**

### • 4. If You Need to Recertify Your IDR Plan

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

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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 reads 'Total and Permanent Disability (TPD) Discharge Application'. Below the header, there is a section titled 'Apply for a TPD Discharge' with a brief description of the program and a 'Log In To Start' button. A link 'View TPD Requirements and Application Process' is also present. The page is divided into three columns: 'Who Should Complete This?' (listing student loan borrowers and TEACH Grant recipients), 'How Long Will It Take?' (stating the application must be completed in a single session within 10 minutes or less), and 'What Do You Need?' (listing required documentation: Qualifying U.S. Department of Veterans Affairs (VA) documentation, Qualifying Social Security Administration (SSA) documentation, and An authorized medical representative).

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# Delinquency, Default & Collections

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## Determining Your Loan Status

Loan Status	What It Means	Is It in Good Standing?	Subject to Collection Activities?
In Repayment (Current)	You're making monthly payments on time.	✓ Yes	✗ No
Deferment	Temporary pause on payments; interest may or may not accrue, depending on loan type.	✓ Yes	✗ No
Forbearance	Temporary pause or reduction in payments due to hardship; interest accrues.	✓ Yes	✗ No
Grace Period	First 6 months after leaving school; no payments due yet.	✓ Yes	✗ No
In-School	You're enrolled at least half-time in an eligible program.	✓ Yes	✗ No
Delinquent	You've missed 1 or more payments but not yet defaulted.	⚠ Not ideal	✗ No (yet)
Defaulted	No payment made for 270+ days (or 330+ for FFEL); loan transferred to collections.	✗ No	✓ Yes

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## Your Loan is Delinquent—What Now?

- Being delinquent means your student loan payment is past due — but there are steps you can take to avoid default.
- **How to Address Past-Due Payments:**
  - Call your student loan servicer and request a retroactive forbearance
  - This may resolve missed payments and bring your account current
- **Plan Ahead to Avoid Future Delinquency:**
  - Review and update your repayment plan
  - Explore income-driven repayment (IDR) options for more affordable monthly payments
- **Still Can't Afford Payments?**
  - Ask about deferment or forbearance
    - Deferment is usually more favorable because interest may not accrue on subsidized loans
    - Forbearance may result in more interest accumulation

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## Consequences of Default

- After 270 days of non-payment (9 months), loans are at risk of default.
- Debt becomes payable in full immediately.
- Not eligible for IDR plans, deferment, forbearance and cannot earn credit towards forgiveness programs.
- No access to Federal Aid.
- **Subject to Involuntary Collections**
  - Tax refund intercepts (Began May 5<sup>th</sup> – Will not affect those who already received a refund for the 2024 tax year)
  - Social Security Offset (15% with a floor of \$750 per month). (On pause)
  - Administrative Wage Garnishment-up to 15% of disposable pay. (Notices to be sent late summer 2025)
  - The government can also intercept funds owed to you from federal contracts or sale of federal assets such as treasury bonds.

Call the automated Treasury Offset Program (TOP) line to see if you're scheduled for collections: 1-800-304-3107.

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## Two Ways to Get Out Default: Consolidation and Rehabilitation

Feature	Loan Consolidation	Loan Rehabilitation
<b>How it Works</b>	Replace defaulted loans with new Direct Consolidation Loans	Make 9 monthly payments within 10 months
<b>Speed</b>	Can be completed in 30-90 days	On average takes 10-12 months
<b>Impact on Credit</b>	Default & Delinquency still shows on credit history (but loan shows as paid in full)	Default status removed from credit report after completion. Delinquency remains.
<b>Eligibility for Benefits</b>	Restores eligibility immediately after consolidation	Restores eligibility for IDR, deferment, and forgiveness programs
<b>Interest &amp; Fees</b>	Any unpaid interest is capitalized into the new loan	May not capitalize unless you have commercially held FFEL loans.
<b>PSLF/IDRF Credit</b>	IDR forgiveness clocks restart unless done during one-time IDR adjustment (Will get weighted average credit for PSLF)	May retain original qualifying payments toward PSLF or IDR forgiveness
<b>Number of Uses</b>	Depends on outstanding loan types	Once under current rules
<b>Collection Stops?</b>	Stops offsets after consolidation is complete. But you can't consolidate loans with an outstanding wage garnishment or judgement.	Stops wage garnishment and tax offset after 5 qualifying payments

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## How to Contest an Offset or Garnishment

### • Request a Hearing Promptly

- You have the right to a hearing before or after the offset/garnishment begins.
- For garnishments, you have **30 days from the date of the notice** to request a hearing. After 30 days, garnishments may start but you can still pursue a hearing to stop or reduce it.
- For offsets, no strict deadline but once an offset occurs, it may be hard to recover the funds. Ask for the **"Request to Stop or Reduce Offset of Social Security Benefits"** packet if you're claiming hardship.
- Submit a written request to the loan holder or collection agency listed in your notice.

### • Common Grounds for Dispute

- You already repaid the loan or are not the borrower.
- You're experiencing financial hardship (especially for garnishment). You've entered repayment or are on track with an agreement.
- The loan is not legally enforceable (e.g., bankruptcy, borrower defense, discharge).

### • Prepare Supporting Documentation

- Include tax returns, pay stubs, loan records, or proof of repayment.
- For hardship claims, show expenses and income details.

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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 Legal Services of Long Island**

Phone: 516-292-8100

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

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