



Understanding Student Loan and Applying for Loan Forgiveness

September 21, 12 pm PST



IMPORTANT INFORMATION ABOUT THIS WEBINAR

- **This webinar is being recorded.**
- The recorded video will be published onto the DFPI's YouTube channel (<https://www.youtube.com/c/cadfpfi>).
- Your microphone has been muted and video disabled and will remain so for the duration of this webinar.
- **Have a question?** Submit it using the Q&A function!

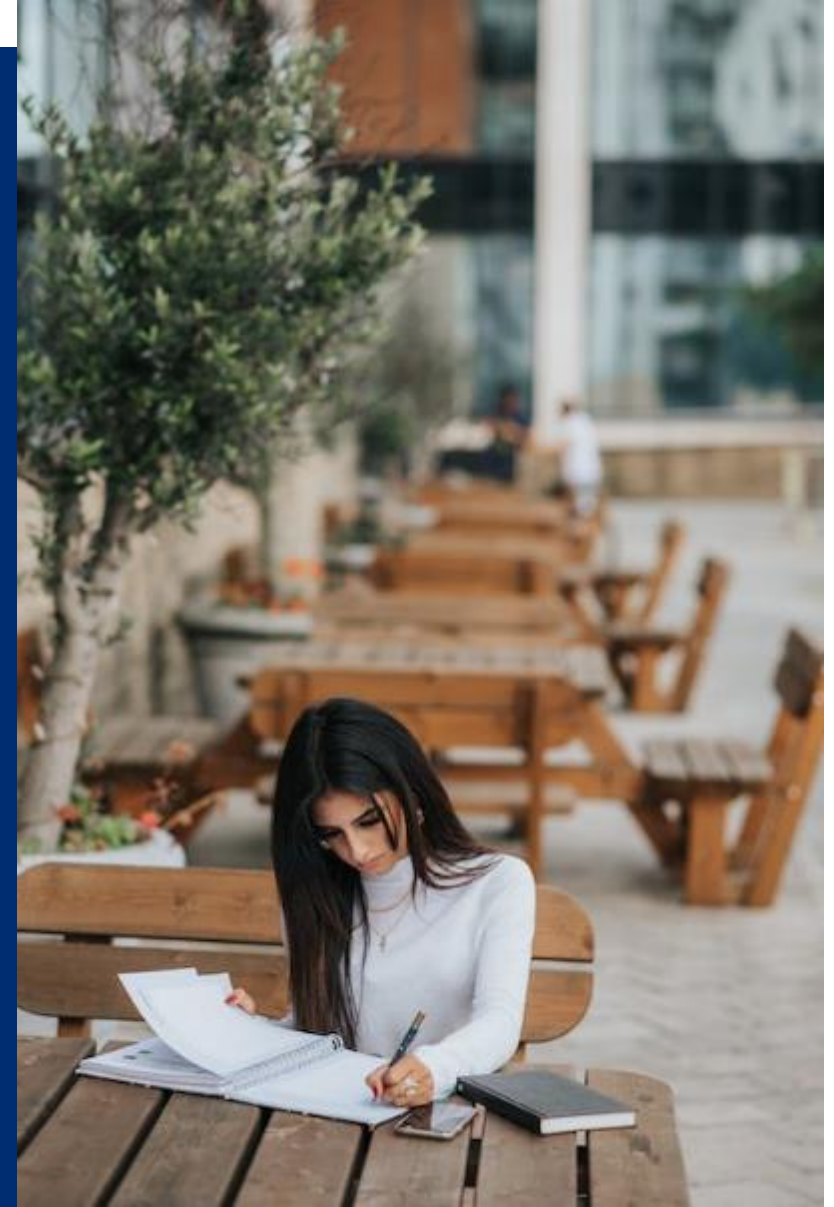




WELCOME!

Today's Agenda

- **Important Student Loan Reminders**
- **Types of Student Loans**
- **Debt Relief and Loan Forgiveness**
- **Live Questions and answers**



Important Student Loan Reminders

- **Public Service Loan Forgiveness Waiver deadline: Oct. 31, 2022**
 - U.S. Dept of Ed will maintain a record if you complete all the steps of the PSLF Help Tool on or before Oct. 31, 2022, and a review is pending. You will receive the benefit of the PSLF waiver if your past employer(s) are determined eligible.
- **Student loan repayment pause ends Dec. 31, 2022!**
 - Update your contact information with your loan servicer and [StudentAid.gov](https://studentaid.gov).
 - Apply for the [Fresh Start program](#) if you are in default (starts Jan 1, 2023).
 - Updates on the Biden-Harris Administration's Student Debt Relief Plan coming soon.
 - Subscribe to the DFPI's newsletter for updates: www.DFPI.ca.gov/subscribe

Types of Student Loans

- Federal Student Loans
- Perkins Loans
- PLUS Loans
- Private Loans
- Others:
 - **Federal Family Education Loans (FFEL)**
 - Income Share Agreements (ISA)
 - International Student Loans
 - State and nonprofit loans
 - Credit union loans
 - Medical school loans
 - Institutional loans
 - Bar exam loans

***Not a comprehensive list**

Federal Family Education Loan (FFEL) program

The **Federal Family Education Loan** (FFEL) Program worked with private lenders to provide education loans guaranteed by the federal government.

- FFEL Program stop originating loans in **2010**.
 - Q: Are my student loans FFEL loans?
 - A: If you want to know which type of federal student loan you have, log in to the [Federal Student Aid](#) website. Your account will say what kind of loans you have.
 - Q: Are my FFEL loans eligible for Biden's student debt relief plan?
 - A: All borrowers who have federally owned FFEL loans are eligible for federal forgiveness through [President Biden's student debt relief plan](#), as are borrowers with commercially held FFEL loans that are currently in default. For borrowers with privately held FFEL loans, if these loans are consolidated into a Direct Consolidation Loan, they will also become eligible for the forgiveness plan.
 - Q: Can I change my FFEL loan to a Direct Loan?
 - A: **Yes**. The only way to change your FFEL loan into a Direct Loan is to consolidate it into a Direct Consolidation Loan.

Resource: <https://studentaid.gov/help-center/answers/article/ffel-program>

Federal Family Education Loan (FFEL) program



- **Joint/Spousal FFEL Consolidation Loans**

- Allowed two married federal student loan borrowers to get one consolidation loan. These loan types were offered from 1993 to 2006, but are no longer available.
- Joint/Spousal FFEL Consolidation Loan borrowers can't reconsolidate their FFEL Consolidation Loan into a Direct Consolidation Loan.

Resource: <https://studentaid.gov/help-center/answers/article/ffel-program>

Types of Federal Student Loans

- Stafford Loans - available to undergraduate and graduate students
 - Direct Subsidized Loans
 - Interest rates don't start accumulating until after you stop attending.
 - Reserved for students who can demonstrate a financial hardship.
 - Limits to how much you can borrow.
 - Direct Unsubsidized Loans
 - No requirement to demonstrate financial need.
 - Responsible for paying the interest. If you choose not to pay the interest while you are in school and during grace periods and deferment or forbearance periods, your interest will accrue (accumulate) and be capitalized (that is, your interest will be added to the principal amount of your loan).
 - Limits to how much you can borrow.
- Direct Consolidation Loans
 - Allows borrower to consolidate multiple federal education loans into one loan.
 - Get started at <https://StudentAid.gov>

Resource: <https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>

Types of Federal Student Loans: Direct PLUS Loans

Parent PLUS Loans

- Federal loans that parents of dependent undergraduate students can use to help pay for college or career school.
 - Q: As a parent PLUS loan borrower, can I transfer responsibility for repaying the loan to my child?
 - A: **No**, a Direct PLUS Loan made to a parent cannot be transferred to the child.
 - Q: Can my parent PLUS loan ever be forgiven (canceled) or discharged?
 - A: **Under certain conditions**, you may be eligible to have all or part of your loan forgiven (canceled) or discharged. [Read more...](#)
 - Q: Do Parent PLUS loans qualify for debt relief?
 - A: **Yes**, Parent PLUS loans held by the Department of Education are eligible for debt forgiveness, according to senior Biden administration officials.

Grad PLUS Loans

- Available to eligible graduate or professional students through schools participating in the Direct Loan Program.
 - Q: Do Grad PLUS loans qualify for debt relief and/or forgiveness?
 - A: **Yes**.

Resource: <https://studentaid.gov/understand-aid/types/loans/plus>

Federal Perkins Loans

- Low-interest student loans for undergraduate and graduate students with exceptional financial need. Perkins Loans were **originated and serviced by participating schools and repaid to the school.**
 - Under federal law, the authority for schools to make new Perkins Loans ended on Sept. 30, 2017.
 - [Perkins Loan Cancellation](#)
 - Q: Can I consolidate my Perkins Loan?
 - A: **Yes**, you can consolidate a Perkins Loan into a Direct Consolidation Loan.
 - Q: Does my Perkins Loan qualify for the President's proposed student debt relief?
 - A: **It depends.** Log into StudentAid.gov to determine if your Perkins Loan is serviced by "DEPT OF ED" and/or "Default Management Collection System." That loan is held by the federal government and should qualify for the President's student debt relief.
 - Q: Does my Perkins Loan qualify for PSLF and its waiver?
 - A: **It depends** – You must first consolidate your Perkins loan into a Direct Consolidation Loan.

Resource: <https://studentaid.gov/understand-aid/types/loans/perkins>; <https://studentaid.gov/manage-loans/forgiveness-cancellation/perkins>

Other Types of Loans (Private Loans)

- Income Share Agreements (ISA)
 - Offers funding for college which you will then repay based on your future salary.
- International Student Loans
 - Private loans offered to non-U.S. citizens who generally won't qualify for federal student loans.
- State and nonprofit loans
 - Usually offered by state or a nonprofit organization, usually to promote college access.
- Credit union loans
- Institutional loans
- Medical school loans
- Bar exam loans

Your eligibility for debt relief depends on the type of loan you have

Debt relief options	Direct Loans	Parent PLUS Loans	Federally held FFEL and Perkins	Corporate held FFEL and Perkins	FFEL Spousal Consolid.	Private
Interest and payment pause	Yes	Yes	Yes	If you consolidate	No	Never
\$10k/\$20k relief	Yes	Yes	Yes	If you consolidate	No	Never
PSLF (if your employer qualifies)	Yes	If you consolidate	If you consolidate	If you consolidate	No	Never
IDR "waiver"	Yes	If you consolidate	FFEL only – must consolidate Perkins	If you consolidate	No	Never

What Kind of Loan Do I Have?

Options to finding out what kind of student loan you have:

- Log into [StudentAid.gov](https://studentaid.gov)
 - Choose “My Aid” from the dropdown menu under your name.
 - Under the “Loan Breakdown” section, click “View Loans” and then click the “View Loan Details” arrow.
 - If the name starts with “Direct,” “Dept. of Ed,” or “Default Management Collection System,” that loan is federally owned.
- Contact your student loan servicer
- Contact the Department of Financial Protection and Innovation (DFPI):
 - Student Loan Servicing Unit
 - Student Loan Servicing Ombudsperson: Celina Damian (celina.damian@dfpi.ca.gov)
- Contact Consumer Financial Protection Bureau (CFPB)
 - Students@cfpb.gov
- Contact the U.S. Dept of Education, Office of Federal Student Aid (FSA)
 - <https://studentaid.gov/help-center/contact>

Disclaimer

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About the Consumer Financial Protection Bureau (CFPB)

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive.

Public Service Loan Forgiveness (PSLF) vs Biden-Harris Administration's Student Debt Relief

- PSLF program

- Only for borrowers who work or have worked for a qualifying employer [e.g. 501(3)c nonprofit or government agency].
- Possible to have remaining loan debt forgiven after 120 qualifying payments.
- Normally, qualifying payments = made on a Direct Loan with a income-driven repayment plan
- Limited waiver expires Oct. 31, 2022: **last chance to apply for retroactive credit for payments that were on the wrong loan type or repayment plan.**
- PSLF program as a whole is not ending on October 31.

- Biden-Harris Student Debt Relief

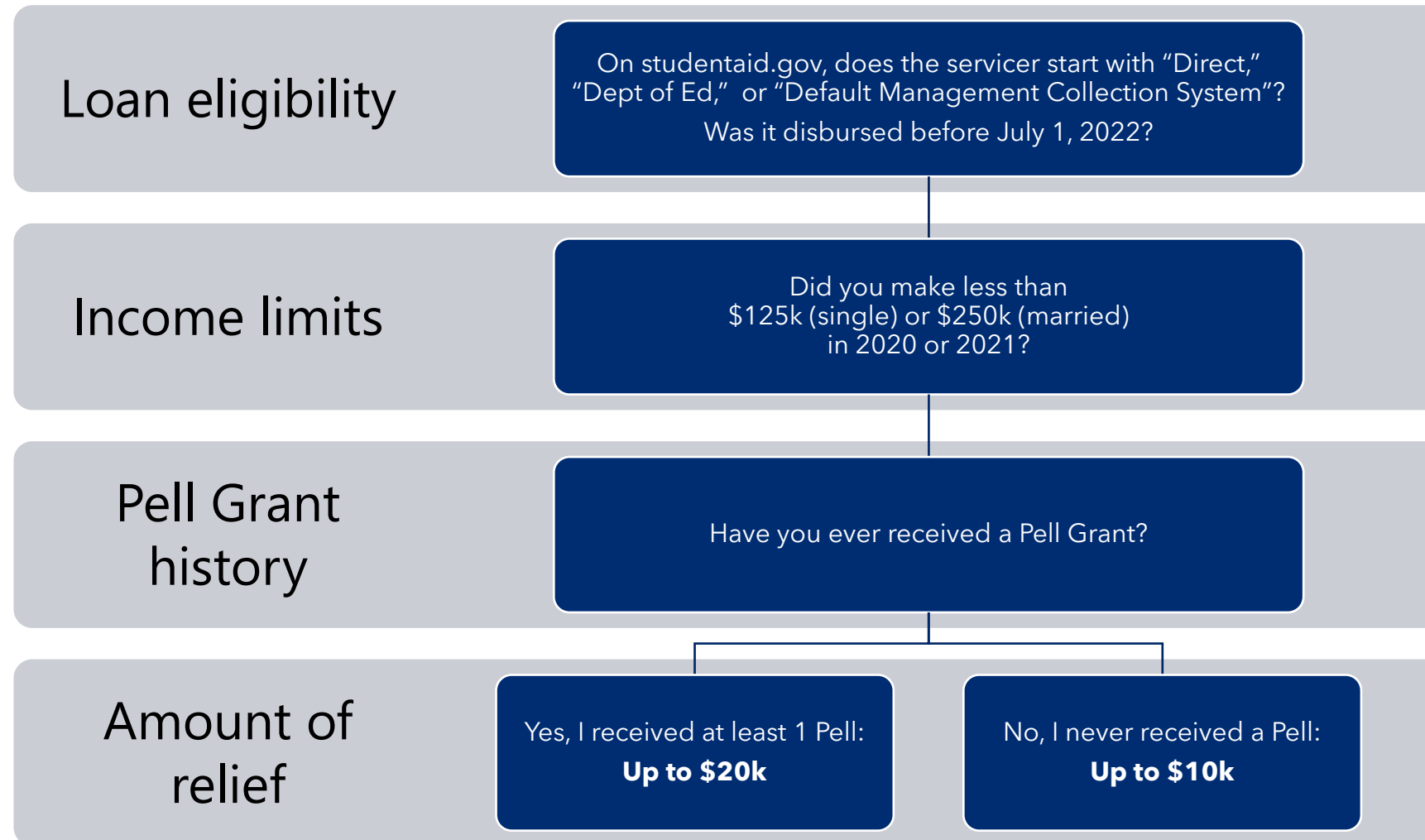
- Available to those with Federal Student Loan(s). Certain restrictions apply.
- Up to \$20,000 of loan debt to be forgiven.
- Application will close Dec. 31, 2023.

Biden-Harris Administration Student Debt Relief Details

Available to those with a Federal Student Loan. Certain restrictions apply.

1. Broad-based debt relief of \$10k or \$20k, depending on income and Pell status.
 - You must apply for the Biden-Harris Student Debt Relief. Application will be available in early October 2022.
 - The amount of loan debt canceled will depend on whether the borrower received a Pell Grant in college.
 - Login to [StudentAid.gov](https://studentaid.gov) to find out more.
 - Up to \$20,000 for borrowers who received a Pell Grant in college
 - Up to \$10,000 for borrowers who did not receive a Pell Grant in college
2. Final pause on student loan payments and interest extended until Dec. 31, 2022.
3. New Income Driven Repayment (IDR) plan with much lower payments.

How Much Broad-based Debt Relief Do You Qualify For?



FAQ: Biden-Harris Administration Student Debt Relief



1. How will I know when debt relief has been applied to my account?
 - Your loan servicer will notify you when the relief has been applied to your account, with details on how the relief was applied.
2. What happens if I still have a loan balance after debt relief is applied?
 - Loan balances remaining after relief will be recalculated to a new monthly payment based on your new balance, potentially reducing your monthly payment. Your loan servicer will communicate your new payment amount to you.
3. Do I have to be repaying my loans to be eligible for debt relief?
 - No. Borrowers are eligible for debt relief regardless of whether they're in repayment, in school, or in grace, as long as they meet the income requirements and have eligible loans.
4. If I have multiple loans, can I pick which loans get the relief?
 - The U.S. Dept of Ed, Federal Student Aid will make this determination and provide the guidance to loan servicers, who will then process the relief. Additional details to come.

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

FAQ: Biden-Harris Administration Student Debt Relief continued...

6. Will my debt relief be taxed?

- One-time student loan debt relief will not be subject to federal income taxes. State and local tax implications will vary.

7. What happens if I applied for Public Service Loan Forgiveness (PSLF)?

- If you receive one-time student loan debt relief and are then determined to have been eligible for forgiveness under PSLF, your loan will be readjusted for debt relief, then PSLF discharge will be applied. The PSLF discharge may provide a refund on certain eligible payments made after the borrower has already made 120 payments.

8. Am I eligible for a refund if I made voluntary payments during the pandemic?

- Yes. You will automatically receive a refund of your payments during the payment pause if you successfully apply for and receive debt relief under the Administration's debt relief plan AND your voluntary payments during the payment pause brought your balance below the maximum debt relief amount you're eligible to receive but did not pay off your loan in full.
- Other borrowers can still receive refunds on voluntary payments made after March 13, 2020 by contacting their servicer. It's important to note that these refunded payments will increase your loan balance and your monthly payments. If you expect to have a balance after discharge is applied and wish to request a refund, you can do so by contacting your servicer until Dec. 31, 2023.

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

Next Steps for Biden-Harris Student Debt Relief

Federally-managed loans (qualified for CARES Act pause on payments and interest)

- If you paid off your loans during the pause (after March 13, 2020), request a refund
- Application will be available in October
- Apply by November 15th to get relief before the pause ends and payments resume in January 2023

Non-federally-managed loans (did not qualify for CARES Act pause on payments and interest)

- Consolidate into a Direct Consolidation Loan
- Then fill out the application

Applying for Loan Forgiveness and/or Debt Relief



- Biden-Harris Administration Student Debt Relief
 - Application will be available early October 2022
- Public Service Loan Forgiveness
 - Start at [StudentAid.gov/PSLF](https://studentaid.gov/PSLF)
 - For help, watch our [Public Service Loan Forgiveness \(PSLF\) Workshop](https://youtu.be/YP4vn5cDvrQ) webinar on YouTube (<https://youtu.be/YP4vn5cDvrQ>)
 - Waiver deadline: October 31, 2022

Beware of Scams!

You may be contacted by someone saying they will help you get loan discharge, forgiveness, cancellation, or debt relief for a fee.

You never have to pay for help with your federal student aid.

Make sure you work only with the U.S. Department of Education and your federal loan servicer.

Never reveal your personal information or account password to anyone!

If you run into trouble with your loans, you can file complaints

1. FSA complaints:

- <https://studentaid.gov/feedback>

2. CFPB complaints:

- <https://www.consumerfinance.gov/complaint>

3. California DFPI complaints:

- <https://dfpi.ca.gov/file-a-complaint>



QUESTIONS ?



Contacts

- **Kate Mullan**, Policy Analyst
Consumer Financial Protection Bureau (CFPB)
 - Students@cfpb.gov
 - Join our mailing list: <https://www.consumerfinance.gov/consumer-tools/educator-tools/students/signup>
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 - Join our mailing list: www.dfpi.ca.gov/subscribe

WHAT TO DO NEXT?



- DFPI's Student Loan Borrower Resource webpage:
 - <https://dfpi.ca.gov/studentborrower-resources>
- PSLF info: www.ForgiveMyStudentDebt.org
- More help guides from the CFPB:
 - <http://www.consumerfinance.gov/consumer-tools/educator-tools/students/loan-forgiveness/>
- Subscribe to the DFPI newsletter!
 - www.DFPI.ca.gov/subscribe
- Subscribe to the CFPB podcast and mailing list:
 - <https://www.consumerfinance.gov/consumer-tools/educator-tools/students/signup>
- Contact us with questions: Outreach@dfpi.ca.gov

THANK YOU