

# Loan Repayment- The Buck Starts Where?

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# Agenda

- ★ *Exit Counseling – What’s New?*
- ★ *Repayment Plans not Based on Income*
- ★ *Income-Driven Repayment Plans*
- ★ *Highlights and Examples*
- ★ *Public Service Loan Forgiveness*

# EXIT COUNSELING



# Topics Covered in Exits

- ✦ Seriousness and importance of federal student loan repayment obligation, including summary of consequences of loan default
- ✦ Review terms and conditions of student's federal loans, including interest rates, grace periods and date first payments are due
- ✦ Explain that borrower has right to prepay federal student loans or accelerate repayment of the loans without penalty

# Topics Covered in Exits

- Review debt-management strategies that can help borrower repay loans, such as how to develop a realistic budget
- Effects of federal student loan consolidation on borrower's loans, including total interest and fees, length of repayment, monthly payments, and total payments and potential loss of benefits
- Provide information about loan forgiveness and cancellation options
- Provide information about education tax benefits that are available to federal student loan borrowers

# Topics Covered in Exits

- Provide borrower with information about various resources available
  - National Student Loan Data System (NSLDS) for access to borrower's federal education loan records including current loan types and balances, assigned servicer, and other information
  - Information about Federal Student Aid (FSA) Ombudsman at the U.S. Department of Education
  - Names and contact information of those borrower can contact with questions about loan terms and conditions, and borrower rights and responsibilities
  - Contact information for the servicer of the borrower's federal student loans

# Information Collected

- Borrower's name, address and Social Security number
- Borrower's driver's license number and state of issuance, if applicable
- Borrower's expected permanent address
- Name and address of borrower's current and/or expected employer
- Name and address of the borrower's next of kin
- Names and addresses of two references for borrower who live in the U.S

# Changes as of March 2013

- Enhanced loan counseling modules on StudentLoans.gov
  - Entrance
  - Financial Awareness
  - Exits



# Changes as of March 2013

- Borrower provided with preliminary repayment plan eligibility information and estimated repayment amounts via information on NSLDS
- Borrower has opportunity to select repayment plan desired
- Repayment plan preference provided to borrower's federal loan servicer to facilitate that repayment plan prior to the end of six-month grace period.

# SERVICER OUTREACH TO BORROWERS

## Servicer Outreach to Borrowers Nelnet Example



Correspondence regarding repayment plans via mail/e-mail



Counseling calls with borrowers to discuss payment plans and income-Driven options applicable to borrower's situation



Information provide on online account at [nelnet.com](http://nelnet.com) or mobile website



Self-service borrower tools: iPhone/Droid/web-based repayment calculator apps



Financial literacy materials & literature



Student webinars (Money Mondays)

# LOAN REPAYMENT



# Plans not Based on Income

- Standard Repayment
- Graduated Repayment
- Extended Repayment
- Alternative Repayment (DL only)

# Standard Repayment

- Borrower will pay fixed amount: at least \$50 each month for up to 10 years
- Borrower will pay fixed amount: at least \$50 each month for up to 10 years
  - Repayment period is shorter than it would be under any other repayment plans

# Graduated Repayment

- Beneficial if borrower's income low when leaving school but likely to steadily increase
- Payments start low and increase every two years
- Minimum payment = amount of interest that accrues monthly for up to the maximum repayment period
- Maximum repayment period:
  - 10 years for Subsidized, Unsubsidized, and PLUS loans
  - 10-30 years for Consolidation loans depending on the total loan indebtedness

# Extended Repayment

- Borrower may choose this plan if (s)he did not have outstanding balance on FFEL or Direct Loan as of 10/7/98. Must also have more than \$30,000 in outstanding FFEL Program loans or more than \$30,000 in outstanding Direct Loans.

- *For example...*

*A borrower that has \$35,000 in outstanding FFEL Program loans and \$10,000 in outstanding Direct Loans can choose the Extended Plan for their FFEL loans, but not for their Direct Loans.*

- Borrower may choose to make fixed or graduated monthly payments
- Minimum payment of \$50 for Fixed Extended
- Maximum repayment period is 25 years



# Alternative Repayment

- **DL Only**
- May be used when terms and conditions of other repayment plans are not adequate to accommodate borrower's circumstances
- Borrower must provide evidence of exceptional circumstance
- Terms must be within the following restrictions:
  - Maximum 30-year term
  - Minimum payment of \$5.00
  - Payments cannot vary by more than 3x the smallest payment
- Four Direct Loan Alternative repayment plans:
  - Alternative Fixed Payment
  - Alternative Fixed Term
  - Alternative Graduated
  - Alternative Negative Amortization

# INCOME SENSITIVE REPAYMENT

# Income Sensitive Repayment

- FFEL Only
- Lender-specific
- Scheduled monthly payment based on borrower's annual income
- Payment amount increases or decreases based on income change
- Maximum repayment period is 10 years (*except consolidation loans*)
- Borrower must re-apply each year
- Monthly payments may be increased for the remaining term of the loan to compensate if the borrower receives decreased payments under ISR

# INCOME-BASED REPAYMENT



# What is IBR?

- Created by Congress under College Cost Reduction and Access Act of 2007 (implementation date of 7/1/09)
- Ideal for individuals entering careers with relatively high loan debt compared to starting salaries, such as:
  - Medicine
  - Law
  - Elementary/Secondary Education
  - Social Work
- Potential tool for individuals whose loans are in a delinquent status

# What is IBR?

- Lower Payments + Longer than standard 10 years to repay = Paying more over the life of the loan
- Must have Partial Financial Hardship (PFH) to qualify
- Provides interest subsidy on subsidized loans for up to 3 years if IBR payment is less than accrued interest on those loans\*
- Provides forgiveness of remaining balance after 25 years (300 eligible payments)

\* IBR subsidy is for the amount of interest that the scheduled payment amount does not cover. This differs from interest subsidy for deferments and other periods where all of the interest is covered. All interest would be covered if payment amount is \$0.

# Partial Financial Hardship (PFH)

Borrower's annual loan payment using standard 10-year repayment plan



15% of (borrower's Adjusted Gross Income – 150% of poverty line amount)

## ***Based on income and family size***

- Final rules effective 07/01/2010 allow for the PFH to be determined based on the greater of either:
  - The amount due at the time the loans entered repayment or
  - The time the borrower or spouse requests the plan

# INCOME CONTINGENT REPAYMENT

# What is ICR?

- Available for *FDLP only*
- Any DL borrower (*other than a PLUS borrower*) may choose ICR
- Payment considers total DL debt + income and family size
- Borrower pays all interest that accrues on loans. Unpaid negative amortized interest up to the 10% limit is capitalized
- Unpaid interest is capitalized annually



**PAY AS YOU EARN**

# What is Pay As You Earn?

- The borrower must qualify for a PFH when initially requesting this repayment plan
- Once the borrower has qualified for PAYE, updated AGI and certified family size must be submitted annually to recertify the PFH
- It is possible to remain in PAYE after initial qualifications, even if borrower does not meet the PFH qualifications for recertification

# Pay As You Earn

- PFH calculated by taking the difference between AGI and 150% of the poverty level for the borrower's state/family size, and will not exceed 10% of the discretionary income.
- Borrowers with no taxable income or who have an AGI less than 150% of poverty level for their state and family size qualify for a zero PFH.
- If loan in another income-driven repayment plan or alternate repayment plan, eligible loans need to be moved into standard repayment plan prior to applying for PAYE.

# Pay As You Earn

- *If current income-driven repayment plan is IBR, borrower will be required to make monthly payment under expedited-standard repayment schedule or reduced pay forbearance after exiting IBR and before PAYE plan can be applied.*
- *If the borrower does not qualify for PAYE, previous repayment plan should be maintained.*

# THE APPLICATION PROCESS



# Income Documentation

- Borrower must submit income documentation when applying
- Eligibility (IBR & Pay As You Earn) and payment amount (all three plans) usually based on borrower's AGI
- Borrower may document AGI through
  - The electronic application (uses same method as IRS data retrieval tool for the FAFSA to document AGI)
  - A paper copy of a 1040, 1040A, or 1040EZ (signed or unsigned)
  - An IRS Tax Return Transcript

# Income Documentation

- If AGI not available or does not reasonably reflect current income, borrower can submit alternative documentation of income (ADOI)
- Borrowers must provide documentation of all taxable income, e.g., pay stubs, unemployment benefits, etc.
  - Loan holder estimates annual taxable income based on this documentation
- Borrowers do not provide documentation of untaxed income, such as Supplemental Security Income or welfare

# ADOI Additional Considerations

- Borrowers who use electronic application must follow up with their loan holder and send in documentation
- It is often difficult to know how frequently the borrower receives income based only on documentation
  - Is it twice per week or twice per month?
  - Loan holders have tended to request varying amounts of documentation to ensure an accurate determination
  - Direct Loan ADOI form asks for frequency of pay
  - Soon, new form for both Direct Loans and FFEL will ask for one piece of documentation per source of income and for borrower to write frequency of pay on the documentation

# ADOI Additional Considerations

- Projected annual income using ADOI may be higher than borrower's AGI will be
  - Loan holders cannot subtract out “above the line deductions” to income that a borrower may take when filing a tax return, which would lower AGI
- Loan holders might only exclude pre-tax deductions from pay if they are obvious
  - Loan holders can accept a signed statement from the borrower explaining pre-tax deductions
- Borrowers may not have held the job for the entire year, but loan holders project income to cover a 12-month period

# Recertifying Income and Family Size

- Under all three plans, borrowers are required to submit updated income documentation annually
- Failure to submit documentation in a timely manner will lead to:
  - Monthly payment amount that is what it would have been on 10-year standard repayment plan (non-income-based) , &
  - Interest capitalization
- Borrowers must also annually certify their family size or a family size of one will be used



## Recertifying Income and Family Size

- The reevaluation date is based on when the borrower initially entered the plan (anniversary date)
- Borrower can also submit documentation early, if their circumstances have changed, to receive a lower payment amount. This changes their anniversary date
- Borrowers can use the electronic application to recertify their income and family size

# Recertifying Income and Family Size

## \*NEW\* - Negotiated Rulemaking 2012

- Borrowers will receive educational notices about their IDR plan
- Borrowers will receive notice of deadline by which they must submit income documentation & consequences of failing to do so
- Borrowers submitting income documentation within 10 days of deadline will have current payment amount maintained until income documentation processed & new payment amount calculated
  - Loan holder's inability to determine a borrower's new payment amount by borrower's anniversary date will no longer result in automatically increased payment amounts and capitalization of all outstanding interest
- Final regulations published: 11/1/ 2012

# Electronic Income-Driven Application

- Can be used by borrowers with ED-held loans (Direct or FFEL)
- Can be used by borrowers with commercially held FFEL loans serviced by entity that also services ED-held loans
  - Hope to cover all commercially held FFEL loans soon
- Hosted on the StudentLoan.gov. Borrowers can access application directly or through loan servicers' websites
- Uses IRS Data Retrieval Tool that is used on the FAFSA - Retrieves the most recent tax information from two most recently completed tax years
- Electronically transmits application to loan servicer—no follow-up necessary unless AGI is unavailable or borrower wants to submit alternative documentation of income
- Can be used for initial applications or annual reevaluations

# Electronic Application IRS interface

**Income-Based Repayment Application**

✓ Personal Information → 2 Income Information → 3 Terms & Conditions → 4 Review & Sign

Borrower: JULIUS WESTPHALEN      Social Security Number: XXX-XX-8562

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**Income Information**

**Tax Information**

You have successfully transferred your IRS tax return information. The transferred information is listed below and will be used in your IBR application.

<b>Adjusted Gross Income</b>	\$6,388
<b>Filing Status</b>	Single
<b>Tax Year</b>	2011

**If you would like to retrieve your information again from the IRS click the button below.**

[Link to IRS](#)

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**Select the checkbox below if the tax information above is not reflective of your income.**

If you believe that the tax information does not reflect your current income and/or financial circumstances, you may provide alternative income information. If you choose to provide alternative income information, you will be required to provide supporting documentation. If supporting documentation is required, instructions will be provided at the end of this process.

My income (or my spouse's income) significantly changed. My income information, as reported on the tax return information above, does not reasonably reflect my current income (e.g., due to circumstances such as loss or change in employment for me (or my spouse)).

[My Annual Taxable Income @](#)

Spouse's Annual Taxable Income

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**Family Information**

[Family Size @](#)

[Cancel](#) [Continue](#)



# Electronic Application Review

## Income-Based Repayment Application

✓ Personal Information ✓ Income Information ✓ Terms & Conditions 4 Review & Sign

Borrower: **JULIUS WESTPHALEN** Social Security Number: **XXX-XX-8562**

### Personal Information Edit

Permanent Address: **100 TENTH ST, APT 10**

City: **NEWARK** State: **DE**

Zip Code: **12981** Country: **UNITED STATES**

E-Mail Address: **STACEY.L.RICHARDSON@ACCENTURE.COM**

Home Number: **202-111-2222**

Work Number: **209-111-9999**

Cell Number: **444-000-1111**

Best Time To Reach You - From: **3:00 AM** To: **3:00 PM**

### Income Information Edit

Adjusted Gross Income: **\$8,849**

Filing Status: **Single**

Tax Year: **2011**

**My income (or my spouse's income) significantly changed. My income information, as reported on the tax return information above, does not reasonably reflect my current income (e.g., due to circumstances such as loss or change in employment for me (or my spouse)).**

My Annual Taxable Income: **\$2,000**

Spouse's Annual Taxable Income: **\$3,000**

Family Size: **3**

### Indicate Your Spouse's Availability

Your spouse is required to sign this application.

There are two ways in which your spouse can sign:

1. Your spouse is present and can authorize their signature with their PIN credentials.
2. Your spouse is not present or does not have PIN credentials.  
You will be given a reference number which your spouse will need to sign and complete the application. Your spouse will also need YOUR social security number (SSN) to access this application.

Please indicate which of the following applies:

- My spouse is present and has PIN credentials available.
- My spouse is **not** present and will sign and complete this IBR application at a later time.

### Certify & Sign


**I request to use the IBR plan to repay my eligible FFELP or Direct loans held by the holder to which I submit this form, if I want to exclude any loans from the selected plan I will contact my servicer(s).**

**I certify that all the information I have provided is true, complete, and correct to the best of my knowledge and belief, and that I have read and agree to the Terms & Conditions.**

First Name:  Middle Initial:  Last Name:  Sign



## Income-Based Repayment Application

 Print Summary

**Your electronic IBR application has been submitted and will be sent to the servicer(s) listed below.**

Servicer Name	Servicer Phone
Test	202-202-2222

**Your electronic IBR application will not be sent to the servicer(s) listed below. They are not participating in this electronic process at this time, or hold no IBR eligible loans. Contact your servicer(s) for information on their process to request IBR.**

Servicer Name	Servicer Phone
BANK OF AMERICA	888-100-2801

To view your IBR application(s), select "[IBR Applications](#)" located on the left navigation bar under "My Loan Documents".

# Paper Income-Driven Application

- Available for borrowers who cannot or do not wish to use electronic application
- For Direct Loans, includes Repayment Plan Selection Form and (if applicable) Alternative Documentation of Income Form
- For FFEL Program, includes FFEL IBR Request form and (and applicable) Alternative Documentation of Income Form

# **HIGHLIGHTS:**

# **Income-Driven Plans**

# Recap: Income-Driven Plans

## Three Main Plans

- **Income-Contingent Repayment Plan (ICR)–1994**
  - Direct Loan Program only
  - More information available at [StudentAid.gov/ICR](http://StudentAid.gov/ICR)
- **Income-Based Repayment Plan (IBR)– 2009**
  - Available in both the Direct Loan and FFEL Program
  - More information available at [StudentAid.gov/IBR](http://StudentAid.gov/IBR)
- **Pay As You Earn Plan– 2012**
  - Direct Loan Program only
  - For new borrowers in FY 2008 who receive new loans in FY 2012
  - Modeled on IBR, incorporating statutory IBR changes scheduled to take effect for new borrowers in 2014
  - More information available at [StudentAid.gov/PayAsYouEarn](http://StudentAid.gov/PayAsYouEarn)
  - 12/7 Federal Register provided implementation date of 12/21/12

# Eligible Borrowers

- **ICR**
  - Direct Loan borrowers with eligible loans
- **IBR**
  - Direct Loan and FFEL Program borrowers with eligible loans, and
  - Their payments would be lower on IBR than what would have been paid under the 10-year standard repayment plan (called “partial financial hardship”)
- **Pay As You Earn**
  - Direct Loan borrowers with eligible loans
  - Must be new borrower on/after 10/1/2007 who received new loan on/after 10/1/2011, and
  - Their payments would be lower on Pay As You Earn than what would have been paid under the 10-year standard repayment plan (called “partial financial hardship”)



# Eligible Loans

- **ICR**

- All Direct Loans are eligible except parent PLUS Loans and pre-7/1/2006 Direct Plus Consolidation Loans
- Direct Consolidation Loans made on/after 7/1/2006 that repaid parent PLUS loans are eligible

- **IBR**

- All Direct and FFEL Program loans except parent Plus loans and Consolidation Loans that repaid parent PLUS loans

- **Pay As You Earn**

- All Direct Loans are eligible except parent PLUS loans and Consolidation Loans that repaid parent PLUS loans

# Payment Amounts

- Under **ICR**, borrowers pay the lesser of
  - 12-year standard repayment schedules multiplied by income percentage factor (payment based on loan debt and income), or
  - 20% of discretionary income (payment based only on income)
- **IBR**
  - 15% of discretionary income (income-based payments), or
  - What they would have paid under the 10-year standard repayment plan (non-income-based payments)
- **Pay As You Earn**
  - 10% of discretionary income (income-based payments), or
  - What they would have paid under the 10-year standard repayment plan (non-income-based payments)

# Interest Subsidy Benefit

- IBR and Pay As You Earn only
- Borrower eligible when payment does not cover accruing interest on subsidized loans (negative amortization)
- Eligibility limited to first 3 *consecutive years* of repayment under plan
- Subsidy amount (paid by ED) = accruing interest on *subsidized* loans not covered by monthly payment
  - Borrower must pay all interest on *unsubsidized* loans
- Interest subsidy eligibility period continues:
  - During deferment/forbearance, except during periods of economic hardship deferment
  - During periods when borrower doesn't qualify for subsidy (monthly payment covers accruing interest), and
  - If borrower switches from IBR to Pay As You Earn, or vice versa

# Capitalization

- **ICR**

- During periods of negative amortization, annually
- Interest capitalizes only until principal balance is 10% greater than original principal from when borrower entered repayment
- Otherwise, normal capitalization on rules apply

- **IBR**

- No longer qualifies for payments based on income (no longer has a partial financial hardship) or
- Leaves IBR entirely

- **Pay As You Earn**

- No longer qualifies for payments based on income (no longer has a partial financial hardship) or
- Leaves Pay As You Earn entirely
- Interest capitalizes only until principal balance is 10% greater than original principal amount when borrower entered plan

# Loan Forgiveness

- All three plans provide for forgiveness
- For ICR and IBR, remaining balance forgiven after 25 years of qualifying repayment
- For Pay As You Earn, remaining balance forgiven after 20 years of qualifying repayment
- For all three plans, qualifying repayment includes:
  - Payments under an income-driven plan
  - Payments under the 10-year standard repayment plan (or any other repayment plan with a payment amount at least equal to the 10-year standard plan amount), or
  - Economic hardship deferment
- According to the IRS, the forgiven amount is considered taxable income (see IRS Publication 4681)



# Borrower Example

- Danny N. Debt:
  - Is single with no dependents and lives in New York;
  - Has an AGI of \$35,000; and
  - Has \$50,000 in Direct Loan debt (\$23,000 of which is subsidized), all of which has a 6.8% interest rate

# ICR Example Borrower

- Under ICR, Danny will\*:
  - Have an initial monthly payment of \$397.17
  - Have a final monthly payment of \$535.23
  - Make payments that cover all accruing interest, and therefore not have annual capitalization
  - Pay off his loans in 164 months (13 years, 8 months), and therefore receive no forgiveness
  - Pay a total of \$78,444.28 on his \$50,000 loan debt, compared to:
    - \$69,037.44 under the 10-year Standard Repayment Plan or
    - \$104,080.83 under the Extended Plan or Consolidation Standard Plan

\* Assumes a 5% increase in Danny's income each year and a 3% annual increase in the poverty guidelines.

# IBR Example Borrower

- Under IBR, Danny will\*:
  - Have an initial monthly payment of \$228.06
  - Have a final monthly payment of \$575.40
  - Receive \$653.16 in interest subsidy during the first three consecutive years of IBR repayment (because the payment will not cover all accruing interest on subsidized loans)
  - Have a payment that is no longer based on his income (no longer have a partial financial hardship) in his 16<sup>th</sup> year of IBR
  - Pay off his loan at the beginning of his 21<sup>st</sup> year of IBR and therefore receive no loan forgiveness
  - Pay a total of \$101,673.34 on his \$50,000 loan debt, compared to
    - \$69,037.44 under the 10-year Standard Repayment Plan or
    - \$104,080.83 under the Extended Plan or Consolidation Standard Plan

\* Assumes a 5% increase in Danny's income each year and a 3% annual increase in the poverty guidelines.

# Pay As You Earn Example Borrower

- Under Pay As You earn, Danny will\*:
  - Have an initial monthly payment of \$152.04
  - Have a final monthly payment of \$492.19
  - Receive \$1,999.789 interest subsidy during all of the first three consecutive years of Pay As You Earn repayment (because the monthly payment will not cover all accruing interest on subsidized loans)
  - Always have a payment that is based on his income (will always have a partial financial hardship)
  - Receive forgiveness in the amount of \$44,979.06
  - Pay a total of \$70,709.53 on his \$50,000 loan debt, compared to:
    - \$69,037.44 under the 10-year Standard Repayment Plan or
    - \$104,080.83 under the Extended Plan or Consolidation Standard Plan

\* Assumes a 5% increase in Danny's income each year and a 3% annual increase in the poverty guidelines.

# Borrower Examples

	ICR	IBR	Pay As You Earn
<i>Initial Payment</i>	\$397.17	\$228.06	\$152.04
<i>Final Payment</i>	\$535.23	\$575.40	\$492.19
<i>Time Repayment</i>	13 years, 8 months	20 years, 2 months	20 years
<i>Total Paid</i>	\$78,444.28	\$101,673.34	\$70,709.53
<i>Forgiveness</i>	\$0	\$0	\$44,979.06

	10-year Standard	Extended & consolidation Standard
<i>Payment</i>	\$575.40	\$347.04
<i>Time in Repayment</i>	10 years	25 years
<i>Total Paid</i>	\$69,037.44	\$104,080.83



# PUBLIC SERVICE LOAN FORGIVENESS

# Public Service Loan Forgiveness

- Public Service Loan Forgiveness (PSLF) provides for forgiveness of Direct Loan borrower's remaining loan balance if the borrower:
  - Makes 120 full, on-time payments after 10/ 1/2007
  - Makes each payment under a qualifying repayment plan
  - Makes each payment while employed full-time by a qualifying organization
- Borrower must also be employed by qualifying organization at time borrower applies for & receives PSLF
- According to the IRS, the forgiven amount is not treated as taxable income

# PSFL Qualifying Payments

- Borrower must make 120 separate monthly payments. They:
  - Do not need to be consecutive
  - Must be for the full scheduled payment under the repayment plan
  - Must be made within 15 days of the due date
- Multiple, partial payments during the borrower's monthly billing cycle will qualify if they add up to equal the borrower's monthly payment amount
- A borrower will not receive credit for more than one payment toward PSLF if the borrower makes a lump sum payment (e.g., makes a single payment equal to two or more full monthly payments)
  - Exception for AmeriCorps and Peace Corps borrowers who make lump sum payments using education award or transition payment

# Relation Between PSLF and Income-Driven Plans

- Remember Danny N. Debt? He didn't qualify for IBR or ICR forgiveness
- Many borrowers with interest in income-driven plans are like Danny
  - Unless their debt-to-income ratios remain unbalanced for a long period of time, no forgiveness
- For borrowers like Danny:
  - An income-driven plan can provide the benefit of a lower payment and
  - PSLF can help avoid the trade off of paying substantially more than the standard plan over the life of the loan

# PSLF Borrower Example

- Danny N. Debt was single with no dependents and resides in Connecticut
- Danny has \$50,000 in Direct Loans and an AGI of \$35,000
- Danny's income increases by 5% a year, and the poverty guidelines increase by 3% a year
- Though he did not qualify for IBR or ICR forgiveness, if he works in qualifying employment, he will qualify for PSLF



# PSLF borrower Example

Without PSLF	ICR	IBR	Pay As You Earn
<i>Time in Repayment</i>	13 years, 8 months	20 years, 2 months	20 years
<i>Total Paid</i>	\$78,444.28	\$101,673.34	\$70,709.53
<i>Plan Forgiveness</i>	\$0	\$0	\$44,979.06

With PSLF	ICR	IBR	Pay As You Earn
<i>Time in Repayment</i>	10 years	10 years	10 years
<i>Total Paid</i>	\$55,952.61	\$37,222.34	@24,814.89
<i>Plan Forgiveness</i>	\$19,858.58	@45,711.82	\$57,189.97

# **EDUCATING BORROWERS: WHAT YOU NEED TO KNOW**

# Counseling Students on Income-Driven Plans

- Familiarize your students with NSLDS. Encourage them to review their portfolio. How many loans? Amounts? Number of Servicers?
- Borrowers need solid understanding/communication with servicer
  - *Who & Options for assistance*
- Help them understand ALL options, as IDRs may not always fit
- Borrowers must request IDR and provide their 1040 Tax form or alt doc income form – complete, accurate, and signed
- Remind borrowers to renew their plan on yearly basis; while a PFH payment is low, there could be a higher payment applied in the future, should they no longer qualify for PFH
- Schools can promote internal/external IDR resources & tools

# Questions?



*Dana Kelly*

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[www.NelnetLoanServicing.com](http://www.NelnetLoanServicing.com)