



# Understanding Your Student Loan Debt

A  
*Public Service Loan Forgiveness (PSLF) Workshop*



Please feel free to settle in. We'll be starting shortly.  
Thank you for being here today!



# Introductions

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Thank you for  
being here today.

## Getting Started – A Few Things:



- I have muted everyone to avoid background noise.
- I will email all registrants a copy of this PowerPoint Presentation.
- Please HOLD your questions till the end. And at that time, I'll ask folks to place questions in the chat.
  - I will keep track of them, and we will do our best to answer as many questions as we can today.

PLEASE READ THIS DISCLAIMER:

- Any financial education information that is offered here in these workshops is strictly for educational and informational purposes only and should NOT be construed as legal or financial decision-making advice or be relied upon as personalized investment advice or financial planning advice. We strongly recommend you consult a licensed or registered professional before making any investment/financial decisions. As well, we do not endorse or recommend any person, product or institution.

# Understanding PSLF & the Limited Waiver Opportunity

In partnership with the Office of the State Treasurer

September 27, 2022

Stephanie Sampedro, Student Loan Advocate



# WSAC's mission

We advance educational opportunities and attainment in Washington State.



- Policy and research
- Savings and financial aid programs
- Access and support programs
- Consumer protection ←

# Workshop outcomes

- Find loan info
- Identify differences between repayment plans
- PSLF eligibility
- Applying for PSLF
- Limited Waiver Opportunity
- Additional PSAs & considerations
- Know how to make a complaint

# Student Debt in Washington

**767,000+**  
student loan  
borrowers

**\$27.4 billion**  
outstanding student  
debt

**\$35,740**  
average student debt

**98,214**  
borrowers in  
delinquency

**\$2.4 billion**  
in delinquency

**36% increase**  
in senior citizens  
w/debt

# Key terms

## Capitalization

Adding unpaid interest to the principal of the loan.

## Discretionary income

Difference between one's annual income and 150% of the poverty guideline for your family size and state of residence.

## Servicer

A company that handles the billing and other services on one's federal student loans. A servicer does not own one's student loans.

## Collection Agency

An entity that recovers unpaid debt from borrowers who have defaulted on their loans.



# Washington Student Loan Bill of Rights

- Student loan servicers must be licensed with DFI
- Schools & servicers must notify student borrowers about Student Loan Advocate
- Borrowers may request information or resources or make a complaint to Advocate
- Advocate makes recommendations to legislature regarding student debt in Washington

# Federal Borrower Rights

**Interest.** Reduce rate by 0.25% if set up automatic payments

**Repayment plan.** Change to an IDR plan at any time

**Deferment.** Economic hardship for up to 3 years

**Forgiveness.** Can apply if meet qualifications

**Rehabilitation.** Must be “reasonable and affordable”

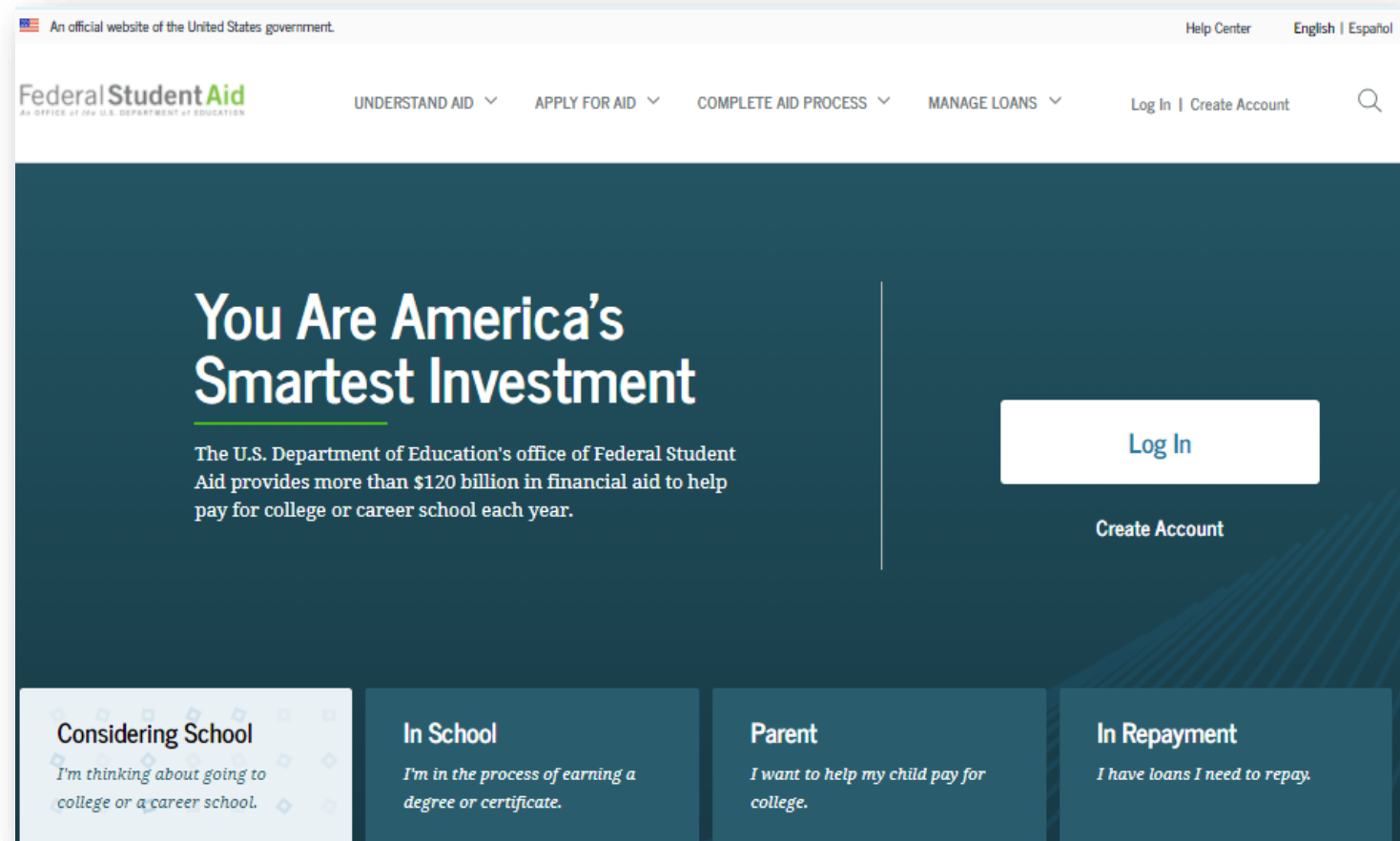
# COVID 19 impacts

- CARES Act provided these benefits to federally-owned loans:
  - 0% interest
  - Suspension of payments
  - Non-payments count toward PSLF & IDR forgiveness (if borrower meets all other requirements) & rehabilitation
  - Stopped collections for defaulted loans
- Federally-owned loans means all Direct loans and some FFEL loans
- If you made a payment on your loans after March 13<sup>th</sup>, 2020, you may request to have this payment refunded
  - If your tax return, wages or any public benefits were seized after March 13<sup>th</sup>, then you can have those funds returned to you as well

## More FSA Happenings

- Major servicer transfers
  - FedLoan Servicing (PHEAA) → MOHELA
  - Navient → Aidvantage
- Federal return to repayment begins January 1, 2023
  - Repayment moratorium ends
  - Interest begins to accrue again
- PSLF Waiver ends on October 31, 2022
- IDR One-Time Adjustment Period (2023)
- “Fresh Start” is in effect as of this fall
- One-time relief application & proposed 5% IDR plan

# Step 1: Federal student Aid (FSA) ID




[www.studentaid.gov](http://www.studentaid.gov)

# STEP 2: View your loan data

An official website of the United States government. Help Center English | Español

Federal Student Aid AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION UNDERSTAND AID ▾ APPLY FOR AID ▾ COMPLETE AID PROCESS ▾ MANAGE LOANS ▾

MY AID



Loans  
\$  
Total Balance ⓘ

- \$ Principal ⓘ
- \$14 Interest ⓘ

[VIEW DETAILS >](#)

UPCOMING PAYMENTS

SERVICER	DUE DATE
DEPT OF ED/	3/23/20

[Pay on Servicer Website](#)

Loan information as of 02/23/2020  
[View loan servicer details](#)

# Federal Loan Servicers

**FedLoan Servicing (PHEAA)**

Great Lakes Educational Loan Services

Hesc/EdFinancial

MOHELA

Aidvantage

Nelnet

OSLA Servicing

Heartland ECSI

# Federal Loan Servicers

Great Lakes  
Educational Loan  
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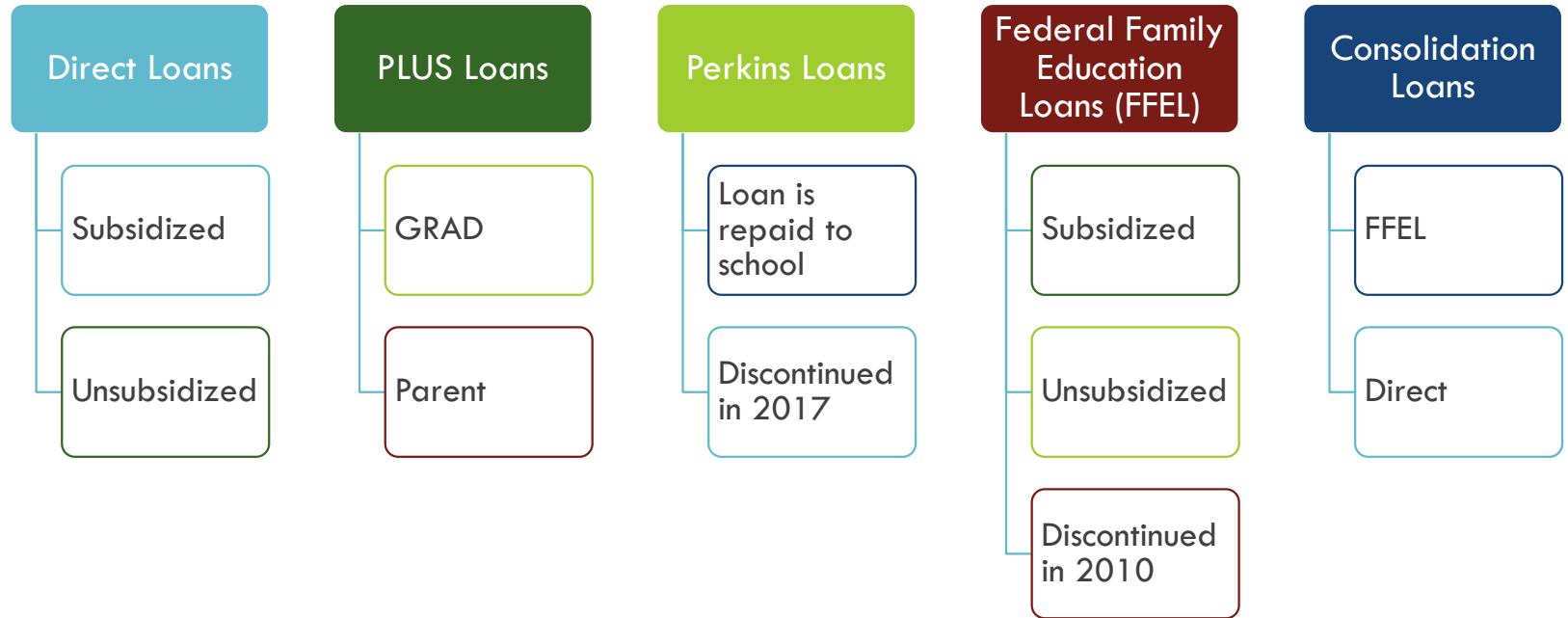
Heartland ECSI



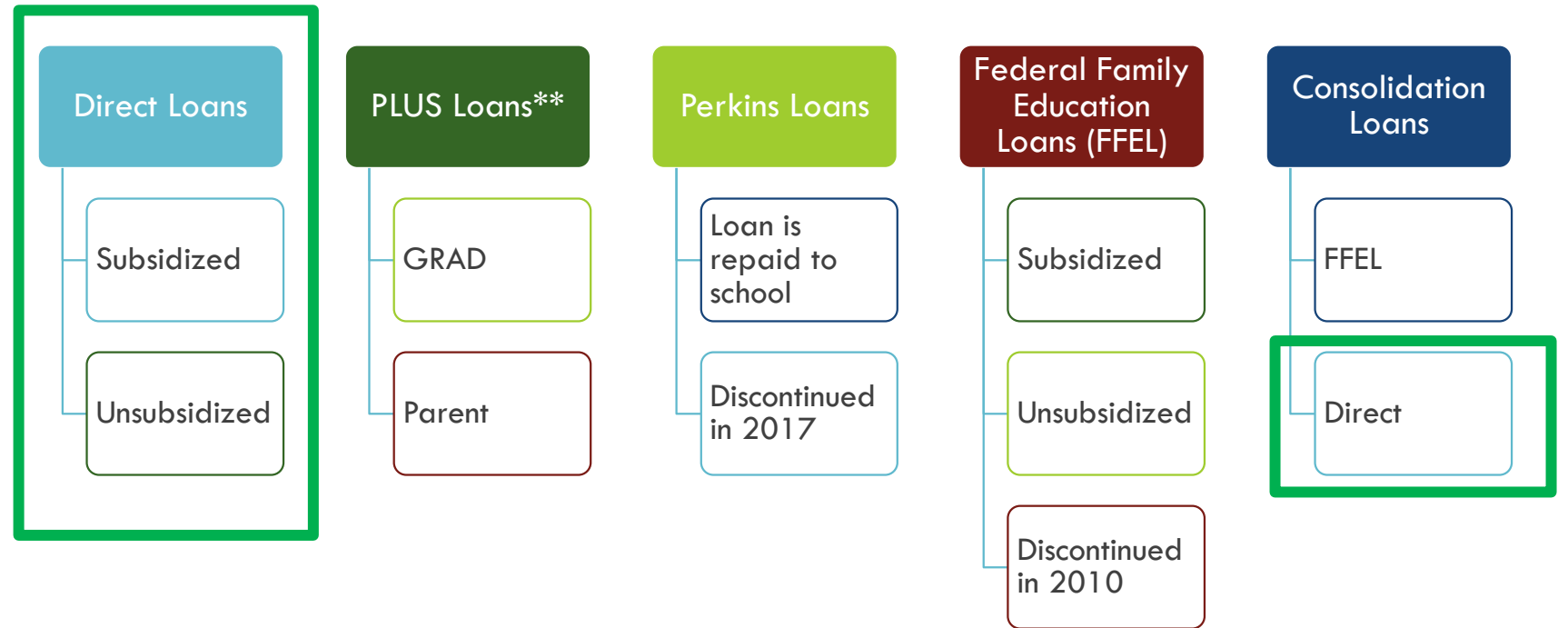


# (Normal) Public Service Loan Forgiveness (PSLF) Eligibility

# #1 Types of Federal Student Loans



# Eligible Federal Student Loans



## #2 Choose a Repayment Plan

Repayment Plan	Repayment Period	Monthly Payment Initial to Final Amounts	Projected Loan Forgiveness ⓘ	Total Interest Paid ⓘ	Total Amount Paid
Standard- ⓘ	120 months	\$2,220 to \$2,220 	\$0	\$66,449	\$266,449
Graduated- ⓘ	120 months	\$1,270 to \$3,809 	\$0	\$84,240	\$284,240
Extended Fixed ⓘ	300 months	\$1,289 to \$1,289 	\$0	\$186,581	\$386,581
Extended Graduated ⓘ	300 months	\$1,000 to \$1,940 	\$0	\$220,577	\$420,577
Pay As You Earn** ⓘ	240 months	\$470 to \$1,320 	\$240,844	\$199,156	\$199,156
Income-Based Repayment (IBR)** ⓘ	300 months	\$705 to \$2,220 	\$21,221	\$251,387	\$430,167
Income-Contingent Repayment (ICR)** ⓘ	205 months	\$1,071 to \$2,470 	\$0	\$144,769	\$344,769

<https://studentaid.gov/loan-simulator/>

# Repayment Plans

Plan	Terms	Repayment Period	Forgiveness?
Standard	60-120 equal payments	Up to 10 years	None
Graduated	Payment grows every 2 years	Up to 10 years	None
Extended Fixed	300 equal payments	Up to 25 years	None
Extended Graduated	Payment grows every 2 years	Up to 25 years	None

# Income-Driven Repayment Plans

Plan	Payment no more than...	Forgiveness after...
Income Based Repayment (IBR)	15% of discretionary income	About 25 years
IBR for New Borrowers	10% of discretionary income	About 20 years
Pay As You Earn (PAYE)	10% of discretionary income	About 20 years
Revised Pay As You Earn (REPAYE)	10% of discretionary income	20-25 years
Income Contingent Repayment (ICR)	20% of discretionary income	25 years
HH of 1 in WA = \$20,385 (2022)		

# #3 Employment

## Full time

30 hours/week

or "FT" by  
employer definition

part-time public  
service jobs = 30  
hours+

## Public employer(s)

Any level of  
government

501c3 organization

Employer more  
important than role

Must be employed  
when apply &  
forgiveness granted

## \*Org with another tax status (501c4)

Military service  
Public health services  
Public education

Public library  
services  
Early childhood ed.

Public interest law  
Disability services

No labor unions or  
partisan political  
orgs

## #4 120 qualifying payments

- All 120 payments **must** be:
  - On-time
  - Full
  - Scheduled
  - Made after October 1, 2007
  - Made via a qualifying repayment plan
- All payments **are not** required to be:
  - Made consecutively
  - Made with one student loan servicer



# Employer certification & qualifying payments



PSLF

## **PUBLIC SERVICE LOAN FORGIVENESS (PSLF) & TEMPORARY EXPANDED PSLF (TEPSLF) CERTIFICATION & APPLICATION**

**William D. Ford Federal Direct Loan (Direct Loan) Program**

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

OMB No. 1845-0110  
Form Approved  
Exp. Date 08/31/2023  
PSFAP - XBCR

- New form created in 2020 combines:
  - Employment certification for PSLF, TEPSLF and application for forgiveness for both programs
  - One form for all processes eliminates confusion
- Recommended to submit every year to certify employment
  - Can be done via the Help Tool or on paper & then faxed, mailed, or uploaded to MOHELA's site (if serviced by them)
  - Assesses eligibility and number of qualifying payments
  - Submit to MOHELA
- Once form submitted and eligibility determined, loans transferred to MOHELA

# Frequent issues

- **Eligibility**
  - Borrowers have unqualifying type of loan but think they qualify
  - Made payments on non-IDR plans
  - Received misleading or incorrect information from a servicer
  - Payment information incomplete from previous servicers
- **Forms**
  - Signature issues
  - Incomplete forms or errors with dates on form
  - Additional information requested
  - Forms lost or misplaced
- **Employment**
  - Inconsistent approval of employment
  - Not employed by public entity at time of application/forgiveness

## Record keeping is key

- While the servicer should keep detailed records, it is also crucial for the borrower to as well
  - Especially from servicers other than FedLoan/MOHELA
- Keep records of payments, employment certification, and all correspondence with FedLoan/MOHELA
- Consistent certification of employment will help address issues early on
- If you call and speak with a representative, get all employment ID numbers and note the date & time of your call
  - The more communication in writing the better

# PSLF temporary Waiver period

**DEADLINE TO APPLY: October 31, 2022**

## What new items count?

Repayment on all loan types

Period of repayment under any plan

Repayment on loans before consolidation, no matter the repayment plan

Payments that were late or for less than the amount due

Can get forgiveness even if not employed

Can get forgiveness if not currently employed by a public employer

Any TLF period of service

# How do I qualify FOR THE WAIVER?

## Have at least one FFEL/Perkins loan



- Verify employer eligibility
- Consolidate loans  
Loans will be transferred to MOHELA
- Use PSLF Help Tool to fill out PSLF form

## Have Direct loans but have not submitted ECF



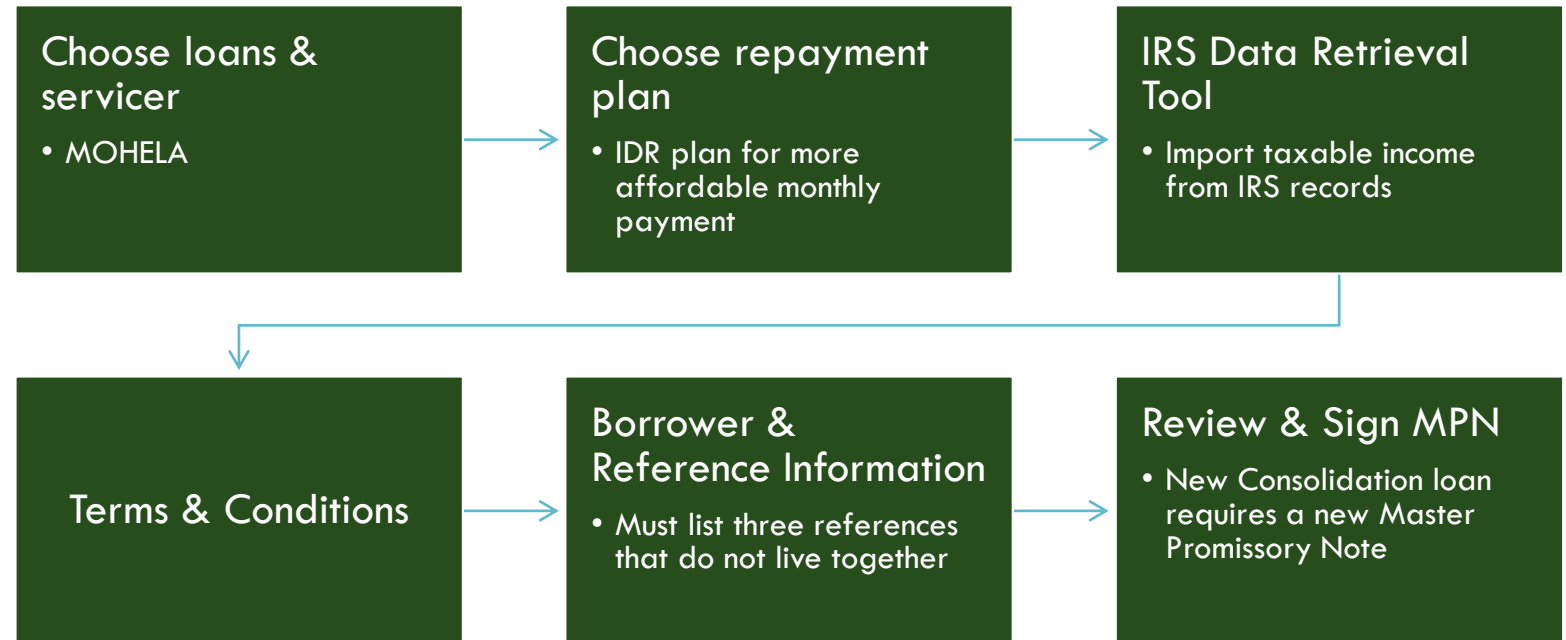
- Verify eligible employment with PSLF Help Tool
- Loans will be transferred to MOHELA & evaluated

## Have Direct Loan & have submitted ECF(s)



- No steps needed! Your loans will automatically be evaluated.

# Direct consolidation in 6 steps





# Additional considerations



# Marriage, taxes, and loans

## File jointly

Monthly  
payment uses  
HH income

Interest  
deduction of  
up to \$2500

## File separately

Monthly  
payment uses  
borrower  
income only

Cannot claim  
interest  
deduction

## REPAYE

HH income  
regardless of  
tax filing

## Conclusion

Compare  
savings

## Lump sum payments

- You may prepay future months for up to 12 months or when your IDR re-certification of income is due
  - For example, if you recertified your IDR and your monthly payment was \$100, but you paid \$1200 for the first month's payment, that payment would count as 12 separate payments for that year. You would not need to make another payment until the next 12-month cycle
- These payments would count as qualifying payments towards PSLF forgiveness once you certified your eligible employment for the 12-month period
- You can never make more than 12 qualifying payments in one calendar year

# Signs of a Scam

Fees!

“Federal”, “National” or other official sounding words in company name

Promises: immediate relief, forgiveness, get out of default now!

Advertised via text message, social media, TV/radio, or ads on search results

## New state legislation – SB 5847

- The SLA to create materials to increase awareness of the PSLF program
  - A standardized letter for public employees
  - A detailed fact sheet
  - An FAQ sheet
- The development of a program for state agencies to certify employment for PSLF
- Develop statewide initiative to improve access and remove barriers to PSLF
- Calculation for part-time academic staff:
  - For each hour of in-class teaching, multiply by 3.35 hours
  - May be applied retroactively
- This information will be provided to:
  - All employees annually
  - Newly hired employees within 30 days of starting
  - Employees at the time they leave their jobs

# Complaints

## Make a complaint if servicer has done something unlawful

- WSAC: <https://www.studentcomplaints.wa.gov/>
- Attorney General's office
- Department of Financial Institutions
- Consumer Financial Protection Bureau: [consumerfinance.gov](https://consumerfinance.gov)
- FSA Ombudsman: [feedback.studentaid.ed.gov](https://feedback.studentaid.ed.gov)
- FTC: [ftccomplaintassistant.gov/#crnt&panel1-1](https://ftccomplaintassistant.gov/#crnt&panel1-1)
- Servicer Ombudsman: Contact appropriate servicer

# Resources

- PSLF Help Tool:
  - <https://studentaid.gov/pslf/>
    - Will need
      - your employer's tax Employer ID
      - Dates of employment at your employer(s)
    - Does not yet allow you nor your employer to sign the form electronically
- PSLF FAQs:
  - <https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/questions>
- WSAC's PSLF page:
  - <https://wsac.wa.gov/PSLF>

# Summary

Locate your student loan info

Determine the types of loans you have

Choose an IDR plan

Make on-time payments

Maintain public employment & certify employment

Keep detailed records

Consolidate only if necessary

Beware of scams

You have the right to make a complaint

# Informational Press Release Resources:

- Links to Informational Press Releases from the US Dept. ED:
  - [Oct. 6, 2021: Fact Sheet: Public Service Loan Forgiveness \(PSLF\) Program Overhaul | U.S. Department of Education](#)
  - [Aug 23, 2022: Thanks to Temporary Changes, U.S. Department of Education Announces Public Service Loan Forgiveness Surpasses \\$10 Billion in Debt Relief | U.S. Department of Education](#)
  - [Aug. 24, 2022: Biden-Harris Administration Announces Final Student Loan Pause Extension Through December 31 and Targeted Debt Cancellation to Smooth Transition to Repayment | U.S. Department of Education](#)
  - [PSLF - ED.gov Search Results \(usa.gov\)](#)



# Public Service Loan Forgiveness (PSLF) Employer Search

- Enter your employer's EIN to see if they qualify for PSLF:
  - [Public Service Loan Forgiveness Employer Search Tool | Federal Student Aid](#)

# \$10k/\$20k Forgiveness Resources:

## ➤ [The Biden-Harris Administration's Student Debt Relief Plan Explained \(studentaid.gov\)](#)

- The [↑above↑](#) link explains/contains the following:
  - ✓ The Student Loan Repayment pause.
  - ✓ The BIDEN \$10k/\$20k Forgiveness plan, (based on income.)
  - ✓ Changes to the (Income Driven Repayment) IDR payment plans proposed for July of 2023.
  - ✓ Link to [sign up for updates](#) for when the BIDEN \$10/\$20 Forgiveness plan opens (an online form should be available by early October.) Or Click here to sign up: <https://www.ed.gov/subscriptions> & make sure you click on the first box at the top:  NEW!! Federal Student Loan Borrower Updates when providing your email address.

# \$10k/\$20k Forgiveness Resources Cont'd:

## ➤ [One-Time Student Loan Debt Relief \(studentaid.gov\)](https://studentaid.gov)

- The [↑above↑](#) link explains/contains the following:
  - ✓ \$10k/\$20k Forgiveness Eligibility requirements.
  - ✓ Steps you can take now and, in the future, to receive the \$10k/\$20k Forgiveness, if you are eligible.
  - ✓ Plenty of FAQ's.
  - ✓ Page will be updated with the "One-Time Student Loan Debt Relief" application is available.

# Other Student Loan Resources:

- [A Fresh Start for Federal Student Loan Borrowers in Default | Federal Student Aid](#)
- [PSLF Waiver Offers Way to Get Closer to Loan Forgiveness | Federal Student Aid](#)
- [Income-Driven Repayment and Public Service Loan Forgiveness Program Account Adjustment | Federal Student Aid](#)
- [Borrower Defense to Repayment | Federal Student Aid](#)

## Westwood College, Corinthian Colleges, & ITT Tech. Inst. Attendees:

- [Education Department approves \\$3.9 billion group discharge for 208,000 borrowers who attended ITT Technical Institute | U.S. Department of Education](#)
- [Education Department Approves \\$1.5 billion in Debt Relief for 79,000 Borrowers Who Attended Westwood College | U.S. Department of Education](#)
- [Education Department Approves \\$5.8 Billion Group Discharge to Cancel all Remaining Loans for 560,000 Borrowers who Attended Corinthian | U.S. Department of Education](#)

VIRTUAL WORKSHOP

# MANAGING STUDENT LOAN DEBT



THURSDAY 9/29/2022  
12:00 - 1:30 PM

Join us for a free presentation provided by attorneys who help people better manage their student loan debt.



## Managing Student Loan Debt

Thursday September 29th 12:00-1:30 pm PT

Join us for a free presentation provided by attorneys who help people better manage their student loan debt. Learn important things you should know about your loan, including best practices for dealing with the debt. We will cover types of loans and how to find out what type you have, payment plans, loan forgiveness options including Public Service Loan Forgiveness (PSLF), [Temporary Expanded PSLF](#), and the [limited PSLF waiver \(currently available until October 31\)](#), private student loan issues, defaulted loans, student loan scams, bankruptcy, & resources. There will be ample time for questions and answers.

[Register here!](#)

# Office of the State Treasurer – Financial Wellness Workshops.

- October Dates:

**Budgeting** - Tuesday, October 4

9:00am – 11:00am

- [IN-PERSON REGISTRATION](#)
- [ONLINE REGISTRATION](#)

**Credit & Debt** - Tuesday, October 11

9:00am – 11:00am

- [IN-PERSON REGISTRATION](#)
- [ONLINE REGISTRATION](#)

**Consumer Cautions** - Tuesday, October 18

9:00am – 11:00am

- [IN-PERSON REGISTRATION](#)
- [ONLINE REGISTRATION](#)

[NOVEMBER WORKSHOP DATES](#)

- Budgeting: The budgeting workshop teaches how to set financial goals and create a budgeting plan. Resources provided.

- Credit & Debt: The credit & debt workshop details how to build and improve your credit history and make a debt payoff plan. Resources provided.

- Consumer Cautions: The consumer cautions workshop teaches techniques to start budgeting conversations with your family & partners, looking at employment packages (benefits) and preventing & avoiding identity theft. Resources provided.



# Questions?

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WA Student Loan Advocate

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THANK YOU