

# Preparing for Federal Loan Repayments to Resume: What You and Your Students Need to Know

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# Agenda

- Preparing for Repayment
- Fresh Start Initiative
- Resources

# Preparing for Repayment



# Who has been utilizing the payment pause?

- According to the Federal Reserve:
  - 60% of federal student loan borrowers have made no payments from August 2020 to December 2021
  - 40% of federal loan borrowers made at least one payment since August 2020

# When is the payment pause ending?

- The COVID-19 payment pause will end on June 30, 2023
- Payments will resume 60 days after the pause has ended
  - If a decision is reached by the Supreme Court, payments may resume sooner
- There are many borrowers who will enter repayment for the first time

# What can you do to prepare for repayment?

**Identify** loan servicer(s)

Update **all** contact information on [studentaid.gov](http://studentaid.gov) and loan servicer's website

**Identify** interest rate and payment due date

# What will my payment be?

- This depends on which repayment plan you are enrolled in
- For standard, graduated, or extended plans, your loan servicer may recalculate your payment
- For income-driven repayment (IDR) plans, your payment amount will stay the same
  - If you recently switched IDR plans or recertified, your payment may be different

# What will my interest rate be?

- For many borrowers, the interest rate(s) will be the same
- For some borrowers, the interest rate may be different due to consolidating your loans during the pause
- Contact your loan servicer to find out the exact interest rate on your loans



# Should I review my auto-debit?

- Yes, auto-debit payments will not restart automatically for some borrowers
- If you were on auto-debit before March 13, 2020, your loan servicer will ask if you wish to continue
- If you signed up for auto-debit after March 13, 2020, your auto-debit is active, and payments will resume on your due date

# Can I enroll in auto-debit now?

- Yes!
- Borrowers who are entering repayment for the first time or who have already been in repayment, can sign up for auto-debit via their loan servicer

# Will I be on the same repayment plan as before?

- Yes!
- Whether you were enrolled in one of the traditional repayment plans or an IDR before the pause, you will resume making payments under that plan

# When is my recertification date?

- For borrowers on an IDR plan, recertification happens every year – this was paused during the payment pause
- Borrowers will not be required to recertify their information before their payments resume
  - The earliest you will be required to recertify is six months after the pause ends
  - If your recertification date falls between now and six months after the pause ends, it will be pushed out by one year

# What if I can't afford my payments?

## Apply for an IDR plan

- Apply at [studentaid.gov](https://studentaid.gov)

## Change your IDR plan

- If you have experienced a change in your situation, you can recertify now

# What if I can't afford my payments? (continued)

## Contact your loan servicer to discuss:

- Changing your payment due date
- Entering a deferment or forbearance period

## Consider consolidation to receive:

- Lower interest rate
- Lower payment amount
- One loan with one lender

# What if I have a change in circumstance?

- If you are enrolled in an IDR plan, you can recertify now
  - By recertifying now, your payment will be based on your current income
- If all your loans are Direct Loans, you have the option of self-reporting your income
  - This option will end six months after the payment pause ends

# What if I am pursuing Public Service Loan Forgiveness (PSLF)?

Paused payments **will count** toward PSLF, if you meet all other qualifications

Submit a PSLF form to **receive an updated** payment count

You **can receive** forgiveness during the pause, if you meet all other qualifications



# My loans were in default before the pause, what happens now?

- You will be required to make payments once the payments pause ends
- Consider rehabilitating your loan(s) – if you done during the pause, you will not be required to make payments
  - Additionally, this will not count as your once change to rehabilitate your loans
- Family Federal Education Loan (FFEL) loans will be assigned to ED and returned to “good standing”
- Consider the “Fresh Start” initiative if your loans are eligible

# Fresh Start Initiative



# What is the Fresh Start Initiative?

- ED announced the initiative on April 6, 2022, to help defaulted borrowers
- Borrowers who have eligible federal loans will temporarily regain FSA benefits
  - You will have the opportunity to get out of default and keep those benefits long term
  - You must act before the Fresh Start period ends or you will lose access to benefits
- Fresh Start will continue through one year after the payment pause ends

# What benefits will I have access to?

## Now

- Access to FSA to return to school
- Stopped collections
- Eligibility for other government loans
- Restored ability to rehabilitate loans

## Later

- Access to IDR plans
- Access to loan forgiveness programs
- Access to forbearance and deferment periods

# Are my loans eligible?

## Eligible

- Defaulted Direct loans
- Defaulted FFEL loans\*
- Defaulted Perkins loans held by ED

**\*Note:** FFEL loans that defaulted during the payment pause are not eligible for Fresh Start

## Not eligible

- Defaulted Perkins Loans held by schools
- Defaulted Health Education Assistance Loan Program loans
- Loans with the U.S. DOJ for ongoing litigation
- Direct loans that default **after** the payment pause ends
- FFEL loans that default **after** the payment pause ends
- New loans taken out during or after the Fresh Start Initiative

# I'm eligible for the Fresh Start Initiative, what happens now?

- ED will transfer your defaulted loans from the Default Resolution Group to a loan servicer—this will happen automatically
- The defaulted loans will be returned to “in repayment” status
- The record of default will be removed from your credit report

# What do I need to do?

- If you are not sure if your loans qualify, contact the Default Resolution Group
- ED will reach out with information on what you need to do
- Make sure your information is up to date with your loan servicer
  - If you are not sure who your loan servicer is, contact ED
  - If you are not sure who your default loan servicer is, contact the Default Resolution Group

# What happens if I go into default again after Fresh Start?

- ED will use your loan's original date of delinquency when providing information to credit reporting agencies
  - Fresh Start will not reset how long credit reporting agencies report the loan as in default
- Exception: If your loan has been in default for more than seven years, it will not show up on a credit report



# Resources



# Loan Repayment Checklist

**Review** your loan history

**Create** an online account with your loan servicer

**Create** a budget

**Choose** a repayment plan

Know when you **must start** making payments

Make **on-time** payments

Know **your options** if you cannot make a payment

# Recertifying an IDR Plan

## Recertifying an Income-Driven Repayment (IDR) Plan



**1** Go to [Studentaid.gov/idrapp](https://studentaid.gov/idrapp), Scroll down to “Returning IDR Applicants” and click the “Log in to start” button.

**2** Select “I am submitting documentation for the annual recertification of my income-driven payment” under reason for request.

**3** Verify that your employment status, family size, marital status, and income information are updated.  
TIP: Use the IRS Data Retrieval Tool to transfer your IRS tax return information directly into your application.

**4** Update your current address, contact information, and provide the best time to reach you.

**5** Review your application information, sign, and submit for recertification.

# What are my loan forgiveness options?

- PSLF
- Teacher Loan Forgiveness
- Total and Permanent Disability Discharge
- ISAC Loan Forgiveness Programs

## Loan Forgiveness and Repayment Programs

The number of awards made through programs administered by ISAC, as well as the individual dollar amount awarded, are subject to sufficient annual appropriations by the Illinois General Assembly and the Governor.

The State of Illinois offers help with student loan repayment for Illinois residents who qualify based on certain eligibility requirements. Typically, qualifying borrowers are those who have made an obligation to work in Illinois for a specific amount of time in a field that has experienced a shortage of workers (for example, teaching or nursing).

## Illinois Loan Repayment/Forgiveness Programs

- [Community Behavioral Health Care Professional Loan Repayment Program](#)
- [Illinois Teachers Loan Repayment Program](#)
- [John R. Justice Student Loan Repayment Program](#)
- [Nurse Educator Loan Repayment Program](#)
- [School and Municipal Social Work Shortage Loan Repayment Program](#)
- [Veterans' Home Medical Providers' Loan Repayment Program](#)

# Current ED-Held Loan Servicers

**Great Lakes  
Educational  
Loan Services**

**Edfinancial**

**MOHELA**

**Aidvantage**

**Nelnet**

**OSLA  
Servicing**

**ECSI**

**Default  
Resolution  
Group**

# Loan Servicer's Website

FSA Official Servicer of Federal Student Aid. [What this means to you](#) ▾



Log In

Register

To Our Customers

Make a Payment

Repayment Options

Payment Methods

PSLF ▾

TEACH Grant ▾

Info Center

Contact Us

Q SEARCH

## Secure MOHELA Login

FSA Official Servicer of  
Federal Student Aid

Please log in to access your account.

\* User Name

\* Password



Remember Me

[Forgot User Name?](#)

[Forgot Password?](#)

➔ Login

Cancel

👤 Register

🌐 [Help Logging In](#)

🔒 [Security Information](#)

You are accessing a MOHELA information system, which may contain government and financial information that is restricted to authorized users only. Unauthorized access includes, but is not limited to: any access by an employee or agent of a commercial entity, or other third party, who is not the individual authorized user, for purposes of commercial advantage or private financial gain (regardless of whether that commercial entity or third party is providing a service to an authorized user of the system); and any access in furtherance of any criminal or tortious act in violation of the Constitution or laws of the United States or of any State. Unauthorized access to or use of this system is prohibited and may constitute a violation of Title 18, Section 1030 of the United States Code or other federal, state or local laws and regulations.


This session may be monitored to ensure appropriate usage and proper performance of applicable security features; and monitoring may result in the acquisition, recording, and analysis of all data being communicated, transmitted, processed, or stored by this session. Session activity may be provided as evidence to law enforcement officials.

By logging on, I agree and consent to these terms and conditions.

*For your security, this site uses Transport Layer Security (TLS) to encrypt data during transmission.*

If your loans recently transferred from another federal student loan servicer, you will need to register a new account to gain access to your loan information through MOHELA.com. Please allow approximately 10 business days after MOHELA receives the transfer for your full account details to be available. [Learn about the loan transfer process.](#)

# StudentAid.gov Website

 An official website of the United States government.

[Help Center](#)

[Submit a Complaint](#)

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**Federal Student Aid**  
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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## Apply for Aid Using the FAFSA Form

[Apply Now](#)

[Learn About Applying for Aid](#)

### POPULAR TOPICS

[Learn About Public Service Loan Forgiveness >](#)

[Learn About Student Loan Debt Relief >](#)

[Prepare for Loan Payments to Restart >](#)

[Complete a \*Master Promissory Note\* \(MPN\) >](#)

### Considering School

*I'm thinking about going to college or a career school.*

### In School

*I'm in the process of earning a degree or certificate.*

### Parent

*I want to help my child pay for college.*

### In Repayment

*I have loans I need to repay.*

# FSA's Loan Simulator



I Want to Find the Best Student Loan Repayment Strategy

[Log In and Start](#)

[Or Start From Scratch](#)

- See how you can lower your student loan payment.
- See how you can pay off your student loans faster.
- Decide whether to consolidate your student loans.



I'm Struggling With My Student Loan Payments

[Log In and Start](#)

[Or Start From Scratch](#)

- Consider a new repayment plan instead of suspending payments.
- Find out about the impacts of suspending payments.
- Learn how to avoid loan default.



I Want to Simulate Borrowing More

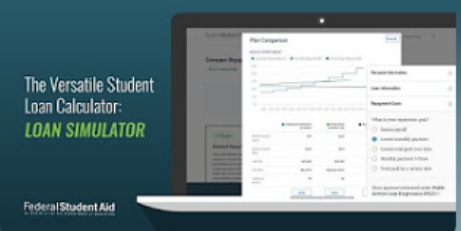
[Log In and Start](#)

[Or Start From Scratch](#)

- Explore impacts when you borrow more student loans.
- Find out about federal student loan limits.
- See how your choice of school affects how much you may need to borrow.



# Video Resources



The Versatile Student Loan Calculator:  
**LOAN SIMULATOR**

Federal Student Aid

## Student Loan Repayment

Federal Student Aid


9 videos 380,730 views Last updated on Oct 1, 2021


⋮ ↻ ⋮


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Do you have a federal student loan? Check out this playlist to learn about the loan repayment process. To get more information about student aid loan repayment, visit [StudentAid.gov](https://StudentAid.gov).

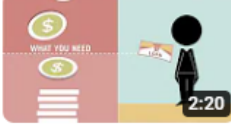
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**Introducing Our Loan Simulator Tool**  
Federal Student Aid • 22K views • 2 years ago
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**Introducing Aid Summary**  
Federal Student Aid • 16K views • 2 years ago
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**[UNLISTED] Student Loan Repayment Will Restart After December 31, 2022**  
Federal Student Aid • 9.9K views • 1 year ago
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**Student Loan Repayment Options**  
Federal Student Aid • 76K views • 4 years ago
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**Responsible Borrowing**  
Federal Student Aid • 829K views • 10 years ago
- 

**Repayment: What to Expect**  
Federal Student Aid • 1.1M views • 10 years ago

# On-Demand Webinars

- FSA has many on-demand webinars on topics such as:
  - PSLF
  - FAFSA and updates to FAFSA
  - Finding the right college fit and more!

## Webinars

Webinars to learn about the process for applying for and receiving financial aid.

- [The Limited PSLF Waiver Has Ended. What's Next for PSLF? –November 2022](#) [↗](#)
- [2023–24 FAFSA Line-by-line Live Demonstration–October 2022](#) [↗](#)
- [Public Service Loan Forgiveness Boot Camp–October 2022](#) [↗](#)
- [2023–24 FAFSA<sup>®</sup> Updates–September 2022](#) [↗](#)
- [What to Know About Public Service Loan Forgiveness–June 2022](#) [↗](#)
- [How to Tackle Verification in the FAFSA<sup>®</sup> Process–March 2022](#) [↗](#)
- [PSLF Help Tool: Are you eligible for loan forgiveness? –February 2022](#) [↗](#)
- [2022–23 FAFSA<sup>®</sup> Updates–September 2021](#)
- [2022–23 FAFSA<sup>®</sup> Updates–September 2021 \(transcript\)](#)
- [Finding the Right Fit Using \*College Scorecard\*–April 2021](#)
- [Finding the Right Fit Using \*College Scorecard\*–April 2021 \(transcript\)](#)
- [Closure: Center for Excellence in Higher Education Webinar–August 2021](#)
- [Closure: Center for Excellence in Higher Education Webinar–August 2021 \(transcript\)](#)
- [2022–23 FAFSA Line-by-line Live Demonstration–October 2021](#) [↗](#)

# Connect with FSA

- FSA Helpline: 1-800-4FED-AID
  - 1-800-433-3243
- Aidan, financial aid virtual assistant
- LinkedIn, Facebook, Instagram, & YouTube
  - @FederalStudentAid
- Twitter
  - @FAFSA

# Thank You!

Questions? Contact us at  
[isac.borrowersupport@illinois.gov](mailto:isac.borrowersupport@illinois.gov)

