



Federal Student Loan Program

What is in store for 2022?

Presenter:

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What's In Store for 2022

- Impact of National Forbearance
- Delinquency and Default Risk
- The Great Servicers Migration
- Changes to PSLF Program
- Return to Repayment



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National Forbearance

Impact to Schools:

- National Forbearance reset the delinquent clock for all students who were delinquent to zero.
- Retroactive on March 13, 2020
 - 0% interest during repayment “pause” –payments made by borrowers during the forbearance are applied to principal
- New date for “Return to Repayment” or (RTR) is May 2, 2022.
 - *Will there be another extension? –To be continued...*



Cohort Default Rates- Past & Future

- **FY2018 CDR – Lower rates for all...**
 - Only loans that defaulted prior to March 13, 2020, were counted in the FY2018 rate.
 - National average for community colleges - 11.5%
- **FY2019 CDR**
 - Bold prediction - Single digit rates
 - Draft CDRs released end of February 2022
 - Official CDR expected release - September 26, 2022
- **FY2020 CDR**
 - Bold prediction - 0%



Cohort Default Rates – Past & Future *(continued)*

What you need to know about FY2021 and FY2022:

- Once National Forbearance ends on May 2, 2022, the FY2021 cohort will have **517 days** remaining in the calculation.
- Anticipate delinquency rates to spike for the FY2021 & FY2022 cohorts
 - Contributing factors:
 - Members of this cohort have **never** been in an active repayment status (grace + forbearance)
 - Higher unemployment rates for some
 - Borrowers once enrolled in auto-debit must re-enroll

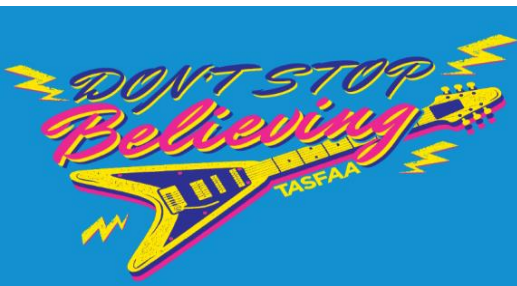
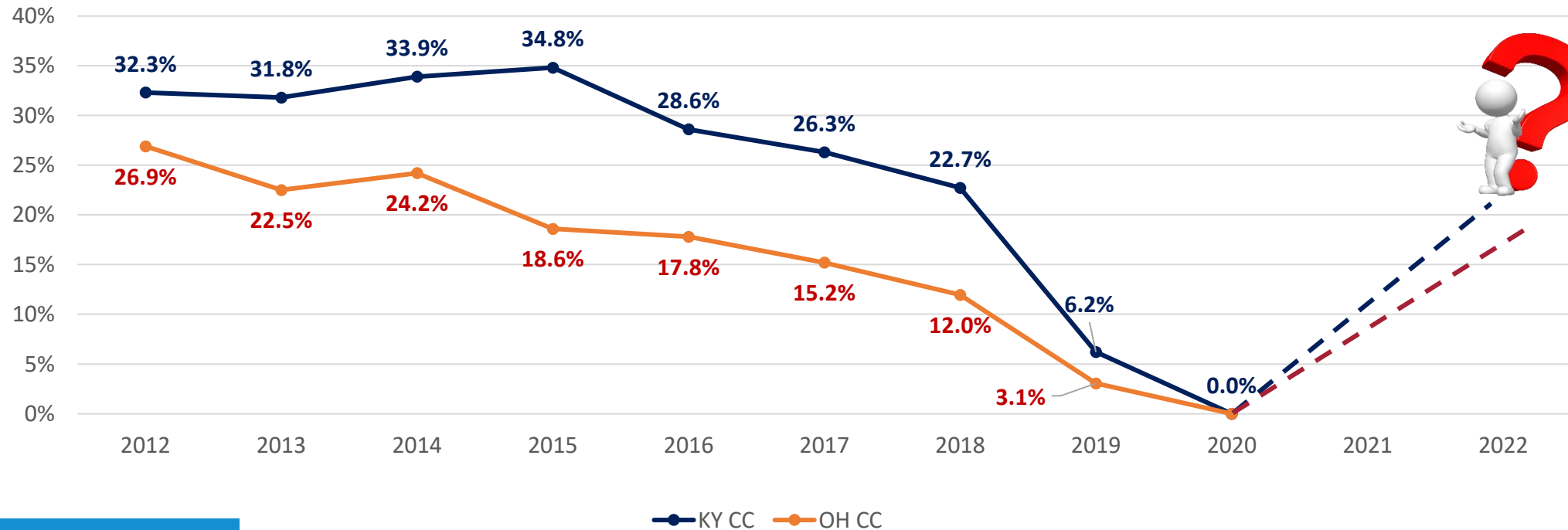
Recommendations for minimizing delinquencies and defaults:

- Continue default prevention activities
 - Monitor delinquency trends closely
 - Allocate resources to accordingly



National Emergency Forbearance

- Significant nation-wide economic disruption with longer term implications
- Individual borrower's ability to restart repayment may vary widely
- Expect delinquency rates to exceed FY2017



Impact of CDRs on Disbursements

Colleges with 3 years under 15% may move to single disbursement of aid dollars per semester, disburse aid on first of day of class (or prior to term start).

Should your institution?

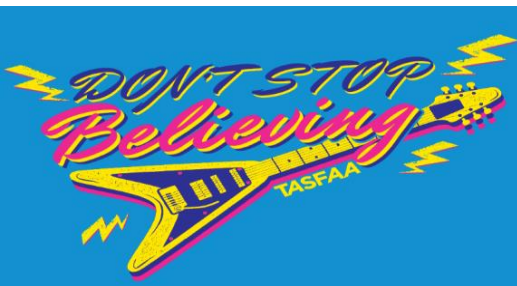
Your college could get funds earlier but run risk of:

- Higher incidence of R2T4
- Higher student loan delinquency/default rates

Recommendation:

Talk to your Financial Aid Director and weigh all risks before your institution makes any changes to disbursement schedules.

Remember that the CDR rates for 2018-2020 are artificially low due to forbearance. **This is an anomaly, not a trend.**



Get Ahead of the Curve

Keep your Administration in the loop!

- Focus on FY2021, 2022 and 2023 cohorts
- Remember CDRs are a lagging indicator
- The goal is to prevent future spikes in delinquency and default

Cohorts	Begin Monitoring	Monitoring Ends	Draft Rates Released to Colleges	Official Rates Published
2019	Oct. 1, 2018	Sept. 30, 2021	Feb. 2022	Sept. 2022
2020	Oct. 1, 2019	Sept. 30, 2022	Feb. 2023	Sept. 2023
2021	Oct. 1, 2020	Sept. 30, 2023	Feb. 2024	Sept. 2024
2022	Oct. 1, 2021	Sept. 30, 2024	Feb. 2025	Sept. 2025
2023	Oct. 1, 2022	Sept. 30, 2025	Feb. 2026	Sept. 2026

Loan Conversions – Borrowers

Three servicers ended contract with FSA...

Where are they now...?

- **Granite State Borrowers – Transferred to Edfinancial Services**
 - Completed November 2021
- **Navient Borrowers – Assumed by Maximus/Aidvantage**
 - Completed December 2021
- **FedLoan Servicing (PHEAA)**
 - To be transferred to various servicers by December 2022
 - PSLF to MOHELA (FedLoan Servicing Platform)

***Important to keep in mind
aggregate loan limits –
As portfolios migrate confirm
aggregate loan limits**



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Public Service Loan Forgiveness (PSLF)

Unchanged Requirements:

- 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
- Having Direct Loans or consolidate into Direct Consolidation Loans
- Certifying qualifying employment for the periods of time for which you want credit towards PSLF
- *Employment at a for-profit organization does not qualify



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Public Service Loan Forgiveness (PSLF) – Limited Waiver (10/31/2022)

Key Points: PSLF Summary of Changes

- For a limited time, borrowers may receive credit for past periods of repayment on loans that would otherwise not qualify for PSLF.
- If borrowers have FFEL, Perkins, or other federal student loans, they will need to consolidate loans into a Direct Consolidation Loan to qualify for PSLF both in general and under the waiver. Before consolidating, borrowers need to check to see if they work for a qualifying employer.
- Past periods of repayment will now count regardless of whether a borrower made a payment, made that payment on time, for the full amount due, on a qualifying repayment plan.
- Periods of deferment or forbearance, and periods of default, continue to not qualify.
- **Note: The qualifying employment requirement has *not* changed.**

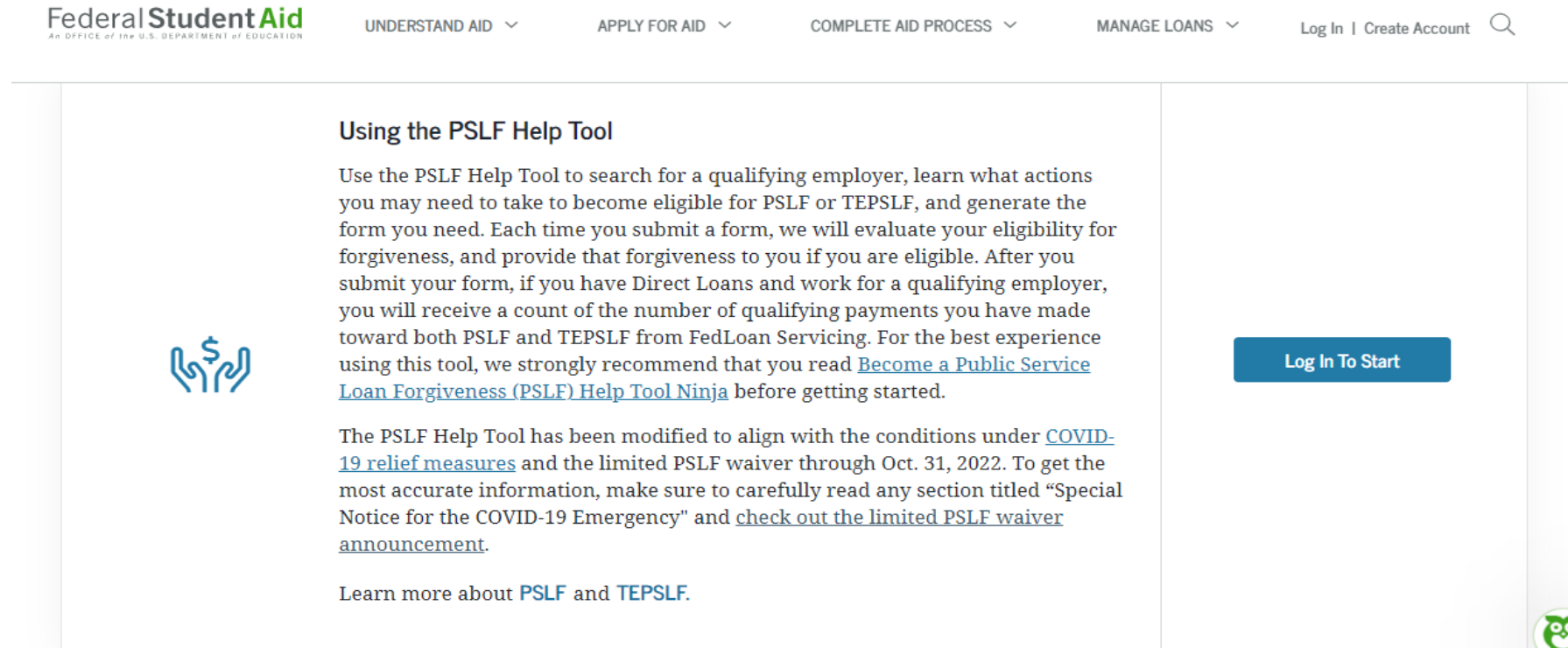


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PSLF Help Tool

When it doubt, fill it out!

<https://studentaid.gov/pslf/>



The screenshot shows the top navigation bar of the Federal Student Aid website. The logo "Federal Student Aid" is on the left, with the tagline "AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION" below it. To the right are menu items: "UNDERSTAND AID", "APPLY FOR AID", "COMPLETE AID PROCESS", and "MANAGE LOANS", each with a dropdown arrow. Further right are "Log In" and "Create Account" with a search icon.

The main content area is titled "Using the PSLF Help Tool". On the left is an icon of two hands holding a dollar sign. The text reads: "Use the PSLF Help Tool to search for a qualifying employer, learn what actions you may need to take to become eligible for PSLF or TEPSLF, and generate the form you need. Each time you submit a form, we will evaluate your eligibility for forgiveness, and provide that forgiveness to you if you are eligible. After you submit your form, if you have Direct Loans and work for a qualifying employer, you will receive a count of the number of qualifying payments you have made toward both PSLF and TEPSLF from FedLoan Servicing. For the best experience using this tool, we strongly recommend that you read [Become a Public Service Loan Forgiveness \(PSLF\) Help Tool Ninja](#) before getting started."

Below this is another paragraph: "The PSLF Help Tool has been modified to align with the conditions under [COVID-19 relief measures](#) and the limited PSLF waiver through Oct. 31, 2022. To get the most accurate information, make sure to carefully read any section titled "Special Notice for the COVID-19 Emergency" and [check out the limited PSLF waiver announcement](#)."

At the bottom of the text is a link: "Learn more about [PSLF](#) and [TEPSLF](#)."

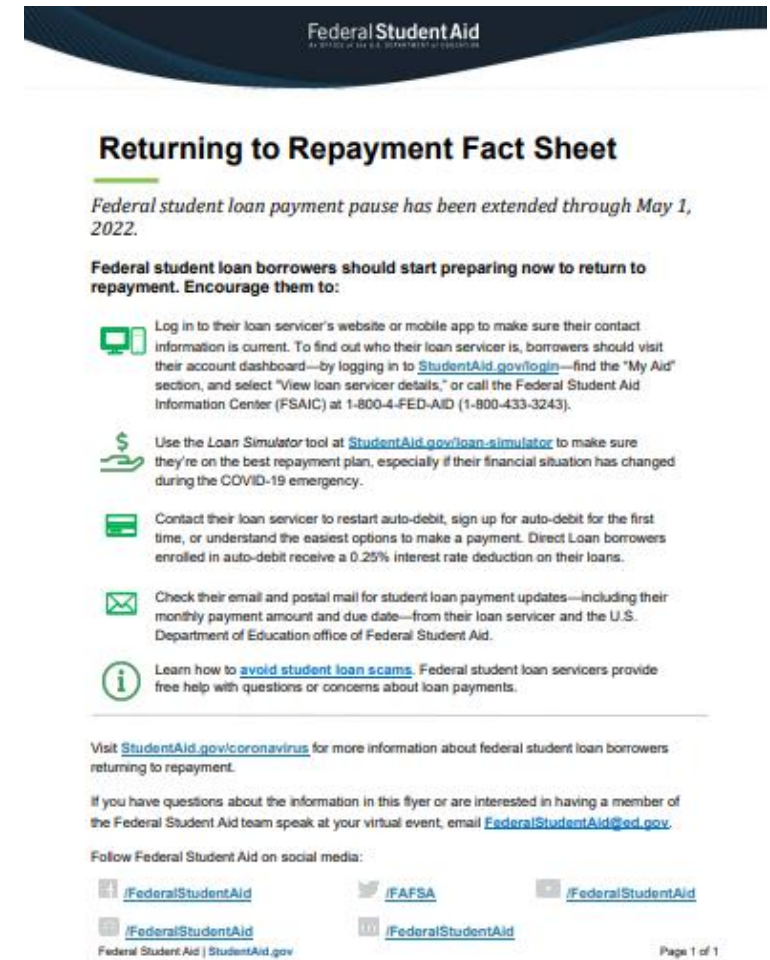
On the right side of the content area is a blue button that says "Log In To Start".



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Return to Repayment – May 2, 2022

- Currently RTR scheduled for May 2nd...
- FSA focused on proactive communication and borrower support plans
- Schools encouraged to conduct outreach to former students
 - Tool kit available at FinancialAidToolkit.ed.gov
 - Return to repayment fact sheet
 - Sample email messaging and social media posts



The screenshot shows a flyer titled "Returning to Repayment Fact Sheet" from Federal Student Aid. It includes the following text:

Returning to Repayment Fact Sheet

Federal student loan payment pause has been extended through May 1, 2022.

Federal student loan borrowers should start preparing now to return to repayment. Encourage them to:

- Log in to their loan servicer's website or mobile app to make sure their contact information is current. To find out who their loan servicer is, borrowers should visit their account dashboard—by logging in to StudentAid.gov/login—find the "My Aid" section, and select "View loan servicer details," or call the Federal Student Aid Information Center (FSAIC) at 1-800-4-FED-AID (1-800-433-3243).
- Use the Loan Simulator tool at StudentAid.gov/loan-simulator to make sure they're on the best repayment plan, especially if their financial situation has changed during the COVID-19 emergency.
- Contact their loan servicer to restart auto-debit, sign up for auto-debit for the first time, or understand the easiest options to make a payment. Direct Loan borrowers enrolled in auto-debit receive a 0.25% interest rate deduction on their loans.
- Check their email and postal mail for student loan payment updates—including their monthly payment amount and due date—from their loan servicer and the U.S. Department of Education office of Federal Student Aid.
- Learn how to [avoid student loan scams](#). Federal student loan servicers provide free help with questions or concerns about loan payments.

Visit StudentAid.gov/coronavirus for more information about federal student loan borrowers returning to repayment.

If you have questions about the information in this flyer or are interested in having a member of the Federal Student Aid team speak at your virtual event, email FederalStudentAid@ed.gov.

Follow Federal Student Aid on social media:

- [/FederalStudentAid](#) (Facebook)
- [/FAFSA](#) (Twitter)
- [/FederalStudentAid](#) (Instagram)
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Return to Repayment – May 2, 2022

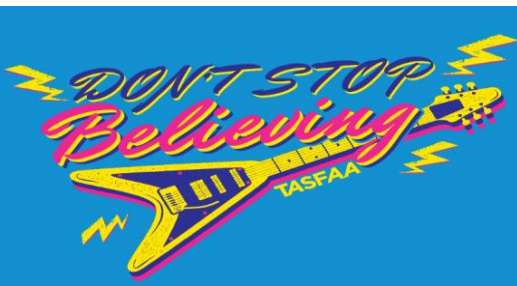
Advice for your borrowers:

- Know their servicer - Remember loans may have been transferred or changed to new management
- Watch for communication from FSA and the servicer
- Take advantage of temporary benefits
- Make sure monthly payments are affordable
- If not, apply for IDR

For Students and Educators:

For all with federal loan debt - take advantage of the PSLF limited waiver

When in doubt fill it out!



Return to Repayment – May 2, 2022 ???



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Questions?

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