WHAT IS THE STUDENT DEBT RELIEF PLAN?

WHO QUALIFIES?

HOW DO I APPLY?

FAQs & HELPFUL WEBSITES
STUDENT DEBT RELIEF PLAN BASICS

One-time program to cancel federal student loans for low-middle income families

Up to $20,000 of relief, if you received a Pell Grant in college

Up to $10,000 of relief, if you did not receive a Pell Grant in college

WHO QUALIFIES?

WHAT TYPES OF LOANS QUALIFY FOR RELIEF?

Direct
- Subsidized
- Unsubsidized
- Parent PLUS
- Graduate PLUS

FFEL
- Federal Family Education Loans held by U.S. Dept. of Education
- Loans in default held by guaranty agency

Perkins
- Perkins Loans held by U.S. Dept. of Education (i.e. not held by the school you attended)

Loans first disbursed on or before 6/30/22
WHAT TYPES OF LOANS DO NOT QUALIFY FOR RELIEF?

- FFEL & Perkins (not held by ED)
- Private
- Institutional

QUALIFICATIONS

Income
- $125K – single or married filing separately
- $250K – married filing jointly or head of household
- Use 2020 or 2021 AGI – whichever is lower
- U.S. Dept of Ed has income info on ~8M borrowers

- Up to $20K debt relief
  - Pell Grant – anytime in undergrad career; any amount of Pell Grant
- Up to $10K debt relief
  - Never received a Pell Grant as an undergrad
- Pell Grant & Loan History
  - https://studentaid.gov/fsa-id/sign-in/landing

WHOSE INCOME IS USED TO DETERMINE RELIEF?

Student who was dependent at any time during 7/1/21 – 6/30/22:
  - Parent’s or parents’ Adjusted Gross Income (AGI) – 2020 or 2021 (whichever is lower)
  - $125K threshold for single or married filing separately
  - $250K threshold for married filing jointly or head of household

Independent students:
  - Depends on filing status in 2020 and 2021 (lower)
  - $125K AGI threshold for single or married filing separately
  - $250K AGI threshold for married filing jointly or head of household
HOW DO I APPLY?

APPLICATION

https://studentaid.gov/debt-relief/application

APPLICATION INFORMATION

Student provides:

- Name
- Date of birth
- Social Security Number
- Phone number
- Email address
APPLICATION CERTIFICATION

Student agrees with the following:

- If requested, will provide proof of income by 3/31/24.
- The student is the person named above.

APPLICATION CERTIFICATION (CONT.)

One of these statements are true for either 1/1/20-12/31/20 or 1/1/21-12/31/21:

- Did not file
- I made less than the required income to file federal taxes
- < $125K
- Single tax-filer
- Married, filed taxes separately
- < $250K
- Married, filed jointly
- Married, filed separately
- Head of household
- Qualifying widower

APPLICATION CERTIFICATION

I certify under penalty of perjury under the laws of the United States of America that all of the information provided on this form is true and correct. I understand that any falsification or misrepresentation on this form, or on any accompanying document, is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code, including, but not limited to, under U.S.C. § 1001, 18 U.S.C. § 1621, and 20 U.S.C. § 1097.

Click the blue “Submit” button.
APPLICATION (CONT.)

When you submit the application, ED will send a confirmation email.
ED will process application ASAP.
22 Million borrowers have applied through 10/20/22.

Beware of Scams

*Official ED email accounts:
noreply@studentaid.gov
noreply@debtrelief.studentaid.gov
ed.gov@public.govdelivery.com

WHAT HAPPENS NEXT

1. Receive email confirmation of application
2. ED will review application
3. ED will contact you if they need more information*
4. ED will notify you & loan servicer that the application is approved
5. Loan servicer will apply debt relief & notify you

* ED could request:
  - Documentation of income
  - Parent’s income (if dependent 7/1/21- 6/30/22)
  - Can’t match loan records with data submitted on application
  - Don’t have any eligible federal loans

APPLICATION – IMPORTANT DATES

• November 15, 2022
  • Recommended date to submit application to receive relief before loan payment pause ends on December 31, 2022.

• December 31, 2023
  • Last day to submit application to receive debt relief
FREQUENTLY ASKED QUESTIONS & HELPFUL WEBSITES

What about the lawsuits?
The 8th Circuit Court of Appeals has temporarily halted ED from discharging any student loan debt under the debt relief program. Court gave Biden Admin. until last Monday to respond and the 6 State AGs have until the following day to reply. ED said they are evaluating applications and will move forward once the courts allow*.

What do they mean "up to $10K or $20K of debt relief?"
If you have $6K of qualifying federal student loan debt, ED will cancel all $6K (but not $10K or $20K).

FAQS (CONT.)
Am I eligible for relief in this scenario? I filed taxes as single in 2020 and had an AGI of $50K. In 2021 I filed as married filing jointly with an AGI of $300K.

Yes, you qualify for relief. Your $50K AGI in 2020 for a taxpayer filing as single is less than the $125K AGI for debt relief. It is irrelevant that your 2021 joint AGI is higher than $250K.
FAQS (CONT.)

What about parents who have borrowed parent PLUS Loans for their child’s education?

A parent can qualify for debt relief as long as:

• The parent has eligible federal student loan debt.
• The parent’s (or parents’) 2020 or 2021 AGI is at/below the $125K or $250K AGI, as applicable.

A parent may receive up to $20K of debt relief if the parent received a Pell Grant.

A parent may receive up to $10K of debt relief if s/he did not receive a Pell Grant.

FAQS (CONT.)

What if my balance is below the maximum debt relief AND I made voluntary payments from 3/13/20 through 12/31/22?

• Let’s say you are eligible for $10,000 of debt relief.
• Your current balance is $9,500.
• You paid $1,000 during the payment pause.
• ED will:
  • Cancel the $9,500 on your current balance, and
  • Refund you $500 (the remaining amount of relief that gets you to $10,000).

What if I paid off my entire federal loan balance from 3/13/20 through 12/31/22?

• The answer is unknown. The National Assoc. of Student Financial Aid Administrators is awaiting answer from ED

FAQS (CONT.)

How will debt relief be applied to multiple loans?

Defaul ted ED- held loans

Non-defaul ted Direct Loans & FFEL Program loans held by ED

Perkins Loans held by ED

Defaulted commercial FFEL Program Loans
FAQS (CONT.)

- Highest interest rate
- Unsubsidized before subsidized
- Most recent loan
- Lowest combined principal & interest balance

HELPFUL WEBSITES

- Debt relief application: https://studentaid.gov/debt-relief/application
- Debt relief plan overview & FAQs: https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info
- Pell Grant, federal loan histories & loan servicers: https://studentaid.gov/fsa-id/sign-in

QUESTIONS?