

# The State of Student Loan Repayment

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# Agenda

1 Intro

2 Data Trends

3 Changes

4 Strategies

5 Resources



# Introductions



# Disclaimers

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- Department of Education is source of our information
- Everything is subject to change



# Summary of Where We've Been

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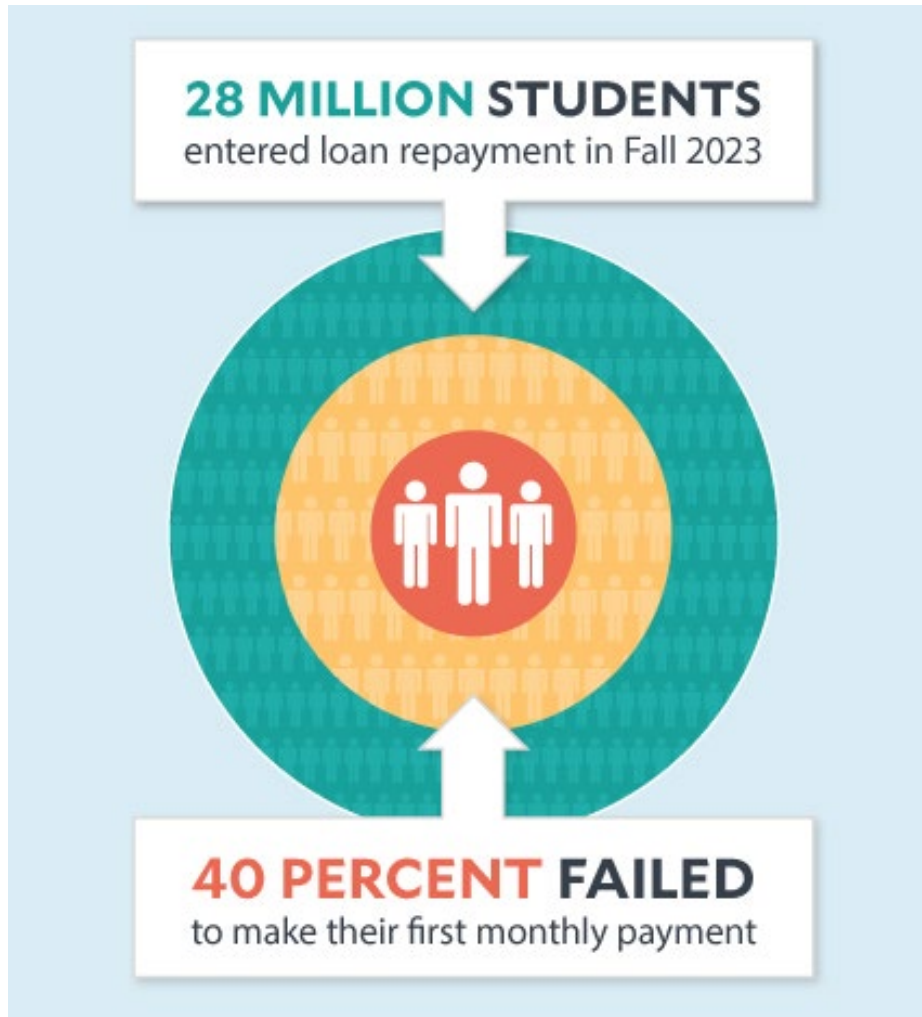
- Payment Pause
  - March 2020 – September 2023
  - No payments were due, no interest was charged
  - All new borrowers entering repayment during this time were placed directly into administrative forbearance after grace period.
- On Ramp
  - October 2023 – September 2024
  - Temporarily prevents consequences of missed, late or partial payments
  - Automatic forbearance applied after 90 days past due



# Data Trends



# Increased Delinquency Rates



- Perfect storm of:
  - Economic turmoil
  - Confusing and conflicting messaging
  - Servicer errors
  - Volume of borrowers entering repayment – all at once
- 40% missed first payment after payment pause ended



# Challenges Getting Help

- Average **hold time over 70 minutes**, up from just 12 minutes
- Almost **50% of calls dropped** before reaching an agent
- Call centers have limited evening hours and are closed weekends



Source: CFPB Report Identifies Challenges Faced by Borrowers in Resumption of Student Loan Payments





# Challenges With The Old Way (CDR trends)

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- On ramp w/ 90-day automatic forbearance
- NSLDS data issues
  - Challenges getting files
  - Inaccurate data on the files

## Examples of Data Issues

Delinquency date is before the date of the last payment

Borrower is in SAVE plan with \$0 payment but is reflecting delinquent

Borrower is reflecting in Grace, but currently is enrolled according to the school and the servicer

Borrower is reflecting in school but is in the 2024 cohort

Borrower has a delinquency date that is before the payment pause ended



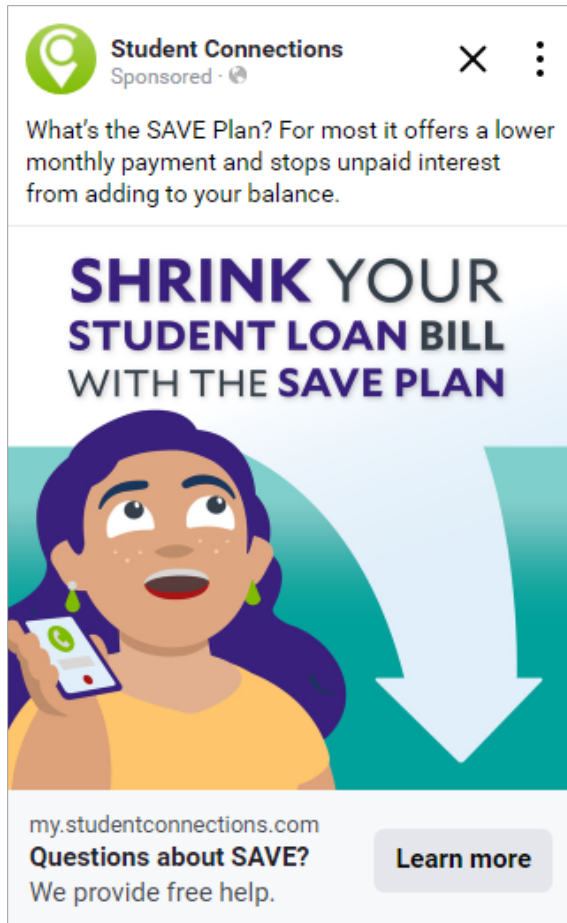
# Nearly Half of Borrowers are Not Actively Paying

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- At the end of March, nearly 20 million borrowers were making their payments as scheduled. But almost 19 million were not, leaving their accounts delinquent, in default or still on pause, according to the latest Education Department data.



# Repayment Plan Movement



The image is a screenshot of a sponsored advertisement from Student Connections. At the top left is the Student Connections logo, a green location pin icon, with the text "Student Connections" and "Sponsored" below it. To the right of the logo are a close button (X) and a menu button (three dots). Below the logo, the text reads: "What's the SAVE Plan? For most it offers a lower monthly payment and stops unpaid interest from adding to your balance." The main body of the ad features the headline "SHRINK YOUR STUDENT LOAN BILL WITH THE SAVE PLAN" in bold, dark blue letters. Below the headline is an illustration of a woman with dark hair, wearing a yellow top, holding a smartphone. A large, light blue arrow points downwards from the headline towards the woman. At the bottom left of the ad, the URL "my.studentconnections.com" is displayed, followed by the text "Questions about SAVE? We provide free help." and a "Learn more" button.

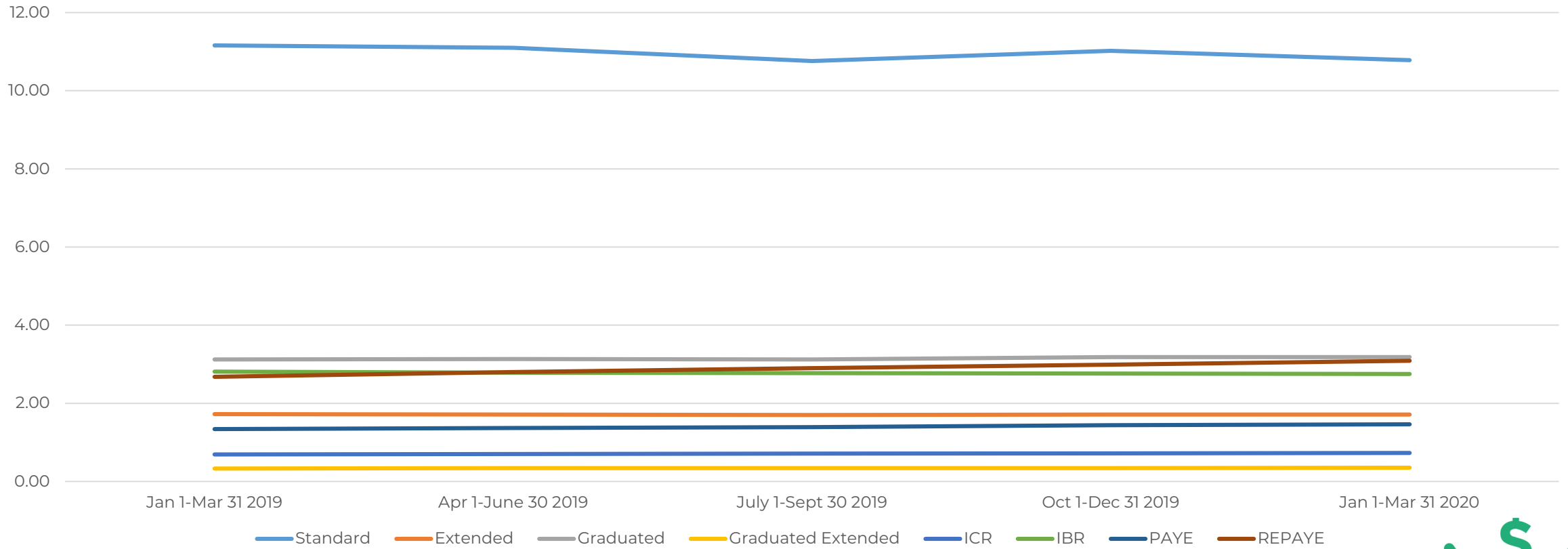
- Saving on a Valuable Education (SAVE) repayment plan
  - Introduced July 2023 (replaced REPAYE)
  - Nearly 8 million borrowers enrolled
  - 4.5 million have \$0 monthly payment
  - 1 million have >\$100 monthly payment



Source: WhiteHouse.gov

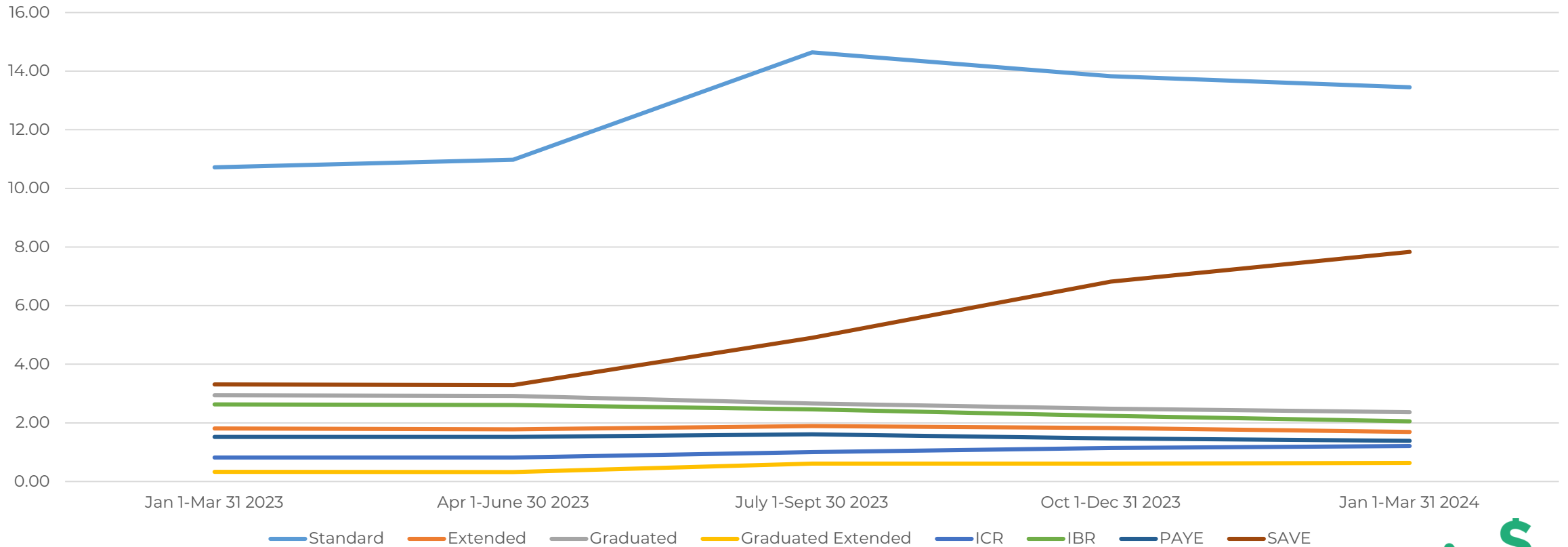
# Repayment Plan Movement – Pre Payment Pause

Repayment Plan Movement Jan. 1, 2019 to Mar. 31, 2020



# Repayment Plan Movement – Exiting Payment Pause

Repayment Plan Movement Jan. 1, 2023 to Mar. 31, 2024



“Ongoing”

“Constant”

“Continuous”

What is “Change”?



# How On Ramp is Being Administered

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- On ramp reset isn't automatic at 90 days past due
- Borrower example:
  - Due date: 10/15/23
  - 90 days DQ: 1/15/24 | 90-day forb applied: 1/31/24
  - Next due date: 2/15/24
  - 90 days DQ: 5/15/24 | 90-day forb applied: 5/31/24
  - Next due date: 6/15/24
  - 90-days DQ: 9/15/24 | 90-day forb applied: 9/30/24



# Shifting Role/Brand of the Servicers

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- Schools no longer have direct access to servicer data
- All servicer portals and contact info will be branded FSA (studentaid.gov)
- Ultimate goal is to have all students go to StudentAid.gov





# SAVE Repayment Plan (as of July 11)

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- Increased income exemption from 150% to 225% of the poverty line
  - No loan payments for single making \$32,800 or less
  - Family of four earning \$67,500 or less
- If you make monthly payment, your loan balance won't grow because of unpaid interest
- Excludes spousal income for borrowers who are married and file separately
- Borrowers who are 75 or more days delinquent will be automatically enrolled in an IDR plan if they've agreed to allow secure disclosure of tax information.

More info: <https://studentaid.gov/announcements-events/save-plan>

Resource: <https://studentaid.gov/articles/6-things-to-know-about-save/>



# SAVE Repayment Plan Benefits: Planned to go live July 1

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- Borrowers whose original principal balances were \$12,000 or less receive forgiveness after 120 payments (the equivalent of 10 years in repayment), with an additional 12 payments added for each additional \$1,000 borrowed above that level, up to a maximum of 20 or 25 years.
- Payments will be cut in half for undergraduate loans.
  - Monthly payments are currently calculated at 10% of discretionary income - this will drop to 5%.
  - If a borrower has undergrad and graduate loans they'll pay a weighted average between 5-10%.



## Court Actions

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- 6/28/24: ED freezes loan payments for 3M student borrowers after Kansas court ruling that prohibited ED from implementing the payment reduction from 10% to 5%.
- A federal judge in Missouri “*blocked ED from implementing the provision allowing early cancellation in as little as 10 years for borrowers with lower balances. DOJ and ED have appealed this case, but in the meantime, given the injunction, ED is not able to implement the provisions of the SAVE Plan that shortened the time to loan forgiveness for certain borrowers.*”



## Court Actions

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- 7/1/24: *“The U.S. Court of Appeals issued a stay in the Kansas case while ED pursues an appeal. This means that although the injunction hasn’t been overruled, its impacts are temporarily lifted. As a result, ED will continue to implement cutting undergraduate loan payments in half, to 5% of a borrower’s discretionary income. ED has directed servicers to move forward with repayment improvements that were blocked by the Kansas injunction.”*



# Court Actions

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- 7/9/24: - 3 new states file emergency Supreme Court petition to overrule the 10<sup>th</sup> Circuit court's decision to allow the administration to start implementing the decrease from 10% to 5% of discretionary income.

The courts have allowed Federal Student Aid to continue implementing the majority of the provisions of SAVE. Borrowers can continue to enroll in SAVE, other IDR plans, and/or consolidate loans. We will keep you notified of any other updates.



## SAVE Repayment Plan Updates (as of July 11- subject to change)

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- If a borrower has a monthly payment of \$0, nothing changed. They have on-time payments and get IDR/PSLF credit.
- If a borrower received a bill from their loan servicer with a new, lower payment for July, they should plan to make that payment.
- If a borrower was placed in forbearance prior to these court rulings because of recalculation processes, their first monthly payment will be due in August and will reflect the new, lower payment amount of 5% of their income on undergraduate loans.



# SAVE Repayment Plan Benefits as of July 11

	Current SAVE Benefits	SAVE Plan Benefits After July 2024		
Estimated Monthly Payment	\$130 <sup>2</sup>	\$65 <sup>2</sup>	\$108 <sup>3</sup>	\$130 <sup>2</sup>
Loan Type	Any type of eligible Direct Loan <sup>1</sup>	Direct Undergraduate Loans Only	Direct Graduate and Undergraduate Loans	Direct Graduate Loans Only
Formula	10% of your annual discretionary income <sup>4</sup> ÷ 12 (months)	5% of your annual discretionary income ÷ 12 (months)	Between 5% and 10% <sup>5</sup> of your annual discretionary income ÷ 12 (months)	10% of your annual discretionary income ÷ 12 (months)
Example	\$15,630 × 0.10 ÷ 12	\$15,630 × 0.05 ÷ 12	\$15,630 × 0.083 ÷ 12	\$15,630 × 0.10 ÷ 12

Source: <https://studentaid.gov/articles/6-things-to-know-about-save/>



# SAVE Repayment Plan Benefits as of July 11

	\$30K	\$40K	\$50K	\$60K	\$70K
Single	\$0	\$60	\$143	\$227	\$310
Family of 2	\$0	\$0	\$47	\$130	\$214
Family of 3	\$0	\$0	\$0	\$34	\$117
Family of 4	\$0	\$0	\$0	\$0	\$21

	\$30K	\$40K	\$50K	\$60K	\$70K
Single	\$0	\$30	\$72	\$113	\$155
Family of 2	\$0	\$0	\$23	\$65	\$107
Family of 3	\$0	\$0	\$0	\$17	\$59
Family of 4	\$0	\$0	\$0	\$0	\$10

Example payments based on undergraduate loans only





# New Proposals to Add More Debt Relief

Cancel up to \$20,000 in interest accrued or capitalized since repayment.

Cancel debt for borrowers with loans that would have been eligible for IDR forgiveness or PSLF but are not enrolled in those programs.

Cancel undergraduate debt in repayment for 20 years or more and graduate debt in repayment for at least 25 years.

Cancel student debt for borrowers previously enrolled in low-financial-value programs.

- Lost eligibility to participate in federal student aid program or denied recertification.
- Low-financial-value would be measured based upon indicators like excessive default rates or unaffordable debt burdens relative to income.

Cancel debt for borrowers experiencing hardship.



# Now and After On Ramp



# Key Challenges for Borrowers

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- Overall struggles to access accurate information
- Repayment and relief options are confusing
- Payment pause introduced even more obstacles due to shifting facts and misinformation
- Borrowers are confused, under informed, guarded, and increasingly apathetic



# Frequently Asked Questions

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- Where do I find my loan information?
- Who is my servicer? Why does my servicer keep changing?
- How do I make payments? Can I set up auto-pay?
- What steps should I take to *[perform a specific action]*?
- How much will my monthly loan payment be?
- What if I can't afford to make payments on my loans?
- Can I lower my monthly payments?
- Can I put my payments on hold for a while?
- How do I get my loans forgiven?



# Where Do I Find My Loan Info?

<b>Current</b>	<b>Target for Fall 2024</b>	<b>Future (in Coming Years)</b>
FSA and Loan Servicer websites	Same credentials work for both sites	All through FSA website



# FSA and Servicer Websites and Contact Info

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## Federal Student Aid (FSA) Resources

- [StudentAid.gov/fsa-id/sign-in](https://studentaid.gov/fsa-id/sign-in)
- 1-800-433-3243 - Federal Student Aid Information Center (FSAIC)

Loan Servicer	Website	Contact
Edfinancial	<a href="https://edfinancial.studentaid.gov">edfinancial.studentaid.gov</a>	1-855-337-6884
MOHELA	Current: <a href="https://mohela.com">mohela.com</a>   Future: <a href="https://mohela.studentaid.gov">mohela.studentaid.gov</a>	1-888-866-4352
Aidvantage	<a href="https://aidvantage.studentaid.gov">aidvantage.studentaid.gov</a>	1-800-722-1300
Nelnet	<a href="https://nelnet.studentaid.gov">nelnet.studentaid.gov</a>	1-888-486-4722
CRI	<a href="https://cri.studentaid.gov">cri.studentaid.gov</a>	1-833-355-4311

# Loan Info on StudentAid.gov

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## Who is my loan servicer?

- You can [find your current servicer](#) by logging in to [StudentAid.gov](#) and scrolling to the “My Loan Servicers” section of your account dashboard.
- You also can contact the [Federal Student Aid Information Center \(FSAIC\)](#) by phone at 1-800-433-3243, email or live chat during support hours but hold times may be extremely long.

More info: <https://studentaid.gov/manage-loans/repayment/servicers>



# Loan Info on Servicer Site & StudentAid.gov

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## What is my student loan payment? How much do I owe on my student loans?

- You can find the total amount you owe and your monthly payment amount by logging in to your online account with your student loan servicer.
- It also should be available on your [StudentAid.gov account](#), but your servicer will have the most up-to-date information.





# Loan Info on Servicer Site Only

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## When are my monthly payments due?

- Your student loan servicer determines what day of the month your payment is due.
- You can find your monthly payment amount on your loan servicer's website or in your monthly bill. Your loan servicer will send you your billing statement at least 21 days before your payment is due.
- Contact your loan servicer if making a payment on another date will work better for you.



# Loan Info on Servicer Site Only

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## How do I make a payment?

- Your student loan servicer should contact you with instructions on how to make a payment. You also can set up an account on your servicer's website and make a payment through their online payment system. You also may call your servicer for instructions, but the hold time may be extremely long.



# Loan Info on Servicer Site Only

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## How Do I Set Up Auto Pay?

- Auto pay means your servicer will automatically deduct your monthly payment from your bank account. If you sign up for auto pay, you'll pay 0.25% less in interest each month. Sign up for auto pay on your loan servicer's website.
- On auto pay, you'll get a reminder ahead of each withdrawal. You can contact your loan servicer if you ever need to pause auto pay for that month and set a custom payment amount.



# Should I Consolidate My Loans?

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**Short Answer:** It depends

**Best Action:** Call Loan Servicer

## What is loan consolidation?

Loan consolidation allows you to convert multiple loans into a single loan with a fixed interest rate. It can save you the inconvenience of making more than one monthly payment or dealing with multiple loan servicers.

## Benefits

- Single loan w/ one monthly bill
- Lower monthly payment
- Access to IDR plans
- Access to forgiveness options
- Fixed interest rate

## Disadvantages

- Longer repayment period
- More interest
- Loss of borrower benefits

More info: <https://studentaid.gov/manage-loans/consolidation> | Apply: <https://studentaid.gov/loan-consolidation>



# What Options Do I Have if I Can't Afford My Payment?

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**Key Message:** You always have options if you can't pay

**Best Action:** Call Loan Servicer

Options include:

- Lower monthly payment by changing repayment plans
- Pause monthly payments with deferment or forbearance

More info: <https://studentaid.gov/manage-loans/repayment/repaying-101#cant-afford>

Resource: <https://studentaid.gov/loan-simulator/>

IDR Application: <https://studentaid.gov/idr/> | Deferment or Forbearance Applications: Loan Servicer websites



# Do I Qualify for Loan Forgiveness?

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- There are many different paths to loan forgiveness. These paths include several programs that directly target specific groups of borrowers.
- Three most popular forgiveness programs:
  - IDR Plans
  - Public Service Loan Forgiveness (PSLF)
  - Teacher Loan Forgiveness (TLF)

More info: <https://studentaid.gov/manage-loans/forgiveness-cancellation>

PSLF Application: <https://studentaid.gov/pslf/> | Resource: <https://studentaid.gov/articles/become-a-pslf-help-tool-ninja/>

More info TLF Resource: <https://studentaid.gov/manage-loans/forgiveness-cancellation/teacher>

Other forgiveness and discharge forms: <https://studentaid.gov/forms-library/>



# Proactive Outreach and Information

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- Email/Text campaigns
- Social media campaigns
- Update website to answer common questions and necessary steps
- Newsletter articles



# Campus-wide Outreach

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- Partner with Financial Aid office
- Train front-line/student-facing teams with high level repayment knowledge to prepare for questions
- Partner with Alumni office to include information in communications





# Resources



# Resources

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- FSA:
  - [StudentAid.gov](https://studentaid.gov) – general website
  - [StudentAid.gov/loan-simulator](https://studentaid.gov/loan-simulator) – interactive tool that guides students through repayment options that align with their goals
  - [StudentAid.gov/resources](https://studentaid.gov/resources) – consolidated list of pages, articles and videos
  - [youtube.com/@FederalStudentAid](https://youtube.com/@FederalStudentAid) – videos you can link to or embed on your website
- NASFAA:
  - [nasfaa.org/repayment\\_toolkit](https://nasfaa.org/repayment_toolkit) – various resources to help support borrowers



# Resources

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- Student Connections:
  - [My.StudentConnections.com](https://www.MyStudentConnections.com) – website to help the borrowers we serve better find answers to their key questions
  - [StudentConnections.com/solutions](https://www.StudentConnections.com/solutions) – website for schools to learn more about our services and ways we can help



# Keep the Conversation Going!

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- Chris Conway – [chris.conway@phoenix.edu](mailto:chris.conway@phoenix.edu)
- Sara Wilson – [sara.wilson@studentconnections.com](mailto:sara.wilson@studentconnections.com)



# Thank You!

