



Wayne Metropolitan
Community Action Agency
Established 1971

Understanding Student Loans

Who We Are

- ▶ **We are** “Borrowers Helping Borrowers” Many of us have student loan debt ourselves.
- ▶ **We are not** student loan attorneys or student loan financial counselors. We are not affiliated with the Department of Education.
- ▶ **Most of the information** shared today applies to Federal Student Loans only.
- ▶ **There will be** time at the end of the presentation for Q & A.

You don't have to pay for basic student loan help

- ▶ **You don't have to pay to receive help with loan services** such as consolidating your federal student loans or applying for an income-driven repayment plan.
- ▶ **If you are contacted by a company asking you to pay** "enrollment," "subscription," or "maintenance" fees to enroll you in a federal repayment plan or forgiveness program, you should walk away.
- ▶ **These services and more can be completed by your servicer for free!**
- ▶ Want to learn more? Check out the Homeroom Office Blog of the U.S. Department of Education <https://blog.ed.gov/>

Do you know what type of Student Loans you have?

Federal vs. Private Student Loans

	Subsidized Interest	Fixed Interest Rates	Affordable Plans	Hardship Deferment	Default Rehab	Loan Forgiveness
Federal Loans						
Private Loans		Maybe		Maybe		

Step 1) Find Your Federal Loans

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



Where do I go to find my federal student loan information?

Step 2) Create a New FSA ID



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Create a New FSA ID

An FSA ID is a username and password that gives you access to Federal Student Aid's online systems and can serve as your legal signature.

Only create an FSA ID using your own personal information and for your own exclusive use. You are not authorized to create an FSA ID on behalf of someone else, including a family member.

You are not allowed to have an employee or agent of a commercial entity, or other third party, create an FSA ID for you for any purposes including but not limited to: payment reductions, debt consolidation or applying for aid. Misrepresentation of your identity to the federal government could result in criminal or civil penalties.

Important: When you are done, select the CANCEL button to clear your data even if you did not finish creating your FSA ID. Just closing your browser window or going to another website may not be enough to prevent other people using this computer from seeing your information until the session expires.

Log in to StudentAid.gov

Create an FSA ID

Manage My FSA ID

Step 3) Explore Repayment Options

Income-Driven Repayment Plans

	Payment Amount	Timeframe
Revised Pay As You Earn (REPAYE)	10%	20/25 years
Pay As You Earn (PAYE)	10%	20 years
“New” Income-based Repayment	10%	20 years
Income-based Repayment (IBR)	15%	25 years
Income-contingent Repayment (ICR)	20%	25 years

Try the *Loan Simulator*

- ▶ Loan Simulator is a new tool to help you make decisions about your student loans. Use it to find a repayment plan that meets your needs and goals or to decide whether to consolidate.
- ▶ Important: Results of Loan Simulator are for informational purposes only, and should not be considered financial advice. You are encouraged to review all available options and make decisions about borrowing and repayment that align with your individual goals.
- ▶ <https://studentaid.gov/loan-simulator/repayment/results>

Choose the Right Repayment Plan for you

- ▶ If you are enrolled in the Public Service Loan Forgiveness (PSLF) make sure your repayment plan will count. The Graduated Repayment Plan may better meet your repayment goal, but payments made on this plan will not count for the PSLF. Payments made on the Income-Contingent Repayment (ICR) Plan count toward PSLF.
- ▶ Older loans, such as FFEL PLUS loans for graduate students can qualify for different income-driven if consolidated into a direct consolidation loan.

Step 4) Enroll in a Repayment Plan

- ▶ Pay on time
- ▶ Sign up for Automatic Payments for a 0.25% Rate Reduction.
- ▶ If you are struggling to make your payments contact your servicer.
- ▶ If you don't know who has your student loans, check at <https://studentaid.gov/manage-loans/repayment/servicers>.
- ▶ Never pay an outside company for help with your federal student loans. Your loan servicer will help you for **FREE**. [Contact your servicer](#) to apply for income-driven repayment plans, student loan forgiveness, and more.

Student Loan Forgiveness Programs

- ▶ Income-driven repayment forgiveness - The federal government offers four main [income-driven repayment plans](#), which allow you to cap your loan payments at a percentage of your monthly income. When enrolled in one of these plans, your remaining loan balance will be eligible for forgiveness after 20 or 25 years, depending on the plan.
- ▶ Public Service Loan Forgiveness (PSLF) - is available to government and qualifying nonprofit employees with federal student loans.
*Eligible borrowers can have their remaining loan balance forgiven tax-free after making 120 qualifying loan payments.
- ▶ Teacher Loan Forgiveness - Teachers employed full time in low-income public elementary or secondary schools may be eligible for [Teacher Loan Forgiveness](#) after working for five consecutive years. They can have up to \$17,500 in federal direct or Stafford loans forgiven. To qualify, teachers must have taken out loans after Oct. 1, 1998.
- ▶ Military student loan forgiveness and assistance - Military personnel in the Army, Navy, Air Force, National Guard and Coast Guard may qualify for their own loan forgiveness programs.

Other Student Loan Forgiveness Programs

- ▶ Student loan forgiveness for nurses - Nurses shouldering student debt have [several options](#) for student loan forgiveness: Public Service Loan Forgiveness, Perkins loan cancellation, and the NURSE Corps Loan Repayment Program, which pays up to 85% of qualified nurses' unpaid college debt.
- ▶ State-sponsored repayment assistance programs - Licensed teachers, nurses, doctors and lawyers in certain states may be able to take advantage of programs to assist with repaying debt. Contact your state's higher education department to find out if you qualify for a program.
- ▶ Obama student loan forgiveness - **There's no such thing as** ["Obama student loan forgiveness."](#) However, some student "debt relief" companies use it as a catch-all term for free federal programs – which they charge to enroll borrowers in. If you encounter a company offering "Obama student loan forgiveness," consider it a [red flag](#). Enrolling in federal programs like income-based repayment and federal student loan consolidation is free to do on your own through the Department of Education.

Loan Cancellation and Discharge

- ▶ Total and Permanent Disability Discharge.
- ▶ Closed School Discharge - borrowers who attended schools that closed before they could complete a degree.
- ▶ False Certification of Eligibility - if the school falsely certified your loan eligibility or as a result of Identity Theft.
- ▶ Borrower Defense to Repayment (BDR) - is a federal student loan forgiveness program for borrowers whose schools violated certain laws, or defrauded or misled students.
- ▶ Death Discharge - is a **parent PLUS loan**, which can be **discharged** if you die, become totally and permanently disabled, or if your **loan is discharged** in bankruptcy. You may also be **discharged** if the child for whom you borrowed dies.
- ▶ <https://studentaid.gov/manage-loans/forgiveness-cancellation>

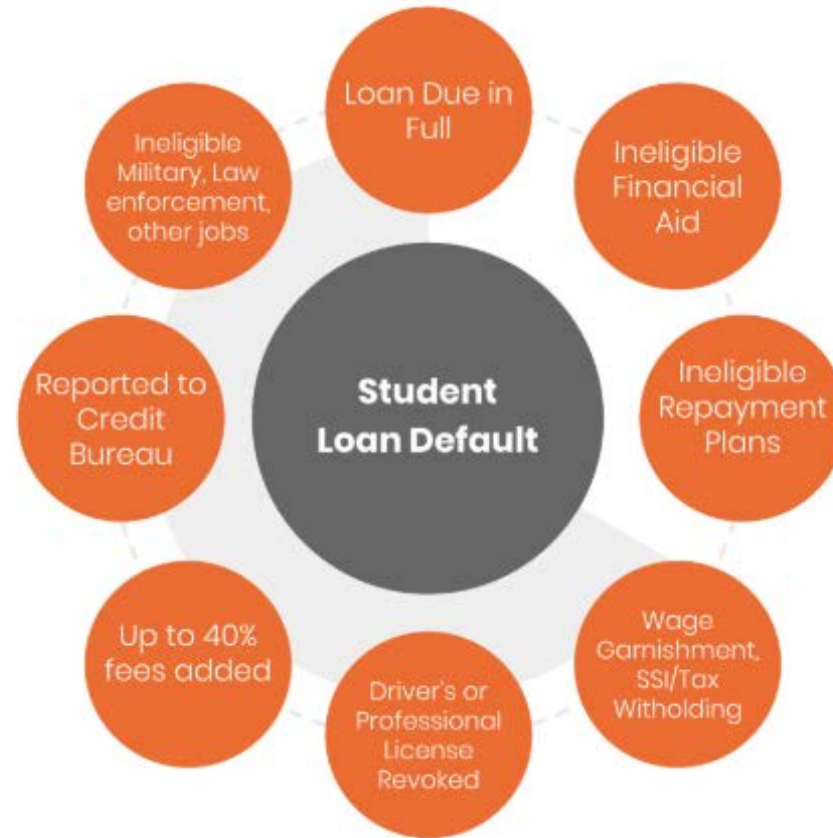
The Caveats

Legitimate federal forgiveness, cancellation and discharge programs are free through the Department of Education, but there are other costs to consider.

- ▶ Forgiven loans may be taxable - generally, forgiven, canceled or discharged student debt is [taxed as income](#) unless you were required to work for a certain type of employer or in a certain profession to qualify for the forgiveness. For instance, loans discharged through Public Service Loan Forgiveness are not taxable, but debt forgiven through income-driven repayment plans is taxable.
- ▶ Forgiveness isn't an option for defaulted loans - you'll need to use consolidation or [rehabilitation](#) to get defaulted federal student loans in good standing before they're eligible for forgiveness programs. If your loans won't qualify for forgiveness, [student loan settlement](#) may reduce your debt in severe cases. Defaulted federal loans are eligible for discharge programs.
- ▶ Beware of scams - so-called debt relief companies claim to get rid of debt but rarely deliver after charging already-struggling borrowers high upfront fees. The only way to get debt discharged is through the legitimate government programs above, and it costs nothing to apply to them.

Consequences of Defaulting

**What
happens
if you
default?**



Default Loan Rehabilitation

Federal student loans in default can be returned to good standing by completing the **loan rehabilitation program**.

Borrowers must make 9 payments in 10 months. Payments are voluntary, and must be **'reasonable and affordable'**.

Initially, 'reasonable and affordable' means **15% discretionary income**.

Borrowers can request payments **as low as \$5 per month**.

The program can only be **completed once**.

What happens if you never pay your student loans?

- ▶ If you ignore your student loans, your balance will keep growing as interest accrues, plus you'll likely owe hefty additional fees.
- ▶ If your debt gets moved into collections, and if you default on federal student loans. The government can take your tax refund or up to 15% of your wages.

How do I contact ED's Default Resolution Group?

 [SHARE LINK](#)

There are a variety of ways to contact ED's Default Resolution Group.

Regular Correspondence Address	U.S. Department of Education P.O. Box 5609 Greenville, TX 75403-5609
Payment Address	U.S. Department of Education National Payment Center P.O. Box 790336 St. Louis, MO 63179-0336 NOTE: If you mail a payment, you must write your name and account number on the face of your check or money order, and make it payable to the U.S. Department of Education. If you don't know your account number, you may provide your Social Security number instead.
Phone	1-800-621-3115 1-877-825-9923 TTY

Coronavirus Aid, Relief, and Economic Security Act known as the CARES Act

- ▶ Under the CARES Act, payments on federal student loans — including direct loans, Perkins loans and Federal Family Education Loans *owned by the U.S. Department of Education* — are automatically suspended from March 13th through September 30, 2020. That means eligible federal loan borrowers do not have to make payments. While loan payments are suspended, interest will not accrue.

CARES ACT

- ▶ Suspends payments and waives interest for certain federal student loans until September 30th.
- ▶ Time during suspension counts towards Public Service Loan Forgiveness (PSLF) and Loan Rehabilitation Programs.
- ▶ Suspended payments are treated as on time payments for credit reports.
- ▶ Stops involuntary collections for certain federal loans for 60-days (wage garnishment, income tax refunds and social security withholdings).
- ▶ The Department of Education must notify borrowers within 15 days of changes, again starting August 1st.
- ▶ Students forced to withdraw from school due to the crisis can cancel their Direct Loans for the period.
- ▶ To find out if your loans qualify contact your [loan servicer](#) online or by phone to determine if your loans are eligible. **Your servicer is who you make your monthly payment to.** If you do not know who your servicer is or how to contact them, visit [StudentAid.gov/login](https://studentaid.gov/login) or call us at 1-800-4-FED-AID.
- ▶ (1-800-433-3243; TTY for the deaf or hearing-impaired 1-800-730-8913) for assistance.



Wayne Metro CARES

Relief & Recovery Services

In an effort to respond to the immediate needs of Wayne County residents, Wayne Metro is implementing our CARES Relief & Recovery Services. Through this new initiative, residents may qualify for assistance in the following areas:



Food & Income Support

Distributing food, formula, diapers, wipes & Personal Protection Equipment.

Water & Energy Assistance

Providing residents with financial assistance towards energy & water utilities.



Emergency Plumbing Repair

Provide plumbing repairs that will resolve the immediate emergency with access to water services.



Rent & Mortgage Assistance

Providing rental assistance & help towards mortgage payments.



Property Tax Assistance

Offering Property Tax Assistance, which can help reduce property taxes.

Funeral Assistance

Providing financial assistance towards burial and cremation services.



Who Qualifies?

- 200% of Poverty
- Layoff, Decrease in Hours, Recipient of Unemployment
- Child in Head Start or have a child receiving free or reduced lunch
- Receipt of benefits through the Michigan Department of Health and Human Service (MDHHS).
- Benefits to include but not limited to: SNAP, TANF, SDA, Medicaid and childcare benefits
- Current enrollee in other assistance programs (Ex. WRAP, MEAP, HUD programs) that currently have income guideline restrictions

200% Federal Poverty Chart

Number of Household Members	1	2	3	4	5	6	7	8	9	10
Income Limit	25,520	34,480	43,440	52,400	61,360	70,320	79,280	88,240	96,600	100,980

How to Get Help

Please visit www.waynemetro.org/CARES or call the
Wayne Metro CONNECT Center at (313) 388-9799.

The CONNECT Center hours are Monday-Friday, from 9:00 a.m. to 7:00 p.m. and Saturday from 9:00 a.m. to 12:00 p.m.

www.waynemetro.org/CARES • (313) 388-9799

Programs will vary based on community.