

Have federal student loans? Make sure you get debt relief!

If you have FFEL loans, you may need to consolidate them into a new Direct Loan by June 30th to benefit from federal student debt relief

Who needs to take action to qualify for debt relief – and why?

The U.S. Department of Education is updating borrower payment counts (they call it an “Account Adjustment”), which will cancel debt for many older loans and move millions of borrowers closer to loan forgiveness. To qualify, borrowers with federal student loans they took out before 2010 through the Federal Family Education Loan (FFEL) program that are owned by private companies must apply to convert those loans to the federal Direct Loan program through a simple process called “consolidation.”

Borrowers with these privately-held FFEL loans will miss out unless they submit their consolidation application no later than June 30, 2024. If you have federal student loans managed by the Department of Education (including any Direct Loans), you don’t need to do anything to benefit from this adjustment – your account will be updated automatically.

How can I tell if I have FFEL loans — and whether they are privately held?

Log in to your account at www.studentaid.gov. The information you need is in the Loan Breakdown section of your dashboard. To get there, look for “My Aid” in the dashboard and click “View Details.” Then click “View Breakdown” or scroll down to the Loan Breakdown section. You only need to worry about loans with a balance and can ignore loans that show a \$0 balance.

Here you will see the names of your loan servicer(s). If the name of a servicer starts with “Dept of Ed,” those loans are federally-held and won’t need to be consolidated. If it says “Default Management Collection System,” those loans are in default; visit myeddebt.ed.gov or call the Default Resolution Group at 1-800-621-3115 to take advantage of the new “Fresh Start” program. Any other servicers listed are private and loans held by them must be consolidated to benefit from the account adjustment.

OK, I Have FFEL Loans I Need to Consolidate – What Do I Do Next?

To apply for a loan consolidation, go to www.studentaid.gov/loan-consolidation/. The application will walk you through the steps. You can also print a paper application. Borrowers with privately-held FFEL loans should apply to consolidate as soon as possible—but no later than June 30, 2024—to get the full benefits of the adjustment. As part of the application, you can also apply for the SAVE plan or another payment plan option. The whole process typically takes less than 30 minutes.

Where Can I Get More Information?

For more information, visit www.studentaid.gov, the federal government’s student loan portal, or go to www.cancelmystudentdebt.org or www.studentloanborrowerassistance.org, websites created by nonprofit student debt experts to help borrowers.

Seven Steps You Should Take to Manage Your Student Loans

Federal student loan payments resumed in October – here's how you can be prepared.

- 1. Log into your Federal Student Aid account at www.studentaid.gov and update your contact information.** After signing in, you can check how much you owe, what types of loans you have, what their status is, and who your student loan servicer is. You should also log into your loan servicer's website, update your contact information there, and check that your information is accurate; your servicer should send you monthly bills at least 21 days before payment is due.
- 2. Choose a repayment plan that you can afford.** To find the plan that's right for you, use the U.S. Department of Education's Loan Simulator. An income-driven repayment (IDR) plan will lower monthly costs for many borrowers, and the new SAVE plan is the most affordable IDR plan yet – cutting payments in half for most borrowers and forgiving debt faster. You will find the Simulator and other links in your dashboard once you log into your account at www.studentaid.gov.
- 3. If you are a government or nonprofit employee, enroll in Public Service Loan Forgiveness (PSLF)** to have your debt canceled after 10 years of qualifying payments. Use the PSLF Help Tool at www.studentaid.gov/pslf/ to enroll, and submit the PSLF form every year to stay on track.
- 4. Consider consolidating FFEL Loans.** To get the most from income-driven repayment (IDR) or Public Service Loan Forgiveness (PSLF) debt relief, you need to consolidate privately-held FFEL loans into Direct loans by June 30, 2024 to maximize the benefits that you can receive (flip page over for more). Consolidating may also make you eligible for the SAVE plan.
- 5. Do you have loans in default?** The Department of Education is offering a one-time temporary program called Fresh Start that can remove your loans from default and remove the default from your credit report. You should be able to see if any loans are in default when you log into your account at studentaid.gov. To take advantage you must contact the Department directly – enrollment will not happen automatically. You can enroll by visiting myeddebt.ed.gov and logging into your account or by calling the Default Resolution Group at 1-800-621-3115.
- 6. Understand what happens if you don't repay your loan.** President Biden announced a one-year "on-ramp to repayment" through October 2024; borrowers who miss payments during this time will not be considered delinquent and should not have their loans placed in default or be referred to debt collection agencies. However, interest will continue to accrue, so you'll find yourself in more debt by the end of this period if you don't make payments. Also, this is only a temporary solution, and after a year, you'll have to make payments again or risk default (which will cause you financial harm).

If something is wrong, speak up! If you think your payment amount, due date, or other billing information seems wrong, contact your servicer. It's possible they made a mistake. If your problem is not resolved, you should file a complaint with the Federal Student Aid Ombudsman at <https://studentaid.gov/feedback-center/>.