CARES Act and How it Affects your Student Debt

Presented June 2020
Hello, union family and welcome to this AFSCME student debt webinar. I want to take this chance to thank you for the incredible work you're doing on the front lines of this public health crisis. When our communities need us most, that's when we bring our very best. Every time the nation confronts a challenge or crisis, AFSCME members all across the country answer the call.

During this time when you're working under greater pressure and with higher stakes than ever, the last thing you need is anxiety about crushing student loan debt. This webinar is designed to give you some peace of mind — to ease your burden and give your family greater economic security during this difficult time.

We'll talk about different relief options that can help you reduce or even eliminate your debt. And we'll discuss new benefits you may qualify for under the CARES Act, a new coronavirus relief law passed in March.

Thank you again for your service and sacrifice — especially now. We continue to fight every day to ensure that public service workers get the respect they deserve — whether it's on student debt, access to PPE, or aid to state, cities and towns to maintain vital public services.

Please visit our website at afscme.org for more resources and information on how to best do your jobs and protect yourselves. Stay safe, and I hope you find this webinar helpful.
Welcome
## Agenda

- Review COVID-19 Relief Under the CARES Act
- Understand Student Loans
- Explore Other Federal Student Debt Relief Programs (IDR and PSLF)
- Examine Private Student Debt Relief
- Learn How to Get Out of Default
- Discover SUMMER – Student Debt Relief Tool
- Access Student Debt and COVID-19 Resources
- Q&A with Student Debt Experts
OUR PARTNERS
AFSCME Code of Conduct

AFSCME is committed to providing an environment free from discrimination and harassment, regardless of an individual’s race, ethnicity, religion, color, sex, age, national origin, sexual orientation, disability, gender identity or expression, ancestry, pregnancy, or any other characteristic prohibited by law. As such, AFSCME will not tolerate discriminatory, harassing or otherwise unacceptable behavior at any of its activities, events or meetings, including virtual meetings. AFSCME expects everyone who participates in any of its activities, events or meetings to abide by this standard of conduct.

There will be no retaliation or other adverse action taken against an individual who makes a complaint. Complaints should be sent to the attention of Paula Caira, AFSCME Director of Human Resources at pcaira@afscme.org.
Student Loan Repayment During the Coronavirus Pandemic

Presented by the Student Borrower Protection Center

May 2020
COVID-19 Relief
Under the CARES Act
New protections under the CARES Act

Through September 30, 2020:

- 0% interest
- Automatic payment suspension
- Qualified payments for PSLF and IDR forgiveness
- Suspension of all collection activity
  - Wage garnishment
  - Social Security benefits offset
  - Tax refund offset

Only for Covered Loans (Direct Loans & Some “FFELP” Loans)
What you need to know: Six tips if you’re covered by CARES

1. Payment suspension and interest waiver are automatic
2. Turn off autopay
3. Check your credit
4. Continue to enroll and recertify income-driven repayment plans
5. Request a refund for payments auto-debited after March 13, 2020
6. Garnishment pause must be done via your employer, but *should be* automatic
## Who is covered? Types of student loans

<table>
<thead>
<tr>
<th>Covered in CARES Act</th>
<th>Not covered in CARES Act</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Loans</td>
<td>Perkins Loans</td>
</tr>
<tr>
<td>Federal Family Education Loans (FFELP) owned by ED</td>
<td>Federal Family Education Loans (FFELP) owned by private companies</td>
</tr>
<tr>
<td></td>
<td>Private Student Loans</td>
</tr>
</tbody>
</table>
Federal Loans vs. Private Loans
How to tell what type of federal student loan you have

Step 1: Log into studentaid.gov

Step 2: Under your student aid dashboard, navigate to “View Details”

Step 3: On the top right, select “Download My Aid Data”
How to tell what type of federal student loan you have

Direct and ED-held FFELP Loans

1. Determine FFEL or Direct
2. Will state “Current ED Servicer”
3. Current Lender will be listed as U.S. Dept of Ed
How to tell what type of federal student loan you have

Commercially held FFELP Loans

1. FFEL only
2. Will state “Current Guaranty Agency”
3. Current Lender will be a bank or other private company
Options for Federal Student Loan Borrowers

Income Driven Repayment Plans

&

Public Service Loan Forgiveness
Multiple repayment options

**STANDARD REPAYMENT PLAN**
Pay the same amount every month for 10 years (or longer with Consolidation Loans)

**EXTENDED REPAYMENT PLAN**
Pay the same amount every month for up to 25 years. Payments are lower than standard payments. Must owe more than $30,000.

**GRADUATED REPAYMENT PLAN**
Payments start low and increase every two years. Loans are paid off within 10 years (or up to 30 years with Consolidation Loans)

**INCOME-DRIVEN REPAYMENT PLAN**
Monthly payments are tied to your income, not your loan balance. Payments can be as low as $0.
Income-Driven Repayment (IDR) Plans

- IDR plans set monthly payments based on your discretionary income, rather than your outstanding loan balance. Unemployment or income shock could result in $0 payments.

- Remaining balance is forgiven after 20 or 25 years

- Remaining balance is forgiven after 10 years under PSLF.

- **Types of IDR plans:**
  - Income-Contingent Repayment Plan (ICR)
  - Income-Based Repayment Plan (IBR)
  - Pay as you Earn (PAYE)
  - Revised Pay as you Earn (REPAYE)
Public Service Loan Forgiveness – the basics

Four Requirements:

1. Right type of loan – Direct Loans
2. Right type of repayment plan – IDR or standard
3. Right type of employment – work full-time in public service
4. Right number of payments – 120 payments

How to check if you’re on track

• Submit an Employer Certification Form (ECF)
  • FedLoan Servicing processes ECF forms for all borrowers and you *may* have your student loan company switch to FedLoan, but not always
  • Borrowers should submit an ECF annually and every time they change employers
Options for Private Student Loan Borrowers
PROTECT BORROWERS

Multistate agreement for relief (private and commercial FFEL)

- CA, CO, CT, DC, IL, MA, NJ, NY, VT, VA, WA
- 90 days of forbearance
- Waiving late payment fees
- No negative credit reporting
- Ceasing debt collection lawsuits for 90 days

Aspire Resources, Inc.
College Ave
Earnest Operations
Edfinancial
Kentucky HESLC
Lendkey Technologies, Inc.
MOHELA
Navient
Nelnet
SoFi Lending Corp.
Tuition Options
United Guaranty Services, Inc.
Upstart Network, Inc.
UHEAA
VSAC
Private student loan payment relief

- **Alternative repayment options**
  - Interest-only payments
  - Economic hardship
  - Often only temporary payment relief
  - Confirm how your payments will be reported to credit bureaus

- **Partial payment instructions**

- If you’re denied an alternative repayment plan, ask why
How do I get out of default on a federal or private student loan?
What happens if your federal student loans default?

- Wage garnishment
- Social Security benefits offset
- Tax refunds offset
- Credit reporting

Beginning **October 1, 2020**, borrowers in default will be subject to these collection practices.
Getting out of default on a federal student loan

- **Consolidate “out of” default**
  - Must have eligible loan
  - Must enroll in IDR
  - Cannot currently be in wage garnishment

- **Rehabilitation**
  - 9 payments based on income/expenses
  - As low as $5 per month
  - Garnishment/offsets end after 5 payments
  - Fees (some can be waived)

Source: Consumer Financial Protection Bureau (2016)
Defaulted private student loans

- Defaulted private student loan
  - Negotiate with your collector
  - Offer a monthly payment or lump sum amount
  - Get the settlement in writing
  - Confirm how it will be reported to credit bureaus

- Statute of limitations on collections
### How to get in touch with your student loan servicer

<table>
<thead>
<tr>
<th>Servicer</th>
<th>Call Center</th>
<th>Email</th>
<th>Social Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornerstone</td>
<td>1-800-663-1662</td>
<td><a href="mailto:CSOmb@mycornerstoneloan.org">CSOmb@mycornerstoneloan.org</a></td>
<td>@CornerStoneLoan</td>
</tr>
<tr>
<td>FedLoan Servicing</td>
<td>1-800-699-2908</td>
<td><a href="mailto:Escalated@myfedloan.org">Escalated@myfedloan.org</a></td>
<td>@PHEAAaid</td>
</tr>
<tr>
<td>Granite State</td>
<td>1-888-556-0022</td>
<td><a href="mailto:dlcustomerservice@gsmr.org">dlcustomerservice@gsmr.org</a></td>
<td>@NHHEAF</td>
</tr>
<tr>
<td>Great Lakes</td>
<td>1-800-236-4300</td>
<td><a href="mailto:greatlakesservicingombudsman@glhec.org">greatlakesservicingombudsman@glhec.org</a></td>
<td>@MyGreatLakes</td>
</tr>
<tr>
<td>EdFinancial/HESC</td>
<td>1-855-337-6884</td>
<td><a href="mailto:CustomerResolutionsUnit@edfinancial.com">CustomerResolutionsUnit@edfinancial.com</a></td>
<td>@Edfinancial</td>
</tr>
<tr>
<td>MOHELA</td>
<td>1-888-866-4352</td>
<td><a href="mailto:gwendolyna@mohela.com">gwendolyna@mohela.com</a></td>
<td>@MOHELA</td>
</tr>
<tr>
<td>Navient</td>
<td>1-800-722-1300</td>
<td><a href="mailto:advocate@Navient.com">advocate@Navient.com</a></td>
<td>@Navient</td>
</tr>
<tr>
<td>Nelnet</td>
<td>1-888-486-4722</td>
<td><a href="mailto:nelnetcustomersolutions@nelnet.net">nelnetcustomersolutions@nelnet.net</a></td>
<td>@Nelnet</td>
</tr>
<tr>
<td>OSLA</td>
<td>1-866-264-9762</td>
<td><a href="mailto:DLcustserv@osla.org">DLcustserv@osla.org</a></td>
<td>FB: @OklahomaStudentLoanAuthority</td>
</tr>
<tr>
<td>Heartland/ECSI</td>
<td>1-866-313-3797</td>
<td>Live Chat</td>
<td>@HeartlandHPY</td>
</tr>
</tbody>
</table>
Poll
About Summer

Summer’s mission is to improve borrowers’ financial health by reducing their student debt burden.

We simplify the student loan repayment process and maximize savings for all borrowers.

We’ve partnered with AFSCME to help you manage your student debt today.

meetsummer.org/afscme
**Reminders**

Coronavirus Aid, Relief, and Economic Security (CARES) Act is temporary federal legislation for economic relief but it does not cover every type of student loan.

<table>
<thead>
<tr>
<th>Advantages of CARES Act</th>
<th>Things to keep in mind</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies student loan relief retroactively from 3/13 to 9/30</td>
<td>Any payments you make for eligible loans will go to outstanding interest first, and then to principal.</td>
</tr>
<tr>
<td>Interest rates on eligible loans are set to 0% until 9/30</td>
<td>Some FFEL, Perkins, Parent PLUS and Private loans are NOT covered and require action.</td>
</tr>
<tr>
<td>Auto-debits should be suspended, and recertification deadlines for income-driven repayment (IDR) may be extended.</td>
<td>Suspended payments should be reported as on-time monthly payments for your credit score... but this has not always been the case.</td>
</tr>
<tr>
<td>If you’re already eligible, the months of March through September will count toward Public Service Loan Forgiveness (PSLF) and IDR even if you don’t make payments</td>
<td></td>
</tr>
</tbody>
</table>

---

*Summer in partnership with AFSCME*
Your loans and the CARES Act
If you’re working toward Public Service Loan Forgiveness

If you qualify, you’re all set!

- Make sure your loans and repayment plan qualify
- You don’t need to make payments until September
- Continue to submit employment certification forms

meetsummer.org/afscme
If your income has been reduced and your loans qualify:

Payments won’t be due and interest won’t accrue on your loans.

You can enroll in income-driven repayment to lock in a lower monthly payment once payments resume.

meetsummer.org/afscme
If your income has been reduced and your loans don’t qualify

You still have options

- Request a forbearance or a deferment from your loan servicer
- You can consolidate your loans (change the type) so they qualify
- Enroll in income-driven repayment to lock in a lower monthly payment once payments resume

meetsummer.org/afscme
If you have Parent PLUS loans in your name

You can consolidate to qualify

- They *may* qualify for CARES Act benefits - some do and some don’t
- You can consolidate them into Direct loans so they’re eligible for IDR and PSLF
- The monthly payment and forgiveness will depend on your income and employment
Is consolidating right for me?

Consolidating your loans means combining them into a new Direct Consolidation loan. Summer’s smart consolidation and IDR tool can do the hard work for you.

### Advantages of consolidation

- New loan will be eligible for CARES Act benefits
- New loans will be eligible for PSLF
- New loan will be eligible for more IDR plans, and a potentially lower monthly payment
- Multiple loans will be combined into one payment

### Things to keep in mind

- Outstanding interest will capitalize
- Interest rate will go up slightly (nearest eighth of a percent)
- If you’re working toward IDR forgiveness, you will lose payments you’ve made
- Can take several months to process

meetsummer.org/afscme
If your loans are in default

Getting out of default

- If you’re in the process of loan rehabilitation, these months will count toward your payments.
- If you’re not, we’d recommend starting the process of getting your loans out of default.
- Once your loans are out of default, you can enroll in income-driven repayment for lower payments.
If your income is stable and you want to make payments, you have several options:

1. You can direct your savings to other financial priorities.
2. You can contact your loan servicer if you want to continue to make payments.
3. You can target payments toward loans with higher interest rates.

meetsummer.org/afscme
If you have private student loans

Consider refinancing

Interest rates are at historic lows. You could lower your interest rate and your monthly payment.

If you’re already refinanced, you can also do it again for a lower rate.

Many private lenders and state governments are also offering relief on payments.
Getting started is easy!
You’ll tell us some basic information
And sync your loans all in one place
Summer provides personalized next steps
Help with many federal and private loan programs
Easily compare your options before moving forward

Your current plan: Standard

- $511 First Monthly Payment
- $61,315 Total Amount Paid

If this still looks like the best option, there's no need to proceed with your application.

Switch to the PAYE Plan

- $136 First Monthly Payment
- $46,710 Total Amount Paid

Switch to this plan

meetsummer.org/afscme
Summer’s experts review each application
Thank you

If you have any other questions, please contact us at afscmestudentdebt@afscme.org