

Federal Student Loan Repayment,

Your Complete Guide for 2025.

**COLLECTIONS
RESUME
MAY 5, 2025**



**Student
Loan
Repayment
Options.**

**ACTION
REQUIRED**



Federal Student Loan Repayment: Your Complete Guide for 2025

Don't let confusion about repayment options overwhelm you. This comprehensive guide explains your current options and provides clear steps to manage your federal student loans effectively despite recent policy changes.

Navigating the complex landscape of student loan repayment can be challenging, especially with recent changes to federal policies. Our guide is designed to help you understand all available options and make informed decisions about your financial future.



Understand Your Options

Explore income-driven, standard, and other repayment plans tailored to your financial situation.



Stay Current With 2025 Changes

Get the latest information on interest rates, forgiveness programs, and policy updates affecting your loans.



Create Your Repayment Strategy

Learn step-by-step approaches to minimize costs and optimize your repayment timeline.

Whether you're just starting repayment or looking to change your current plan, this guide provides the tools and knowledge you need to take control of your student loan debt in 2025 and beyond.

STUDENT
LOAN
DOCUMENTS

Key Statistics: The Student Loan Landscape

These numbers reveal the massive impact of federal student loans on Americans' financial futures:

43M+

Americans with Debt

Nearly 1 in 6 adults carries federal student loan burden

\$22K

Potential Savings

Average borrower can save \$22,000 by choosing the optimal repayment plan on a \$30,000 loan

5M+

At Immediate Risk

Borrowers facing collection actions when defaulted loan enforcement resumes May 2025

Understanding your options isn't just important—it's essential for your financial wellbeing.



URGENT ALERT - Defaulted Loan Collections Resuming

If you're in default on your federal student loans, the clock is ticking. The Department of Education will aggressively resume collections on defaulted loans starting May 5, 2025, with serious financial consequences:



Withholding your tax refunds

Say goodbye to that tax refund you were counting on



Slashing Social Security benefits

Your retirement and disability payments could be significantly reduced



Garnishing wages (beginning summer 2025)

Up to 15% of each paycheck could disappear before you see it

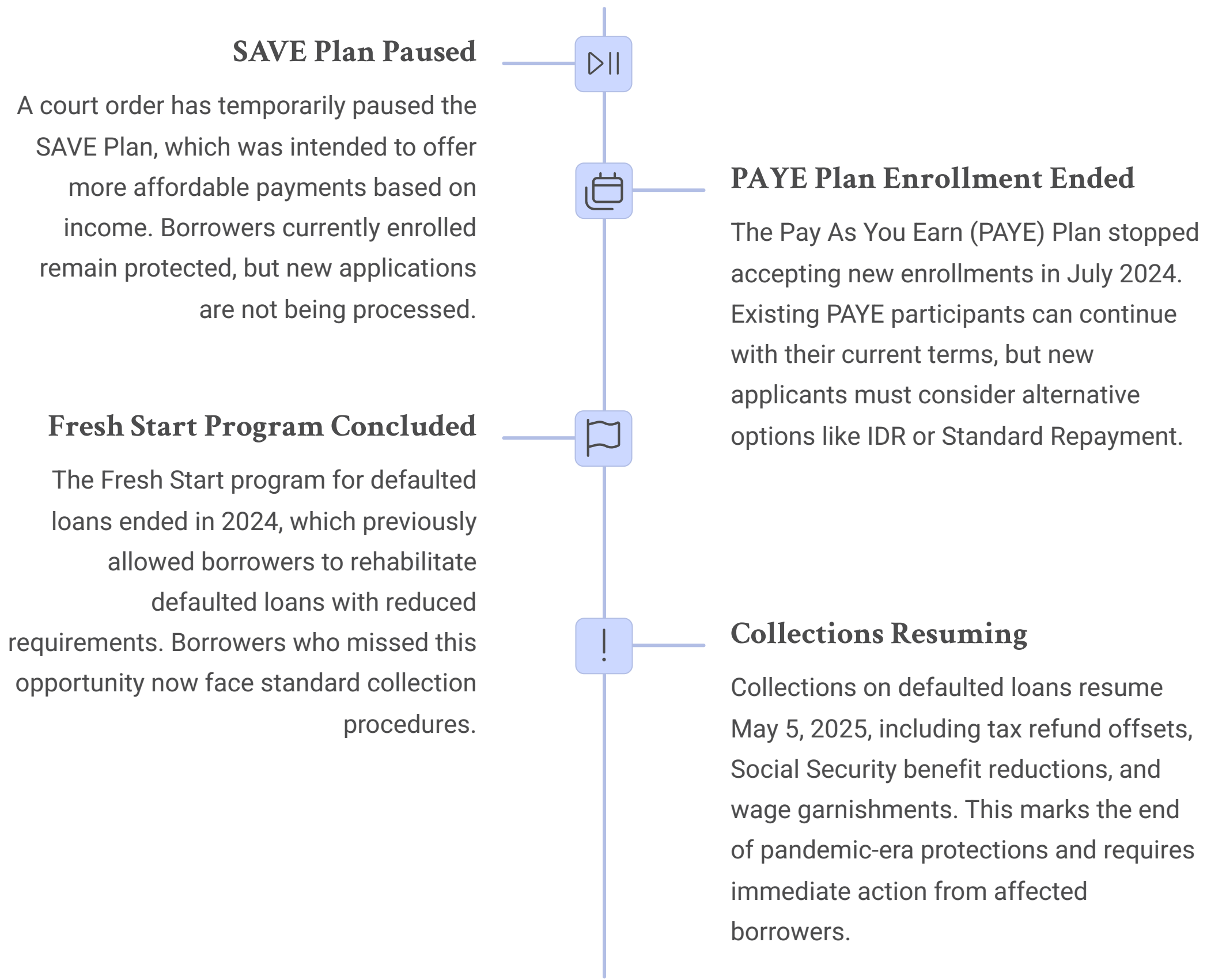
Don't wait until it's too late! Contact the Default Resolution Group at 1-800-621-3115 today to protect your financial future before these aggressive collections begin.



Understanding Student Loan Repayment in 2025

The Current Landscape

Federal student loan repayment has undergone significant changes through 2024 and into 2025. Most notably:



This shifting environment has created confusion for many borrowers who are unsure which options remain available to them. Understanding which programs are still accessible and their specific requirements is crucial for making informed decisions about your student loan repayment strategy in 2025.

How Repayment Plans Affect Your Finances

Your choice of repayment plan doesn't just affect your monthly budget—it could mean the difference between financial freedom and decades of debt:

Income Level	Loan Amount	Monthly Payment Range	10-Year Impact
\$50,000/year	\$30,000	\$143 - \$333	\$22,000+ (a new car!)
\$35,000/year	\$30,000	\$0 - \$333	\$40,000+ (a down payment)
\$75,000/year	\$50,000	\$238 - \$555	\$38,000+ (a wedding fund)

Choose Your Financial Path: Two Repayment Strategies

The Department of Education offers two dramatically different approaches to tackling your student debt:

Traditional Fixed Payment Plans

Predictable payments based on your loan amount —not your changing life circumstances

- Standard Plan (freedom in just 10 years)
- Extended Plan (lower payments spread across 25 years)
- Graduated Plan (starts low, grows with your expected career growth)

Income-Driven Repayment (IDR) Plans

Flexible payments that breathe with your financial life changes

- SAVE Plan (the newest option—currently on judicial hold)
- Income-Based Repayment (IBR) (caps payments at a percentage of income)
- Income-Contingent Repayment (ICR) (most accessible for Parent PLUS loans)
- PAYE (closed to new enrollment but valuable for existing users)

Key Requirements for Repayment Plans

Traditional Plan Eligibility

Plan	Eligibility Requirements	Documents Needed
Standard	Available to all federal loan borrowers	None beyond loan information
Extended	Must have more than \$30,000 in federal Direct Loans	None beyond loan information
Graduated	Available to all federal loan borrowers	None beyond loan information

Income-Driven Plan Eligibility

Plan	Eligibility Requirements	Documents Needed
IBR	Must demonstrate partial financial hardship	Recent tax return, pay stubs, family size documentation
ICR	Available to all Direct Loan borrowers (only IDR option for Parent PLUS after consolidation)	Recent tax return, pay stubs, family size documentation
SAVE	Currently on hold due to court order	N/A while plan is paused

Public Service Loan Forgiveness (PSLF)

Requirement	Details	Documentation
Eligible Loans	Direct Loans only (others must be consolidated)	Loan statements
Qualifying Employment	Government or 501(c)(3) non-profit	PSLF Form with employer certification
Qualifying Payments	120 monthly payments (10 years)	Payment history from servicer
Repayment Plan	Income-driven or Standard plans only	Enrollment confirmation

Process Breakdown: Selecting and Applying for a Plan



Step 1: Assess Your Financial Situation

- Calculate your discretionary income (your adjusted gross income minus 150% of the poverty guideline for your family size)
- Determine your total federal student loan balance
- Estimate your likely income growth over the next 5-10 years
- Consider your employment plans (public service vs. private sector)



Step 2: Gather Required Documents

- Your FSA ID (username and password for StudentAid.gov)
- Your most recent federal tax return
- Recent pay stubs or other income documentation
- Details about your family size and state of residence
- Information about your spouse's income (if applicable)



Step 3: Compare Available Plans

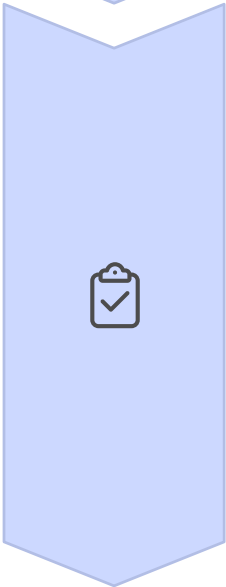
1. Log in to StudentAid.gov using your FSA ID
2. Navigate to "Manage Loans" and then "Repayment Options"
3. Use the Loan Simulator tool to compare payment amounts under different plans
4. Note that estimates may be affected by current legal uncertainty
5. Consider both short-term affordability and long-term costs

Completing Your Repayment Plan Application



Step 4: Submit Your Application

- Complete the application for your chosen plan on StudentAid.gov
- For income-driven plans, complete the Income-Driven Repayment Plan Request Form
- Provide all required documentation of income and family size
- Review your application carefully before submission
- Print or save a copy of your confirmation



Step 5: Follow Up After Submission

- Expect processing to take approximately 30 days for plan changes
- Continue making current payments until you receive confirmation of your new payment amount
- Contact your loan servicer if you don't receive notification within 35 days
- Set up automatic payments to ensure on-time payment under your new plan

Timeline and Processing



Standard application processing: 30 days



Consolidation processing (if needed): Up to 60 days



PSLF form processing: 60-90 days



First payment due: Typically 1-2 billing cycles after approval

Forms & Documents

Key Forms for Student Loan Repayment

Form	Purpose	Where to Find	Submission Method
Income-Driven Repayment Plan Request	Apply for or recertify an IDR plan	StudentAid.gov/idr	Online, mail, or fax to servicer
Direct Consolidation Loan Application	Combine multiple federal loans	StudentAid.gov/consolidation	Online or mail
PSLF Form	Certify employment for forgiveness	StudentAid.gov/pslf	Upload to MOHELA or mail
Deferment/Forbearance Request	Temporarily pause payments	Your loan servicer's website	Online, mail, or fax to servicer
Loan Discharge Applications	Apply for disability, school closure, or other discharges	StudentAid.gov/manage-loans/forgiveness-cancellation	Online or mail to servicer

Sample Income-Driven Repayment Calculation

Here's how payments are calculated for a single borrower with \$30,000 in loans and \$50,000 annual income:

- Find your adjusted gross income (AGI): \$50,000
- Subtract 150% of poverty guideline for family of 1: $\$50,000 - \$22,000 = \$28,000$ discretionary income
- Calculate monthly amount:

IBR (15%): $\$28,000 \times 0.15 \div 12 = \350
monthly

IBR (10%): $\$28,000 \times 0.10 \div 12 = \233
monthly

ICR (20%): $\$28,000 \times 0.20 \div 12 = \467
monthly

Document Submission Tips

- Always keep copies of all documents submitted
- Submit at least 2 weeks before deadlines
- Follow up with your servicer if you don't receive confirmation
- Use the upload function on StudentAid.gov when available
- Consider certified mail for paper submissions

Special Situations

If your federal student loans are in default (270+ days past due), you have two primary paths to recovery:



Loan Rehabilitation

- Make 9 voluntary, reasonable monthly payments within 10 months
- Payments as low as \$5 per month may be possible based on income
- Default notation removed from credit history upon completion
- One-time opportunity per loan
- **URGENT:** Must begin process before May 5, 2025 collections resumption



Loan Consolidation

- Faster option to exit default
- Must agree to an income-driven repayment plan or make three consecutive payments before consolidating
- Default notation remains on credit history
- Creates a new Direct Consolidation Loan

Parent PLUS Borrowers

Parent PLUS loans have specific limitations for repayment options:



Limited Plan Eligibility

Not directly eligible for most income-driven plans



Consolidation Required

Must consolidate into a Direct Consolidation Loan first



ICR Plan Only

Then only eligible for ICR (not IBR, PAYE, or SAVE)



Refinancing Option

Consider having the student refinance in their name if appropriate

Economic Hardship and Forgiveness Programs

Economic Hardship Options

If you're experiencing severe financial difficulty:

Deferment

- Temporary pause on payments for up to 3 years
- Interest doesn't accrue on subsidized loans during deferment
- Available for economic hardship, unemployment, military service, or enrollment in school
- Time in deferment does not count toward forgiveness programs

Forbearance

- Temporary pause on payments for up to 12 months at a time
- Interest accrues on all loan types
- Easier to qualify for than deferment
- Administrative forbearance (like for SAVE plan enrollees) has special terms

Forgiveness Program Applicants

Teacher Loan Forgiveness

- For full-time teachers in low-income schools for 5 consecutive years
- Up to \$5,000 or \$17,500 forgiveness depending on subject taught
- Cannot double-count time toward PSLF

Public Service Loan Forgiveness

- Submit PSLF form annually to certify employment
- Track qualifying payment count carefully
- Consider consolidation if you have FFEL or Perkins Loans
- Only IDR plans or the 10-year Standard Plan qualify

Resources & Final Steps

Federal Student Aid Resources

Resource	Contact Information	Hours	Services
Federal Student Aid Info Center	1-800-433-3243	Mon-Fri, 8am-8pm ET	General questions, FSA ID help
Default Resolution Group	1-800-621-3115	Mon-Fri, 8am-8pm ET	Help for defaulted loans
MOHELA (PSLF Servicer)	1-888-251-2426	Mon-Fri, 7am-9pm ET	PSLF questions and processing
StudentAid.gov	N/A	24/7 online	Account access, forms, simulator

Free Legal Assistance Resources

- **Student Loan Borrower Assistance:** studentloanborrowerassistance.org
- **National Consumer Law Center:** nclc.org
- **Legal Aid in your state:** lawhelp.org

Action Steps for All Borrowers

- 1

Log in to StudentAid.gov to review your current loans and servicer
- 2

Use the Loan Simulator to compare payment options
- 3

Gather required documents (tax returns, pay stubs)
- 4

Apply for the most appropriate repayment plan
- 5

Set up autopay for a 0.25% interest rate reduction
- 6

Mark your annual recertification deadline on your calendar

This guide provides information current as of April 2025. Student loan policies may change. Always verify details with StudentAid.gov or your loan servicer before making financial decisions.