

STUDENT LOANS: THE BIDEN PLAN FOR STUDENT DEBT RELIEF



Three Key Updates

- Student loan repayment pause has been extended through December 31, 2022
- Student Loan Debt Relief has been announced: \$10,000 in loan forgiveness for individuals making less than \$125,000, \$20,000 if the borrower is a Pell Grantee
- Public Service Loan Forgiveness (PSLF) has some new flexibilities

WHY THE BIDEN PLAN MATTERS FOR TRINITY:

Trinity students and alums will be able to get significant debt reduction through this plan:

Trinity's overall student debt profile looks like this:

- ***Average undergraduate student debt at graduation or upon leaving Trinity: \$22,000***
- ***Average graduate student debt at graduation or upon leaving Trinity: \$59,000***
- ***Overall average student debt: \$29,000***
- ***About 5,000 Trinity graduates and former students are in the repayment system for federal loans.***
 - ***About 26% have loans of less than \$10,000***
 - ***About 43% have loans of less than \$20,000***

What Trinity Students Are Saying about the Biden Plan....



“People should not be left in financial debt because we want to broaden our career opportunities by pursuing a college degree. It is important to me to receive my degree for greater career opportunities. I have been in the workforce for years and I am not able to maximize my career due to not having a college degree. College helps people to expand their choices. ... Education should be a ticket to a better life, not a punishment.”

“President Biden’s current actions to forgive \$10,000 for student loans is a significant first step. However, when running for office he stated that he intends to eliminate all student loan debt. As a current student and first-generation college attendee, this issue is very personal and significant. Being part of the lower class, for the longest time furthering my education didn’t seem like an option. Coming out of higher education without a large amount of debt would be the beginning of an almost equal opportunity to be successful, without the burden of debt and stress.”

“Although this is a great plan to help many Americans with their student loan debt, I believe the underlying issue as to why so many had to go in debt in the first place is the problem at stake. America is one of the richest countries in the world. With that being said, anyone who is low-income or needs additional financial assistance to pursue higher education to experience the perception of the “American Dream”, should not have to borrow thousands and thousands of dollars to do so. Education is heavily stressed within our society but various government officials fail to allocate adequate funding to colleges and universities in need of assisting its students. College education should be affordable for all to bridge the gap among all socioeconomic groups to eliminate educational disparities.”

“I am a working Senior who’s worked in management but was paid pennies for lack of a degree, so I returned to school to better support myself and now my 7 yr old daughter. This would be a financial relief for many who have strived to live the American dream of comfort in knowing you can support yourself at such a high cost. Land of the free is an understatement when it only applies to the rich, and it’s not dispersed in equity. And education is part of that. People are struggling to pay these loans off. Yes, I am overjoyed. I’m running out of money and I’m a newly FTE employee of the Federal Government. Yes, we deserve every penny of it. Give the working class people a break.”

Political and Economic Factors

- **Dr. Dennis Farley, Visiting Professor of Economics...**
 - **Why are some economists criticizing the Biden Plan?**
 - **Why are some borrowers criticizing the plan as not being ambitious enough?**
 - **What are the political factors influencing the plan?**
 - **Will the plan make it through a lawsuit?**

HOW DOES THIS HELP YOU?

Cathy Geier, Vice President for Enrollment Services, will walk you through these topics:

1. PAUSE on student loan repayments through December 31
2. Debt reduction of \$10,000 or \$20,000
3. Public Service Loan Forgiveness

Solutions



As you know, a plan for student loan forgiveness has been announced and the payment pause was extended to 12/31/22.

- You don't need to pay anybody to sign up for loan forgiveness or extension.
- Nobody can get you in early, help you jump the line, or guarantee eligibility.
- Anybody who promises the above - or tries to charge you - is a scammer!!!
- We have partnered with ECMC Solutions, a non-profit company, that works with colleges to provide FREE one-on-one counseling for student loan related questions.

Call them at 877-331-3262 or visit them on the web
to learn more at www.ecmcsolutions.org

Resources

- One-Time Student Loan Debt Relief:
<https://studentaid.gov/debt-relief-announcement/one-time-cancellation>
- Public Service Loan Forgiveness (PSLF) Program “limited waiver”:
<https://studentaid.gov/announcements-events/pslf-limited-waiver>

One-Time Student Loan Debt Relief

On Aug. 24, 2022, the Biden-Harris Administration announced a [Student Debt Relief Plan](#) that includes one-time student loan debt relief targeted to low- and middle-income families.

The U.S. Department of Education (ED) will provide up to \$20,000 in debt relief to Federal Pell Grant recipients and up to \$10,000 in debt relief to non-Pell Grant recipients. Borrowers with loans held by ED are eligible for this relief if their individual income is less than \$125,000 (or \$250,000 for households).

Get up to **\$20,000**
in federal student
loan debt relief
based on your
income.



An online form will be available by early October. Here are some steps you can take now and in the future.

Step 1: Check if you're eligible

You're eligible for student loan debt relief if your annual federal income was below \$125,000 (individual or married, filing separately) or \$250,000 (married, filing jointly or head of household) in 2021 or 2020.

- **\$20,000 in debt relief:** If you received a Pell Grant in college and meet the income threshold, you'll be eligible for up to \$20,000 in debt relief.
- **\$10,000 in debt relief:** If you did not receive a Pell Grant in college and meet the income threshold, you'll be eligible for up to \$10,000 in debt relief.

Step 2: Prepare

Here's what you can do to get ready and to make sure you get our updates:

- [Log in to your account on StudentAid.gov](#) and make sure your contact info is up to date. We'll send you updates by both email and text message, so make sure to [sign up to receive text alerts](#). If it's been a while since you've logged in, or you can't remember if you have an account username and password (FSA ID), we offer [tips to help you access your account](#).
- If you don't have a StudentAid.gov account (FSA ID), you should [create an account](#) to help you manage your loans.
- Make sure your loan servicer has your most current contact information so they can reach you. If you don't know who your servicer is, you can [log in](#) and see your servicer(s) in your account dashboard.

Step 3: Submit your application (when available)

The application will be available online by early October 2022.

Which Loans Are Eligible?



Most federal student loans are eligible

Undergraduate and Graduate Direct Loans

Parent PLUS and Grad PLUS Loans

Consolidation Loans

Underlying loans disbursed on or before June 30, 2022

Federal Family Education Loan (FFEL)

Program Loans held by ED

Perkins Loans held by ED

Defaulted loans

ED-held or commercially serviced Subsidized, Unsubsidized, parent PLUS, grad PLUS; and Perkins held by ED

Summary of PSLF Changes

- For a limited time (until 10/31/2022), you may receive credit for past periods of repayment on loans that would otherwise not qualify for PSLF.
- If you have FFEL Program loans, Federal Perkins Loans, or other federal student loans, you'll need to consolidate your loans into a Direct Consolidation Loan to qualify for PSLF, both in general and under the new time-limited rules described on this page. Before consolidating, make sure to check to see if you work for a [qualifying employer](#). [Learn about consolidation](#) and the pros and cons of consolidating your loans.
- Past periods of repayment will now count whether or not you made a payment, made that payment on time, for the full amount due, or on a qualifying repayment plan.

Summary of PSLF Changes

- Forbearance periods of 12 consecutive months or greater, or 36 cumulative months or greater will count under the waiver. In fall 2022, ED will begin making account adjustments to include these periods. Forbearance periods provided by the COVID-19 emergency relief flexibilities are not included toward these months.
- Months spent in deferment before 2013 will count under the waiver. Additionally, ED will include economic hardship deferment on or after Jan. 1, 2013. ED will apply these periods of deferment to your account in fall 2022.
- Periods of default and in-school deferment still do not qualify.

Which PSLF Requirements Are Waived

Here's what's changed and what's unchanged as of Oct. 6, 2021.

Normal PSLF Requirements

- Receive credit only on Direct Loans
- Repay under the 10-year Standard Plan or an income-driven repayment plan
- Make on-time payments
- Work full time for a qualifying employer in order to receive credit
- Must work for a qualifying employer at the time of application and forgiveness
- If you got Teacher Loan Forgiveness, the period of service that led to your eligibility cannot also count toward PSLF

Changes Until Oct. 31, 2022

- Receive credit for periods of repayment on Direct, FFEL, or Perkins Loans
- Periods of repayment under any plan count
- Periods of repayment on loans before consolidation count, even if on the wrong repayment plan
- Periods of repayment where payments were late or for less than the amount due also count
- Periods of repayment on loans before consolidation count, even if paid late or for less than the amount due
- Can get forgiveness even if not employed or not employed by a qualifying employer at the time of application and forgiveness
- If you got Teacher Loan Forgiveness, the period of service that led to your eligibility can count toward PSLF if you certify PSLF employment for that period

Unchanged Requirements for PSLF



Trinity

- Making 120 qualifying payments or the equivalent
- Being employed by government, 501(c)(3) not-for-profit, or other not-for-profit organization that provides a qualifying service*
- Working full time (for PSLF, you're generally considered to work full time if you meet your employer's definition of full time or work at least 30 hours per week, whichever is greater)
- Having Direct Loans or consolidating into Direct Consolidation Loans
- Certifying qualifying employment for the periods you seek credit toward PSLF

PSLF

- Still not sure if you will qualify for PSLF?
- If you work at Trinity and have Direct Loans –
Apply to find out!
- Contact MOHELA at 1-855-265-4038