



## IDR Account Adjustment

In April 2022, the U.S. Department of Education announced that it would conduct a [one-time revision of all borrowers' student loan accounts](#). For many borrowers, this audit will be automatic and will give borrowers more credit toward cancellation under Income-Driven Repayment (IDR) plans, regardless of whether or not they have been enrolled in IDR plans.

Any months in which a borrower had time in a repayment status, regardless of the payments made, loan type, and repayment plan will be counted toward IDR cancellation. The Department of Education will also count the following as “qualifying repayment status”:

- 12 or more months of consecutive forbearance (meaning unbroken)
- 36 or more months of cumulative forbearance (meaning added up, regardless of breaks in time)
- Any months spent in deferment (with the exception of in-school deferment) prior to 2013; and
- any time in repayment prior to consolidation on consolidated loans.

Borrowers may have additional forbearance and deferment time counted if they submit a complaint to the U.S. Department of Education’s Office of Federal Student Aid at <https://studentaid.gov/feedback-center/>.

### What is Income-Driven Repayment?

Income-driven repayment is a category of federal student loan repayment plans under which a borrower has the right to pay a certain percentage of their discretionary income, as calculated according to a Department of Education formula, towards their federal student loans. There are many kinds of IDR plans, each with different rules, including Income-Based Repayment (IBR), Income Contingent Repayment (ICR) Plans, Revised Pay as you Earn (REPAYE), and Pay as You Earn (PAYE). Under these plans, borrowers are entitled to cancellation after 20 or 25 years of qualifying payments, depending on the plan. Plan eligibility is based on loan type and date when the loan was taken out.

### Income-Driven Repayment Plan Table



<b>Repayment Plan</b>	<b>Eligible Borrower Loan Dates</b>	<b>Repayment Formula<sup>1</sup></b>	<b>Cancellation Period</b>	<b>Eligible Loans</b>	<b>Parent PLUS?</b>
IBR before July 1, 2014	Borrowed before July 1, 2014	Lesser of: <ul style="list-style-type: none"> <li>• 15% of discretionary; or</li> <li>• 10-year Standard Plan amount income</li> </ul>	25 years	Both Direct and FFEL	No
IBR after July 1, 2014	New borrowers on or after July 1, 2014	Lesser of: <ul style="list-style-type: none"> <li>• 10% of discretionary income; or</li> <li>• 10-year Standard Plan amount</li> </ul>	20 years	Direct loan only <sup>2</sup>	No
Pay As You Earn (PAYE)	New borrowers on or after Oct. 1, 2007, who received a disbursement on or after Oct. 1, 2011	Lesser of: <ul style="list-style-type: none"> <li>• 10% of discretionary income; or</li> <li>• 10-year Standard Plan amount</li> </ul>	20 years	Direct loan only	No



Revised Pay As You Earn (REPAYE)	All	10% of discretionary income	20 years for borrowers with loans for undergraduate study only; 25 years for borrowers with at least one loan for graduate study	Direct loan only	No
ICR Plan	All	The lesser of the following:  <ul style="list-style-type: none"> <li>● 20% of discretionary income; or</li> <li>● Based upon a 12-year amortization schedule, adjusted according to income</li> </ul>	25 years	Direct loan only	No, unless consolidated

<sup>1</sup> For all of the plans, except ICR, “discretionary income” is the adjusted gross income above 150% of the Department of Health and Human Services’ (HHS) federal poverty guideline for the borrower’s household size. For ICR, discretionary income is income above 150% of federal poverty for the borrower’s household size.

<sup>2</sup> There is no express prohibition on FFELs; however, because the FFEL program ended in 2010, there were no new FFEL borrowers in 2014.

Source: The National Consumer Law Center

Borrowers can apply for such a plan through your loan servicer or through federal student aid. See this website for further information:  
<https://studentaid.gov/manage-loans/repayment/plans/income-driven>.



## How will this affect borrowers?

**For borrowers with FFEL loans:** If a borrower has commercially held FFEL loans, they can only benefit from the IDR account adjustment (either to receive total cancellation or credit towards cancellation) if they consolidate before May 1, 2023. Borrowers with Department held FFEL loans do not need to consolidate to have their accounts adjusted, however, because FFEL loans are only eligible for IBR with a 25 year cancellation period, they will require more qualifying time to receive cancellation. Consolidation may reduce the time period if the borrower does not have graduate school loans and can make the borrower eligible for IDR plans with a lower monthly payment. FFEL borrowers with at least 25 years of qualifying repayment history do not need to enroll in IBR and will see automatic cancellation.

### Direct loans:

**For direct loan borrowers with at least 20 or 25 years of qualifying repayment history:** These borrowers do not need to enroll in IDR to get cancellation. Any borrower with loans that have accumulated time in a qualifying repayment status of at least 20 or 25 years (depending on which IDR plan they are eligible for) will see automatic cancellation, even if they are not currently on an IDR plan. If a borrower has made qualifying payments that exceed cancellation thresholds (20 or 25 years), they will receive a refund for overpayment.

**For direct loan borrowers with less than 20 or 25 years of qualifying repayment history who are NOT currently enrolled on an IDR plan:** These borrowers will eventually need to enroll in an IDR plan to obtain cancellation, but will receive credits towards cancellation automatically.

**For direct loan borrowers with less than 20 or 25 years of qualifying repayment history who are currently enrolled on an IDR plan:** These borrowers should automatically receive credit towards IDR loan cancellation.

The U.S. Department of Education will track payment counts in its data systems and is undertaking an effort to display borrower IDR payment counts on StudentAid.gov so that borrowers can view their progress.

### Parent Plus loans



**Parent PLUS borrowers who have been in qualifying repayment for 25 years or more will receive automatic total debt cancellation.** These borrowers do not need to enroll in IDR to get cancellation.

**If a borrower has not been in a qualifying repayment for 25 years, they will receive credits towards ICR cancellation.** *They will need to consolidate their Parent Plus loans and enter into the Income-Contingent Plan to eventually receive cancellation.*

### **Public Service Loan Cancellation & the IDR Account Adjustment**

This audit will also affect the accounts of all borrowers, including those who have already applied for PSLF, or those who are planning to apply for PSLF:

- IDR account adjustments count towards PSLF credit.
- If you have 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance, you will receive PSLF credit for those periods of time if you certify qualifying employment.
- These changes will be applied automatically.

### **How to Check Loan Types:**

For borrowers who are unsure if they have direct or FFEL loans, they can log in to [studentaid.gov](https://studentaid.gov) and view their loan dashboard. Check [here](#) for instructions. Hover your cursor over your “loan type” in your FSA dashboard and it will say if you have FFEL loans. In short, if your loans benefited from the pause on payments since March 2020, they are likely covered by this announcement.

### **How to Find out How Much Qualifying Time You Have:**

The U.S. Department of Education promised that at the end of the audit, borrowers will be informed of how much qualifying time they have.

### **If you Experience Any Issues:**

Submit a complaint to the U.S. Department of Education’s Office of Federal Student Aid at <https://studentaid.gov/feedback-center/>.