Return to Repayment Guide

Prepared by the Office of Senator Elizabeth Warren

After three and a half years, the COVID-19 related payment pause ended on September 1, 2023. Beginning in October, borrowers are expected to make their first mandatory payments on their student loans. This means that many borrowers have already received their first student loan bills in nearly three years. In Massachusetts, over 870,000 residents owe nearly $36 billion in student loan debt. If you are one of these borrowers, this guide is designed to help you prepare for the return to repayment.

Here are some steps you can take to prepare for repayment:

1. Familiarize yourself with your current loan information.

Log into your account at **studentaid.gov** to determine what kinds of federal student loans you have, how much you owe, and what the status of your loans is. This information will help you understand your current situation and your options. There is also a chance that your loans may have been transferred to a new loan servicer since you last made a payment, and you may need to create a new online account with them to access the latest information.

2. Update your contact information.

You should be expecting your first student loan bill in mail if you haven't already received it yet. If you're still waiting for your bill, make sure your loan servicer has your current contact information so they can reach you if they need to with important messages about your loans. This includes making sure your address, phone number, and email addresses are accurate. You can update your contact information on your studentaid.gov account and by contacting your loan servicer.

3. Check to see if you are eligible to have some or all of your loans canceled.

There are a number of programs that may cancel or forgive your student loans. If you work in public service, have been in repayment for over 20 years, have a disability, couldn't complete your education because your school closed, or were misled, cheated, or defrauded by your institution, there may be a pathway to cancellation for you. Learn more about these programs at **studentaid.gov** or checking out the **Student Loan Borrower Assistance project.**

4. Enroll in a repayment program that works for you.

You may be able to reduce your monthly student loan payment by changing your repayment plan. You can change your repayment plan at any time at no cost. Borrowers can choose from several types of federal student loan repayment plans, including some that offer the opportunity of cancellation. **Studentaid.gov** has a loan simulator that can help you estimate your loan payments and help you identify the payment plan that best fits your needs. The Biden Administration released a new plan called the SAVE plan that calculates your monthly payment based on your income and family size. For example, if you are a single borrower earning $32,800 or less, or a family of four earning $67,500 or less (amounts are higher in Alaska and Hawaii), you will owe $0 under SAVE. Under SAVE, borrowers earning more than these amounts can save at least $1,000 per year compared to old IDR programs. Read more about IDR programs **here**.

5. Make a plan for how you'll make payments.

If you're able, consider enrolling or re-enrolling in autopay. If you sign up for auto-debit payments, you can receive a .25% reduction in your student loan interest. If you decide to make your payments manually, be sure to set a reminder each month so you don't get penalized. By enrolling in autopay, you will receive a reminder from your student loan servicer ahead of each withdrawal.

Frequently Asked Questions

1. What is Income-Driven Repayment (IDR), and is it right for me?

IDR is a type of student loan repayment plan that bases your monthly payment on your income and family size. This means that your monthly payment will be more affordable if you have a lower income. There are four different IDR plans:

- Pay As You Earn (PAYE)
- Income-Contingent Repayment (ICR)
- Income-Based Repayment (IBR)
- Saving on a Valuable Education (SAVE)

An IDR plan can make your student loan payments more affordable, depending on your income and family size, and could be as low as $0 per month. IDR plans can be a good option for borrowers who have a low income, a high loan balance, or who are otherwise struggling to make their student loan payments. It may also be a good option for borrowers who work for the government or a nonprofit and are interested in Public Service Loan Forgiveness. If you are already on an IDR plan and your income has decreased since the payment pause went into effect, consider recertifying your plan now to try to get a lower payment when repayment resumes. Visit **studentaid.gov/idr/** to learn more and to sign-up.

2. What if I defaulted on my student loans?

If your loans are in default, you may be able to take advantage of the one-time temporary Fresh Start Initiative created by the Department of Education. Fresh Start is a free, opt-in program that allows you to get your loans out of default. Requesting a Fresh Start is fast and easy, and will make you eligible for IDR plans and other relief options, as well as for federal student aid if you want to go back to school. It will also protect you from collection efforts, like wage garnishment, that are scheduled to resume in late 2024.

3. Should I consolidate my loans?

If you're interested in loan relief through income-driven repayment (IDR) or Public Service Loan Forgiveness (PSLF) and have Federal Family Education Loan (FFEL) or Perkins loans, you should consider consolidating those loans at no cost into a new Direct Consolidation Loan. By consolidating your loans, you may be able to lower your monthly payment amount or gain access to federal forgiveness programs. If you consolidate before the end of 2023, you can take advantage of the Department of Education's one-time account adjustment to potentially get more credit toward IDR and PSLF loan cancellation–meaning that it can help put you closer to the date when your remaining loans will be forgiven.

4. Are there options to continue postponing my student loan payments after the payment pause?

The Department of Education announced an "on-ramp" period to help borrowers who are facing difficulty repaying loans during the first year of repayment. From October 1, 2023 through September 30, 2024, borrowers with federal loans who miss payments during the on-ramp period will not be considered delinquent, be reported as delinquent to credit bureaus, have their loans placed in default, or be referred to debt collection agencies. During the "on-ramp" period, interest will continue to accrue on student loans during this period, so if you do not make payments, you may owe more on your loans and have larger payments once the on-ramp ends. You also will not earn credit toward loan forgiveness in PSLF or IDR programs during months that you do not make payments. Keep in mind that, despite the Department of Education not reporting missed payments to credit bureaus, your credit score can still change based on your payment activity. Otherwise, you can explore deferments and forbearance options that allow you to temporarily postpone making student loan payments when you can't afford them. And some borrowers are eligible for $0 payments in IDR plans, depending on income and family size.

5. What if I need to file a complaint?

If you have serious concerns about information you received about your loans, issues with student loan scammers, or inaccuracies with your account, you can contact the Ombudsman at the Department of Education. The easiest way to contact the Ombudsman is to file an online assistance request through **studentaid.gov**. Always be on the lookout for scams–you should never be asked to share passwords or be charged for assistance.

For more information about managing your student loans and potential relief options, see **studentloanborrowerassistance.org**, run by the National Consumer Law Center, or the Department of Education's website for borrowers, **studentaid.gov.**