

# Upcoming fixes to Income-Driven Repayment

Summer 2022

# Agenda

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- Announcements of the IDR fixes
- IDR and loan forgiveness
- Servicing challenges with IDR
- ED's plan to fix these problems
- Next steps for borrowers
- Submit complaints to CFPB and ED Ombuds

## Announcements of IDR fixes

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On April 19, 2022, the Education Department announced it was taking steps to fix “longstanding errors” in income-driven repayment.

- [The Education Department's press release](#)
- [FSA's announcement/explainer page](#)
- [CFPB's blog about the announcement](#)

# What is income-driven repayment (IDR)?

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Federal loans have 4 repayment plans with monthly payments based on borrower income and family size

- Monthly payment is generally 10 - 20% of your *discretionary income*, depending on the plan
- Payments can be as low as \$0 a month
- Income and family size must be recertified every year
- IBR, PAYE, and REPAYE plans subsidize at least some interest for 3+ years
- Plan eligibility depends on loan type
  - FFEL can only use IBR; Parent PLUS can only use ICR
- Compare options with [Federal Student Aid's Loan Simulator](#)

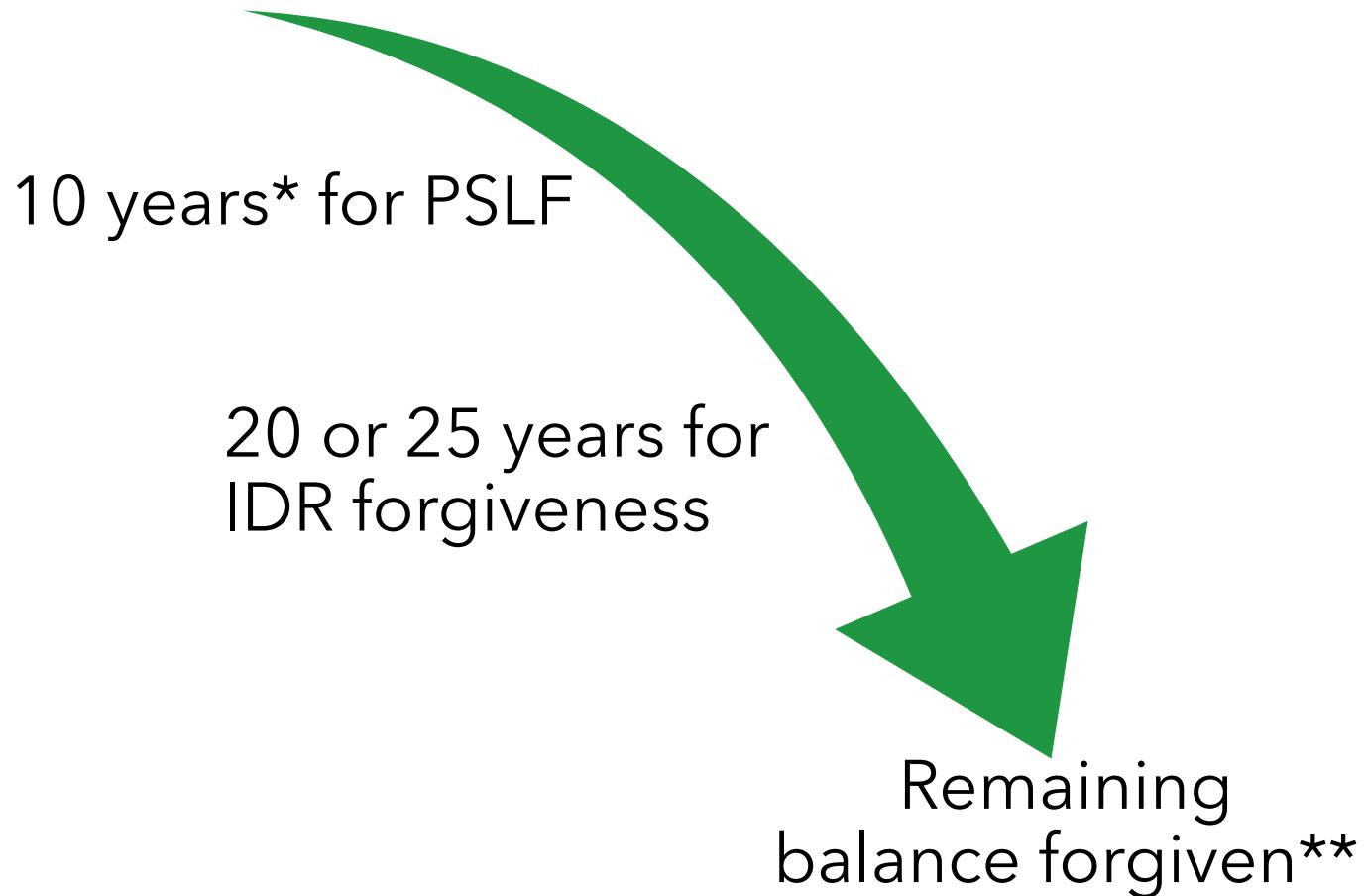
For IBR, PAYE, REPAYE:  
*Discretionary income* =  
Annual income –  
150% of poverty line for your state and family size

For ICR (only option for Parent PLUS):  
*Discretionary income* =  
Annual income –  
100% of poverty line for your state and family size

...so ICR is based on more of your income

## How does IDR relate to loan forgiveness?

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# Two main servicing challenges related to IDR plans

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## Forbearance steering

A review found that 13%+ of borrowers between 2009 and 2020 used 36+ months of forbearance total (the limit is 36).

Some servicers did not make borrowers aware of IDR when they asked for help affording payments.

Instead, these servicers violated ED's rules by pushing borrowers to use forbearance (payment pauses) which are limited in duration, can accelerate balance growth, and do not count towards loan forgiveness.

## Tracking progress towards forgiveness

Issues with maintaining and sharing records have made it difficult for servicers and borrowers alike to make sure that loans get forgiven on time.

## How is the Education Department planning to fix these problems?

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By the end of 2022, borrowers will start seeing...

- New enrollment rules and audits for forbearances
- IDR payment counting on studentaid.gov
- Account adjustments and revisions for Direct Loans and federally-managed FFELP loans

# More about the account adjustments and revisions

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The following will count towards the 20 or 25 years required for IDR forgiveness:

- any months with time in repayment status (regardless of the payments made, loan type, or repayment plan)
- 12+ months of consecutive forbearance or 36+ months of cumulative forbearance (also towards PSLF)
- months in deferment prior to 2013 (except in-school deferment)
- any time in repayment prior to consolidation on consolidated loans

Your loans will be forgiven automatically if these revisions get you to the threshold.

You will not be taxed on any student loan discharges granted between Dec. 31, 2020, and Jan. 1, 2026 (ARPA).

# Next steps for borrowers

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Look up your loan types and account history

- Log into your account at <https://studentaid.gov>
- Click on "view details" then "Loan Breakdown" on the Aid Summary page
- Identify your loan type: Direct or FFEL. If your servicer name begins with "DEPT OF ED," the loan is managed by the Department of Education
- Not sure? Contact your servicer for more information

Commercial FFELP loans: Consider Consolidation

- Direct Consolidation Loans are eligible for account review and revisions
- [Consolidation FAQs](#)
- [Apply online or download the paper application](#)

Shorter forbearances? File a complaint

- Ask the FSA Ombuds to review your account
- <https://studentaid.gov/feedback>

# If you plan to consolidate commercial FFELP loans into a Direct Consolidation Loan, do it ASAP!

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	<b>PSLF Limited Waiver</b>	<b>IDR fixes</b>
Which commercial FFELP borrowers should consider consolidating?	Employees of government and 501(c)(3) organizations, past or present	Any borrower who would like credit toward IDR forgiveness (Credit toward IDR forgiveness for any month in repayment status, regardless of the payments made, loan type, or repayment plan.)
Deadline to complete consolidation	Apply by October 31, 2022	Complete by January 1, 2023 (estimated earliest deadline)
<b>Recommended deadline to apply for consolidation</b>	<b>September 1, 2022</b>	<b>November 1, 2022</b>
More info	<ul style="list-style-type: none"><li>• <a href="#">PSLF waiver - info and tips from the CFPB</a></li><li>• <a href="#">PSLF Help Tool - individualized next steps from FSA</a></li></ul>	<ul style="list-style-type: none"><li>• <a href="#">CFPB's blog about the announcement</a></li><li>• <a href="#">FSA's announcement/explainer page</a></li></ul>

# More on the consolidation process for commercial FFELP borrowers

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- 1. Get your questions answered** by reading the [online consolidation FAQ](#) or by calling the Federal Student Aid Information Center (FSAIC) at 1-800-433-3243.
- 2. Gather the account numbers** for your federal student loans from your statements or studentaid.gov account.
- 3. Apply for consolidation** [online or via paper application](#). The FSAIC can provide technical assistance while you're filling out the application.
- 4. Follow up with your servicer** if you have any questions after the application is in.
- 5. Look for a refund** of overpayment if your revision brings you over the forgiveness threshold (20 or 25 years).

If you run into trouble with your loans, you can file complaints with the FSA Ombuds or the CFPB.

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- FSA Ombuds: <https://studentaid.gov/feedback>
- CFPB Complaints: <https://www.consumerfinance.gov/complaint/>

# The CFPB accepts complaints online, over the phone, and by mail.

The screenshot shows the official website of the Consumer Financial Protection Bureau (CFPB) at [consumerfinance.gov](https://consumerfinance.gov). The page is titled "Submit a complaint". It features a green header bar with the CFPB logo and navigation links for Consumer Education, Rules & Policy, Enforcement, Compliance, Data & Research, and News. Below the header, there's a section with three speech bubbles (blue, dark blue, and green) each containing an exclamation mark, indicating a complaint or question. The main content area includes a paragraph about sending over 10,000 complaints weekly, a statement that most companies respond within 15 days, and a video thumbnail titled "See how the complaint process works". To the right, there's a section for "HAVE A QUESTION? PREGUNTAS?" with information about phone support and operating hours. At the bottom, there's a section titled "HOW WE SHARE COMPLAINTS" with a bulleted list of activities.

An official website of the United States government

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Consumer Financial Protection Bureau

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## Submit a complaint

Each week we send more than 10,000 complaints about financial products and services to companies for response. If another agency would be better able to assist, we'll send it to them and let you know.

Most companies respond within 15 days.

See how the complaint process works

Watch this short video to find out what to include in your complaint and what will happen after you submit.

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Find answers before you start a complaint

Which products and services can I complain about? Show +

What can I do before submitting a complaint? Show +

HAVE A QUESTION? PREGUNTAS?

If you can't submit online (7-10 minutes), you can submit over the phone (25-30 minutes). More than 180 languages are available.

Call: (855) 411-2372  
TTY/TTD: (855) 729-2372

8 a.m. to 8 p.m. ET, Monday through Friday (except federal holidays).

HOW WE SHARE COMPLAINTS

Consistent with applicable law, we securely share complaints with other state and federal agencies to, among other things, facilitate:

- supervision activities,

# How our complaint process works.

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## Have a question?

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- If you have a question or want to submit a complaint over the phone, you can call us. We can serve consumers in more than 180 languages.
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