



Student Debt Relief Explained



President Biden, Vice President Harris, and the U.S. Department of Education have announced a three-part plan to help working and middle-class federal student loan borrowers transition back to regular payment as pandemic-related support expires. This plan includes loan forgiveness of up to \$20,000, an extension to the repayment pause, and amending the current student loan system. Read on for student debt relief, explained.

Part 1. Final extension of the student loan repayment pause

The Biden-Harris Administration will extend the pause a final time through December 31, 2022, with payments resuming in January 2023.

Part 2. Providing targeted debt relief to families

In addition, borrowers who are employed by non-profits, the military, or federal, state, Tribal, or local government may be eligible to have all of their

student loans forgiven through the Public Service Loan Forgiveness (PSLF) program. This is because of time-limited changes that waive certain eligibility criteria in the PSLF program. These temporary changes expire on October 31, 2022.

The U.S. Department of Education will provide up to \$20,000 in debt cancellation to Pell Grant recipients with loans held by the Department of Education and up to \$10,000 in debt cancellation to non-Pell Grant recipients. Borrowers are eligible for this relief if their individual income is less than \$125,000 or \$250,000 for households.

Part 3. Make the student loan system more manageable for current and future borrowers

Income-based repayment plans have long existed within the U.S. Department of Education, but the Biden-Harris Administration is proposing a rule to create a new income-driven repayment plan that will reduce future monthly payments for lower- and middle-income borrowers.

The following loans can be cancelled if disbursement occurred before June 20, 2022

- Subsidized
- Unsubsidized
- Parent Plus
- Grad Plus
- Direct Consolidation
- Some Perkins Loans

Timeline:

Sept 2022 New plan announced

Oct. 2022 Application will go live

Oct. 31, 2022 PSFL waiver ends - apply before then!

Nov. 15, 2022 Last day to apply for cancellation (so that it is implemented before payments start in 2023)

Jan. 1, 2023 New plan in effect, federal loan repayment resumes

Summer 2023 Plan recount completed

End 2023 End of Cancellation application period (application will apply)



What is the Public Service Loan Forgiveness Program?

- The Public Service Loan Forgiveness (PSLF) program forgives the remaining balance on your federal student loans after 120 payments working full-time for federal, state, Tribal, or local government; military; or a qualifying non-profit.
- Temporary changes, ending on Oct. 31, 2022, provide flexibility that makes it easier than ever to receive forgiveness by allowing borrowers to receive credit for past periods of repayment that would otherwise not qualify for PSLF.
- Enrollments on or after Nov. 1, 2022 will not be eligible for this treatment. We encourage borrowers to sign up today. Visit [PSLF.gov](https://pslf.gov) to learn more and apply.



What Should Borrowers Do:

1.) Check your eligibility

- You're eligible for student loan debt relief if your annual federal income was below \$125,000 (individual or married, filing separately) or \$250,000 (married, filing jointly or head of household) in 2021 or 2020.
- \$20,000 in debt relief: If you received a Pell Grant in college and meet the income threshold, you'll be eligible for up to \$20,000 in debt relief.
- \$10,000 in debt relief: If you did not receive a Pell Grant in college and meet the income threshold, you'll be eligible for up to \$10,000 in debt relief.

2.) Get updated with StudentAid.Gov

- Log in to your account on StudentAid.gov and make sure your contact info is up to date. We'll send you updates by

both email and text message, so make sure to sign up to receive text alerts.

- If you don't have a StudentAid.gov account (FSA ID), you should create an account to help you manage your loans.
- Make sure your loan servicer has your most current contact information so they can reach you. If you don't know who your servicer is, you can log in and see your servicer(s) in your account dashboard.

3.) Submit your application

- The application will be available online by early October 2022.
- You'll have until Dec. 31, 2023, to submit your application.

Need to Know:

- Borrowers are advised to apply before November 15th in order to receive relief before the payment pause expires on December 31, 2022.
- The Department of Education will continue to process applications as they are received, even after the pause expires on December 31, 2022.
- Nearly 8 million borrowers may be eligible to receive relief automatically because relevant income data is already available to the U.S. Department of Education.
- If the U.S. Department of Education doesn't have your income data, the Administration will launch a simple application which will be available by early October.
- Once a borrower completes the application, they can expect relief within 4-6 weeks.





Additional Information:

- The application will be available online and in print form. It will also be available in English and Spanish.
- If a borrower refinances their federal loans into a private consolidated loan, they won't be eligible to have their federal loans forgiven.
- Be wary of scams.

Resources:

Sign up for application alerts at:

<https://www.ed.gov/subscriptions>

Keep an eye for updates at:

<https://studentaid.gov/debt-relief-announcement/one-time-cancellation>

Look at other forms of administrative relief on:

<https://www.ed.gov/>

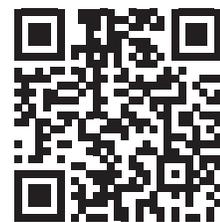
Read on for consolidation:

<https://studentaid.gov/help-center/answers/article/pros-and-cons-of-consolidation>

View more on:

<https://studentaid.gov/debt-relief-announcement>

Student loan forgiveness can be intimidating. Seek help from someone who knows best.



www.finpathwellness.com/coaching