

# Student loan updates, PSLF, repayment options and more

Webinar | September 28, 2022



# Disclaimer

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# About the CFPB

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The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

# Consumer education seeks to prevent harm

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We serve the general public and focus on special populations:

- Servicemembers, veterans, and their families
- Older Americans, their families and caregivers
- Traditionally underserved and economically vulnerable consumers
- **Students and young consumers:** Educate and engage students to help students navigate financial products and services and avoid student loan default or other negative financial events

# Today's Discussion

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Updates: PSLF and Debt Relief Plan

Loan Servicer Changes

Repayment Options

Deadlines

Additional Resources

Q&A

# Rachel Hurst Christina Sutton Priya D'Souza

Public Service Loan Forgiveness (PSLF) Program Support

*Contributors: Christina Ceballos, Matt Amory, Gen Olucha, Sabrina Golling, and Winnie Jackson*

< 7%

Fewer than 7% of eligible borrowers apply for PSLF

As of Jan 2022, \$201m in PSLF granted

**Currently, \$75m in PSLF Program Support members' forgiveness**

# Updates re: student loan payment pause

Extended through 12/31/22

34 free months towards PSLF!

Contact loan servicer by **12/31/2022** to get voluntary payments on eligible loans refunded (prior to consolidation made since the pause began)

Income recertification not required until **7/2023** or later

## Applies only to:

- Direct Loans
- FFEL Loans held by ED
- Perkins loans held by ED
- FFEL loans in default not held by ED
- HEAL loans in default



# Updates re: Biden-Harris Targeted Debt Cancellation

\$10K in student loan debt  
cancellation or  
\$20K if you ever had a Pell Grant

Must have loans held by ED

Income limits: \$125K individual/\$250K married  
couples/HoH

Not federally taxable  
Taxed by some states

Opt out will be available and may benefit some  
pursuing PSLF



# PSLF & Targeted Debt Cancellation

You may get a refund if you made voluntary payments

If you made voluntary payments during the COVID payment pause and it reduced the benefit of your Targeted Debt Cancellation, you'll get an automatic refund of your voluntary COVID pause payments.

But if you consolidated after the pause started, you still can't get a refund for voluntary pmts made prior to that consolidation.

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# Example of refund and Targeted Debt Cancellation

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Borrower had \$10,500 in student loans prior to the COVID payment pause.

Borrower didn't consolidate after the payment pause.

Borrower paid \$500 voluntarily during the pause, even though you didn't have to.

Borrower is eligible for \$10K in Targeted Debt Relief (no Pell Grants ever).

**Borrower will receive \$9,500 in Targeted Debt Relief and a \$500 automatic refund of your voluntary overpayment.**

# PSLF considerations

Borrowers participating in PSLF  
who live in a state that will tax  
Targeted Debt Relief may wish  
to opt out of it

PSLF is not taxed federally  
PSLF is currently not taxed at the state level  
except MS

Targeted Debt Relief is not taxed federally  
BUT it may be taxed at the state level

Many states have not yet announced

Advocacy opportunity

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# Servicer updates: FedLoan to MOHELA transition

Please be patient  
Things may get weird  
Do not panic

- Loan transfer is not instantaneous
- People are transferred at different times. You cannot know when yours will.
- Once started, can take weeks to finalize on your account



# Servicer updates: FedLoan to MOHELA transition

Please be patient  
Things may get weird  
Do not panic

- Could have a ZERO balance with Fedloan and Mohela at the same time
- Your payment count may not be accurate for weeks or even months
- Studentaid.gov may not recognize Mohela for weeks after transfer



# Servicer updates: FedLoan to MOHELA transition

Please be patient  
Things may get weird  
Do not panic

- May be impossible to log in to either Fedloan or Mohela for a period of time
- Credit Report may not be accurate for a period of time

Includes Servicer  
and loan balances



# What is normal during transition to MOHELA

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1. Not all of your loans may transfer at the same time
2. You may have a ZERO balance for your FedLoan and Mohela account at the same time
3. Your payment count may not be accurate for several weeks
4. Studentaid.gov may show FedLoan as your servicer for several weeks after the transfer is complete
5. You may not be able to login to either FedLoan or MOHELA for a time
6. Your credit report may not reflect the correct servicer or loan balance





**Important**

FedLoan,  
MOHELA, the  
DOE, and others  
won't “forget”  
that you have  
student loans

Things will return to normal  
soon

# Updates re: Repayment Plans

Changes to IDR coming that will  
reduce future monthly payments  
for borrowers

## Proposal:

- Protect more income from repayment by changing threshold for “discretionary income”
- Cut in half the percent of discretionary income you must pay (reduce to 5%)
- Details TBA
- Follow us to find out how to support it with comments in Federal Register

# Prepare to restart payments

Payments restart 1/1/2023

- Get on a qualifying repayment plan (IDR or 10-year standard)
  - If your income dropped or your household size increased since last income recertification, recertify to lower your payment
  - No need to otherwise recertify income until July 2023 or later
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# PSLF Qualifying Repayment Plans

Choose wisely - each IDR has its own way of calculating how much you must pay

10-Year Standard Repayment Plan (the default plan for new loans) *but making 120 payments under this plan will pay off loans completely*

## IDR (Income Driven Repayment) Plans

- IBR (Income Based Repayment)
- ICR (Income Contingent Repayment)
- PAYE (Pay As You Earn)
- REPAYE (Revised Pay As You Earn)

Payments do not need to be consecutive

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# Reminder: PSLF waiver ending soon

Ends 10/31/2022

Complete *your* steps by then

- Determine loan type at [studentaid.gov](https://studentaid.gov). If needed, consolidate your loans - time is running out!
  - Use PSLF Help Tool to generate PSLF form to certify any employment not yet certified. As always, employment before 10/1/2007 is not eligible.
  - As long as you generate/submit forms by 10/31/22, servicer can take longer to process but it will still be under waiver rules
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# Questions?

Connect with PSLF Program  
Support

LinkedIn - Request a training for your professional association, employer, etc; see upcoming events

<https://www.linkedin.com/company/public-service-loan-forgiveness-program-support/>

Facebook:

<https://www.facebook.com/groups/pslfprogramsupport>

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# Resources for additional help

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- Visit Department of Education's FAQs on the PSLF Limited Waiver at <https://studentaid.gov/announcements-events/pslf-limited-waiver>
- Use the Department of Education's PSLF Help tool at <https://studentaid.gov/pslf/>
- Want to consolidate your loans? Visit the Department of Education's application at <https://studentaid.gov/app/launchConsolidation.action>
- Need additional help? Contact your student loan servicer for additional questions.
- Run into a problem?
  - Contact the FSA Ombudsman Group: <https://studentaid.gov/feedback-ombudsman/disputes/prepare>
  - Submit a complaint to the CFPB: [www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint)

# Thank you!

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