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- Which repayment plan is best for me?
- Should I choose a repayment plan tied to income?
- Should I choose the "married filing separately" tax status?
- Consolidate any federal loans? Why or why not? Which loans?
- Anticipate any taxable loan forgiveness?
- Refinance any private loans?
- File PSLF Certification Forms?
- Save towards retirement?

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### Agenda

1. COVID-19 payment suspension expiring
2. New data on PSLF applications
3. New data & form for TEPSLF
4. New rule governing "Paid Ahead" status
5. New tax rules
6. Policy projections
7. Q&A



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### Student Loans and the Coronavirus Aid, Relief, and Economic Security (CARES) Act

- Payment Suspension
- Interest Waiver
- Involuntary Collection Suspension
- Applies only to “federally-held” student loans:
  - Direct Loans
  - Other federal loans held by ED
- Presently set to expire September 31, 2021




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For borrowers in an income-driven repayment plan

- The time in suspended payments can count toward the time required for forgiveness.

For borrowers working toward Public Service Loan Forgiveness

- Suspended payments are considered qualifying payments that can be counted toward forgiveness.

For defaulted loans that are enrolled in a rehabilitation program

- Each month during the collection suspension will count as a month in which an on-time rehabilitation payment was made.

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### How to tell if loans are “federally-held”

- Login to [StudentAid.gov](https://studentaid.gov) with FSA ID,
- From StudentAid.gov dashboard, click on “view details”
- Scroll down from Aid Summary to “Loan Breakdown”
- A servicer name that starts with “DEPT OF ED,” is for a loan that is owned by ED and “federally-held”

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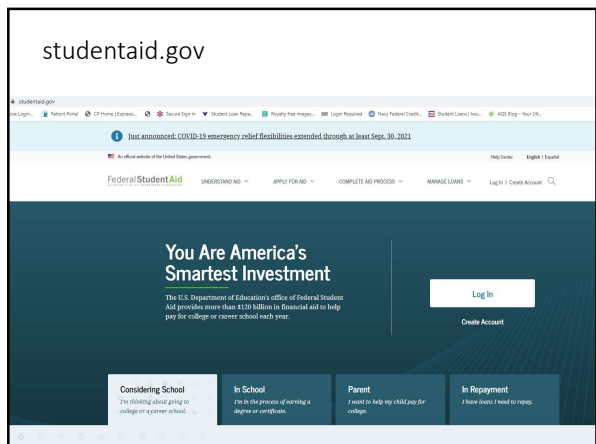
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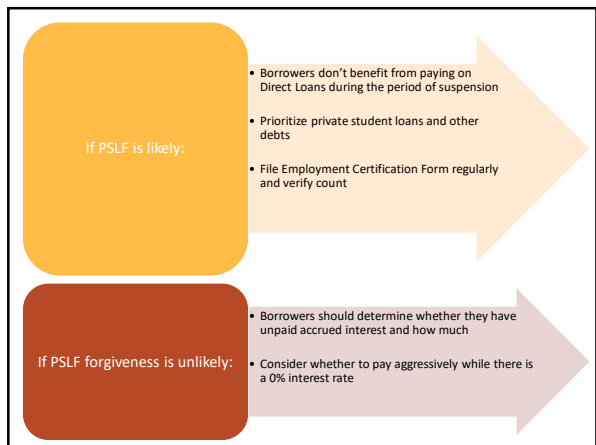
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1. Make the right kind of payments,  
Payments based on income (ICR, IBR, PAYE, REPAYE)
2. on the right kind of loans,  
Federal Direct Loans ONLY
3. while working in the right kind of job.  
Full-time and paid government or nonprofit work
4. Repeat 120 times.
5. Any fewer gets you nothing  
Prove it.



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Employment Certification Form (ECF) Information		
<b>1</b>	Count of eligible Employment Certification Forms (ECFs)	3,151,982
	a) Government	62%
	b) Non-Profit - Section 501(c)(3)	38%
	c) Non-Profit - Other	0%
<b>2</b>	Count of ineligible Employment Certification Forms (ECFs)	1,393,468
<b>3</b>	Most common reasons for ineligible ECFs	
	Missing Information	83%
	No Eligible Loans	8%
	Employment Dates	4%
	Employer Not Eligible	4%
<b>4</b>	Total outstanding balance for borrowers with an eligible ECF	\$117,696,698,669
<b>5</b>	Cumulative PSLF borrowers with an eligible ECF	1,357,699
<b>6</b>	Average outstanding balance for borrowers with an eligible ECF	\$86,688
<b>7</b>	Distribution of repayment plans for borrowers with eligible ECFs	
	Income-Driven Repayment Plans	82%
	Fixed Repayment Plans	13%
	Graduated Repayment Plans	5%

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Public Service Loan Forgiveness (PSLF) Application Information		
<b>8</b>	Unique Borrowers Submitting PSLF Applications	179,371
<b>9</b>	Total Number of PSLF Applications	229,215
<b>10</b>	PSLF Applications Pending Processing	18,402
<b>11</b>	PSLF Applications with Processing Complete	210,813
<b>12</b>	Count of PSLF Applications deemed eligible by the servicer	5,069
	1) Government	74%
	2) Non-Profit - Section 501(c)(3)	26%
	3) Non-Profit - Other	0%
<b>13</b>	Count of ineligible PSLF applications	205,744
<b>14</b>	Most common reasons for ineligible PSLF Applications	
	Qualifying Payments	56%
	Missing Information	25%
	No Eligible Loans	14%
<b>15</b>	Total balance discharged for borrowers with an eligible PSLF application	\$260,487,126
<b>16</b>	Unique Borrowers with PSLF discharges processed	3,469
<b>17</b>	Average balance discharged for borrowers with an eligible PSLF application	\$75,090
<b>18</b>	Distribution of repayment plans for borrowers with eligible PSLF Apps	
	Income Driven Repayment Plans	95%
	Fixed Repayment Plans	5%

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### Temporary Expanded PSLF

- 01** Congress appropriated \$700 million
- 02** Up to \$1 billion may be forgiven
- 03** First come, first served basis
- 04** Borrowers must first be denied PSLF
- 05** Denial must be due to non-qualifying repayment plan

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### Temporary Expanded PSLF



Borrowers must document income demonstrating that the following payments were at least as much as the borrower would have paid under an income-driven plan:

- The payment made immediately prior to applying for TEPSLF, and
- The payment made 12 months prior to applying for TEPSLF

An exception is made if the borrower had an unusual fluctuation in income over the prior five years

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Temporary Expanded Public Service Loan Forgiveness (TEPSLF) Application Information		
19	Count of eligible TEPSLF requests	2,180
20	Count of ineligible TEPSLF requests	35,092
21	Most common reasons for ineligible TEPSLF requests	
	1) Borrower has not been in repayment for 10 years	30%
	2) Borrower does not meet the TEPSLF payment requirements for payments during the last 12 months	19%
	3) Borrower doesn't have 120 qualifying payments	17%
22	Total balance discharged for borrowers with an eligible TEPSLF application*	\$87,448,296
23	Unique Borrowers with TEPSLF discharges processed*	2,031
24	Average balance discharged for borrowers with an eligible TEPSLF request*	\$43,057
25	Distribution of repayment plans for borrowers with an eligible TEPSLF request	
	Income-Driven Repayment Plans	65%
	Graduated Repayment	16%
	Fixed Payment, Extended Term	13%
	Standard Repayment	6%

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### NEW FORM: PSLF Form

*Public Service Loan Forgiveness (PSLF) & Temporary Expanded PSLF (TEPSLF) Certification & Application*

- combines the employment certification form and the forgiveness application
- borrowers will only need to submit this one form to certify their employment or to be considered for forgiveness under PSLF or TEPSLF

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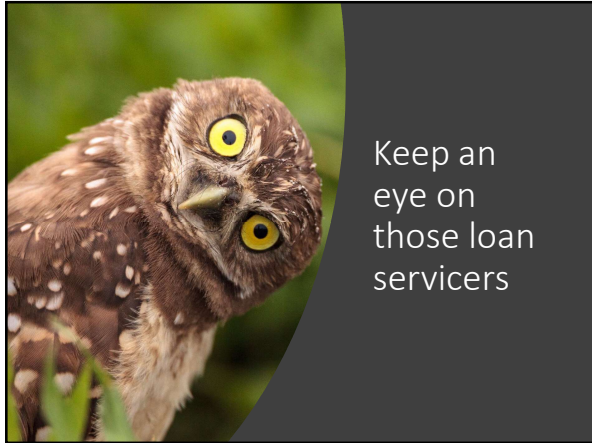
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### NEW RULE: Prepayments and Lump-Sum Payments

- Can count as "qualifying" payments for:
  - up to 12 months or
  - until the next time their income-driven repayment plan is due for certification,
  - whichever comes first.

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### 26 U.S. Code § 127 – Educational assistance programs

- Income tax exclusion for benefits received by an employee through an employer-sponsored educational assistance program.
- Educational assistance includes:
  - the employer's payment of expenses incurred by an employee for education, and
  - the employer's payment of principal and interest on an employee's "qualified educational loan."
- The maximum exclusion is \$5,250 per year.



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### Taxation of student loan repayment assistance depends upon whether the payments are "income"

Student loan benefits considered wages and subject to payroll withholding and taxation	}	<ul style="list-style-type: none"><li>Payments made by employers for the benefit of employees (outside of §108(f) or Code §127 )</li></ul>
Student loan benefits excluded from income and exempt from taxation:	}	<ul style="list-style-type: none"><li>LRAPs operated by external nonprofits under Code §108(f)</li><li>Qualified Educational Assistance Programs operated by employers under Code §127</li></ul>

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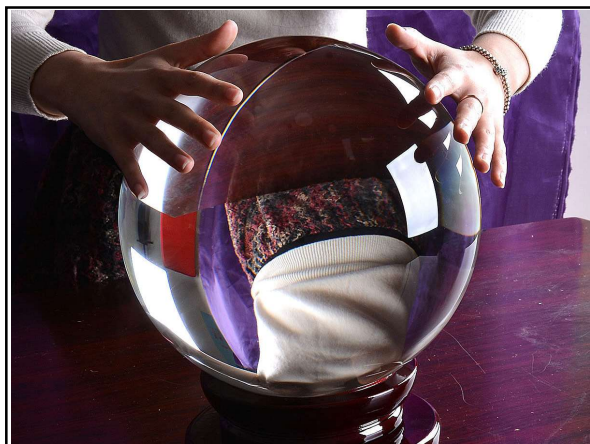
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