**Date:**

**CLIENT NAME:**

**Student Loans**

**Loan Amount:**

**Loan Type:**

**Interest Rate:**

**Loan Status:**

**Servicer/Debt Collector:**

**Repayment Plan:**

**EDCAP Financial Counselor: Nancy Nierman, Email:** [**nnierman@cssny.org**](mailto:nnierman@cssny.org)**, Ph. 917-748-7882**

* **Recap session (Add Date):** 
  + Your loans are currently in the covid forbearance. Interest rates are set to 0% and payments are suspended through 8/31/2022.
    - Payments may resume as early as September 2022. Your loan servicer will send you a notice at least 21 days in advance which will include the exact due date and amount owed.
    - Be sure to update your contact information with your loan servicer and with [Federal Student Aid](https://studentaid.gov/fsa-id/sign-in/landing) and look out for important notifications over the coming months.
    - Auto debit arrangements that were in place prior to the covid forbearance must be reset with your servicer. Make sure they have the most recent bank account information if you want to continue making payments in this manner.
    - If the required amount on the bill is more than you can afford, don’t panic. Contact EDCAP and we will help you search for a cheaper alternative.
  + Repayment Plans: There are two basic ways to repay federal student loans:
    - Standard/Traditional Plans: Payments are based on the loan balance, interest rate and payback period.
    - Income-Driven-Repayment (IDR) Plans: Payments are based on Adjusted Gross Income (AGI), family size and tax-filing status.
      1. There are four IDR plans; Revised-Pay-As-You-Earn (REPAYE), Pay-As-You-Earn (PAYE), Income-Based-Repayment (IBR) and Income-Contingent-Repayment (ICR).
      2. All plans must be recertified annually. Your loan servicer will notify you several months in advance of the due date**. It’s important not to miss the recertification deadline!**
      3. Payments are based on the Adjusted Gross Income (AGI) from your last filed tax return:
         * If at the time you enroll or recertify, your income is less than the AGI from your last tax return, you can send proof of your current income and the payment will be based on that lower amount.
         * If in between recertification dates, your income declines, you can have the plan recalculated and the payments will be adjusted immediately.
         * If in between recertification dates, your income increases, you do not have to report that until your next recertification date.
      4. **In summary: If your income changes, you can have your payment recalculated at any time. You never have to make a payment that is based on an income you no longer have.**
      5. All plans offer forgiveness if you make qualifying payments for 20-25 years. This includes $0 repayment plans, but you must be “In-Repayment” to qualify. Most periods spent in deferment or non-covid related forbearance will not count. There is no employment requirement for IDR forgiveness.
      6. All plans qualify for Public Service Loan Forgiveness (PSLF). You must be “In-Repayment” to qualify. Periods spent in deferment or non-covid related forbearance will not count. There is an employment requirement for PSLF.
      7. If you are married and file taxes jointly, payments will be based on the combined income of you and your spouse in all repayment plans. If you file taxes married but separate, payments in PAYE, IBR and ICR will be based on your income alone. However, payments in REPAYE will be based on the combined income of you and your spouse regardless of how you file taxes.
      8. IBR Plan: This plan has two payment structures; 1) If ALL of your loans were disbursed after July 1, 2014, payment will be 10% of discretionary income (discretionary income is based on adjusted gross income or AGI), 2) If ANY of your loans were disbursed before July 1, 2014, payment will be 15% of discretionary income.
  + Public Service Loan Forgiveness (PSLF): Forgives loan balances for borrowers working for eligible employers after making 120 qualifying monthly payments (10 Years).
    - You don’t enroll in the PSLF program. You accumulate qualifying payments.
    - Qualifying payments are:
      1. Made on or after October 1, 2007
      2. You must have Direct Loans
      3. You must be in an IDR plan (payments in the Standard 10-Year fixed plan may qualify but you must switch to an IDR plan at some point and remain in that plan for most of the life of the loan)
      4. Your loan status must be “In-Repayment” Periods spent in deferment or non-covid related forbearance will not count. Exception: suspended payments during the Covid Forbearance from 3/13/2020-8/31/2022 will count of all other program requirements are met.
      5. You must work full time for a qualifying employer. Qualifying employers are:
         * 501(c)3 non-profits
         * Certain non-profits that are not 501(c)3s but which provide public services (i.e., education, legal, healthcare, etc.)
         * Governments: Federal, State, Local, Tribal
         * AmeriCorps or Peace Corps
      6. You must make your payments on time and in full.
      7. Read more about PSLF [here.](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service/temporary-expanded-public-service-loan-forgiveness)
  + PSLF Temporary Waiver Opportunity: On 10/6/21, the Biden Administration announced a temporary overhaul of the PSLF program. Certain requirements will be waived to allow borrowers whose payments were previously rejected due to the **wrong loan types** or **repayment plans** to receive qualifying payment credit. This means that FFELP, Perkins and other non-Direct loan borrowers may be eligible for PSLF credit along with borrowers who made payments in any repayment plan and met all the other program requirements. This option is only available until **October 31, 2022.** Read more about the Temporary Waiver Opportunity [here.](https://studentaid.gov/announcements-events/pslf-limited-waiver)
    - 1. Under the Waiver Opportunity, you have to meet the following requirements to receive qualifying PSLF credit:
         * You must have worked full time for a qualifying employer. You seem to have met this requirement for more than 10 years.
         * Your loan status must have been “In Repayment”. Note: It won’t matter if you made full, partial or no payment during the months your loans were “In Repayment”. They will only be looking at the loan status.
         * Time periods prior to Loan Consolidation will be considered. (Under normal circumstances, once you consolidate, you lose qualifying payment credit towards PSLF for months prior to the consolidation).

**USE THESE NOTES WHEN FILING PSLF CERTIFICATION AND APPLICATION FORM WITH THE PSLF HELP TOOL**

* + - Start tracking your qualifying payments by filing the [PSLF Certification and Application Form](https://studentaid.gov/sites/default/files/public-service-application-for-forgiveness.pdf).
    - Use the [PSLF Help Tool](https://studentaid.gov/pslf/) to generate the form. You can access this tool by logging into your FSA account.
      1. You’ll need the Employer Identification Number (EIN) from each employer for which you are filing a form. You can get this from a W-2 form or by asking the company’s HR department.
      2. You’ll need to know exact beginning and ending employment dates (there is an option available to indicate if you are still employed)
      3. If you don’t think you have the 120 qualifying payments necessary to receive loan forgiveness, indicate that you just want to update your qualifying payment count.
      4. If you think you have the 120 qualifying payments necessary to receive loan forgiveness, indicate that you are requesting loan forgiveness upon filing the form.
      5. Follow all the instructions.
      6. IMPORTANT: The PSLF tool helps to generate the form, but it doesn’t send it anywhere. You still have to print it out, have your employer fill in section 4 and send it to FedLoan. If FedLoan is currently your servicer, upload it from your MyFedLoan account. If you have a different servicer, you will need to mail or fax the form to FedLoan (see section 7 of the PDF above for details).
      7. Make sure you sign and date the bottom of page one.
      8. Check to be sure your employer fills in all the information in section 4 and signs and dates it. If they just sign and date it, the form will be rejected!
      9. Be sure both you and the employer use acceptable methods of signing the form as follows:

[Acceptable signatures on PSLF Certification Forms Per FSA](https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service#employment-certification)

**How to Submit the PSLF Form**

**A reminder about digital signatures:** Digital signatures from you or your employer must be hand drawn (from a signature pad, mouse, finger, or by taking a picture of a signature drawn on a piece of paper that you then scan and embed on the signature line of the PSLF form) to be accepted. Typed signatures, even if made to mimic a hand-drawn signature, or security certificate-based signatures are not accepted.

|  |  |
| --- | --- |
| **Signature Examples** | |
| **Signature Type** | **Yes/No** |
| Hand drawn from signature pad, mouse, or finger | ✔ |
| Typed using a cursive font or any other font | **X** |
| A scanned photo of a signature that was hand-drawn on paper | ✔ |
| Digital certificate-based signature | **X** |
| A wet signature that was drawn in ink and sent to us in its original format | ✔ |

**USE THESE NOTES WHEN FILING THE PSLF CERTIFICATION AND APPLICATION FORM MANUALLY**

* + - Start tracking your qualifying payments by filing the [PSLF Certification and Application Form](https://studentaid.gov/sites/default/files/public-service-application-for-forgiveness.pdf).
      1. You fill out page 1.
         * In section 2, you will check the first box “I just want to find out how many qualifying payments…” until you think you have made all 120 qualifying payments. At that point, you will check the second box “I believe I qualify for forgiveness…”
         * Be sure to sign and date the bottom of the page.
      2. The Employer fills out page 2.
         * Make sure your name and SSN are at the top of the page.
         * In section 3, make sure they put an exact employment start and end date (or check the “Still Employed” box). Month and year alone will be rejected.
         * In section 4, make sure they fill out everything. Just signing and dating here will cause the form to be rejected.
      3. Upload completed forms on your [MyFedloan](https://myfedloan.org/) account or send by mail or fax if Fedloan is not your servicer (see section 7 for mailing/faxing details).
      4. File this form annually and when you change jobs. Dispute results you disagree with immediately!
  + Next Steps/Strategy:
    - We are setting your required payment as low as possible. This gives you flexibility. You can make more than the required payment if you wish but are not required to do so if you can’t or don’t want to.
    - While you are pursuing PSLF, your strategy should be to make the minimum required payments until such time as your loan balance is forgiven. Unless there is a reasonable expectation that you can pay the entire balance off faster than you can achieve forgiveness, it does not make sense to make extra payments.
    - If you choose to pay more than the required amount, contact your servicer and tell them you want the extra payments applied to principal. They will pay any unpaid interest balance first, then apply the rest to principal. You want to avoid being in “Pay-Ahead” status!
    - Note: If your payment doesn’t at least cover the interest, the principal will not decline, interest will accrue, and the total balance will increase. I estimate the current monthly interest on your loans is about XXXX. If you want to make monthly payments to cover the interest, contact your servicer to confirm this number.
    - Going forward, avoid going into deferment or forbearance whenever possible. Remain in your IDR plan and make the minimum required payment. You can have the payment recalculated at any time if your income declines. This will keep interest from capitalizing and your payments will be eligible for forgiveness programs you may be pursuing.