

One-time IDR Waiver FAQ and Case Studies

Please note if it's not here we don't know yet. You can read the announcement here

<https://studentaid.gov/announcements-events/idr-account-adjustment>

General Questions

1. Do my loans have to be on an income driven plan (IDR) to get credit under this one-time waiver?

No. You do not have to have a prior history under the IDR plans to get credit under this waiver. However if after the adjustment is made, you do not have the required 20 or 25 years of payments needed under the plan to receive forgiveness, you will need to get on an IDR to qualify for further forgiveness payments. With that said prior IDR participation may affect when forgiveness occurs. See question 2 for more details.

2. How many IDR payments do I need to get forgiveness?

The forgiveness period will be 20 years (240 months) or 25 years (300 months) depending on the loans and other factors yet to be clarified by the ED. If you are already on an IDR, your forgiveness timeframe will be based on that plan.

3. What if I have a consolidation loan made up of both undergraduate loans and graduate or parent plus loans not previously on the PAYE plan? Will I get forgiveness after 20 or 25 years?

We are waiting for additional guidance from the ED on this issue.

4. What do I need to do to get credit under the one-time waiver?

If you already have Direct Loans, or federally managed Federal Family Education Loan program loans, you will not need to take any action to get credit under this waiver. It will be applied automatically once it's implemented which will likely be towards the end of 2022. If you have commercially held FFEL loans you will need to consolidate prior to the time they implement the one-time adjustment. The deadline for this has not been officially announced but will likely be around January 1, 2023

5. How far back will the ED count IDR payments?

We are waiting for additional guidance on this piece of the one-time adjustment. It is possible they will go back to 1994 when the first IDR plan was made available or 2009 when the first IBR plan was implemented.

6. My loans are already paid in full; can I go back and get credit for IDR payments now and get a refund?

No. Paid in full loans are not eligible for this waiver.

7. It appears that I will have the necessary payments needed for forgiveness after this waiver is applied. How do I apply for forgiveness?

While further guidance will be issued, it appears that no action will need to be taken if a loan has the necessary payment counts to qualify for IDR forgiveness. It will be granted automatically under the waivers. The only exception is commercially held FFEL loans which will need to be consolidated via www.studentaid.gov prior to May 1, 2023 to receive the one time adjustment.

8. I've been making payments during the COVID waiver, but this announcement appears to give me enough IDR credits to get forgiveness or close to it. Should I ask for a refund?

Yes. The covid months already count towards PSLF and IDR forgiveness so if you think you might end up with forgiveness under either of these options you should request a refund of all covid payments by calling your loan servicer right away.

9. How do I know how many IDR payments I have or will have once the waiver is applied?

The ED will be developing an IDR counter as part of this waiver project that will be available at www.studentaid.gov once implemented. For now, borrowers can go to www.studentaid.gov and see the loan details to determine which months they were in a repayment status or eligible deferment or forbearance status.

10. Are Parent Plus loans eligible for this one-time IDR waiver?

Yes.

11. If my loans have been in repayment for different periods, will consolidating them give all the loans the highest count towards forgiveness under the IDR plans?

While not stated specifically in the ED guidance, it appears that a consolidation will be given the highest count.

12. Will consolidating reset my existing IDR count?

While consolidation normally resets your PSLF and IDR counts, this waiver will count pre-consolidation payments towards IDR forgiveness as long as the consolidation is done before May 1, 2023.

13. Will payments counted for IDR forgiveness under the one-time waiver also count for PSLF?

Yes. This assumes the borrower was working full time for a PSLF eligible employer during these periods. This includes Parent PLUS borrowers.

14. Will periods in default count towards IDR forgiveness if I was making payments?

Periods of default will not count towards forgiveness regardless of whether payments were made or not.

15. So, if my payments made under my Parent Plus loan will now be considered IDR payments, and if I was working eligible employment at the time, won't those now count for PSLF forgiveness?

As of the updated guidance published by the ED in January 2023, yes.

16. After the one-time credit is applied, I will not have the needed 20 or 25 years of payments needed for forgiveness. Does this mean I don't qualify for the waiver?

No. Even if this one-time adjustment doesn't give your loans the needed 20 or 25 years of payments needed for forgiveness, you will still be given those credits. After that you will need to get on an IDR to continue to qualify for IDR payments towards forgiveness. You can get an idea of what those payments might look like by using the Loan Simulator tool at www.studentaid.gov Also see the case studies below to see if pursuing IDR forgiveness makes sense.

17. Will the newly designated IDR months count for PSLF for Parent Plus and other loans if all other eligibility criteria are met?

Yes.

18. Will FFEL spousal consolidation loans be able to consolidate into the Direct Loan program to obtain this benefit?

We expect the ED to create a process for FFEL spousal consolidation loans to get access to this benefit. Watch this space for updates.

19. When will the Department of Education (ED) issue further guidance on the IDR waiver?

The ED will issue additional guidance in the coming months. You can find this information here <https://studentaid.gov/announcements-events/idr-account-adjustment>

Forbearance Questions

20. Will I get credit for IDR and PSLF forgiveness for periods of forbearance under this waiver?

Maybe. If your loan history shows either 12 months of continuous forbearance or total forbearance months of 36 or more, you will automatically get IDR credit for those months. You will automatically get PSLF credit for those months if you were working eligible employment during that period and submit proof of that employment prior to the deadline. If your

forbearance months do not add up to the minimums described above, but you feel that your servicer incorrectly steered you into forbearance rather than an income driven plan at the time you will be able to file for an appeal in a process to be announced later this year.

21. Does this mean that forbearance counts towards IDR and PSLF now?

No. Periods of forbearance, even those that meet the criteria stated in question 14 will not be counted toward forgiveness after the deadline that will be announced later this year. Assuming the deadline is January 1, 2023, periods of forbearance after that date will not be counted towards any type of forgiveness.

22. Do all forbearances count under this one-time waiver?

While we are waiting for additional guidance from the ED on this issue, the speculation is that only periods of what's called voluntary, discretionary or financial hardship forbearance will be counted. **The COVID forbearance period already counts towards PSLF and IDR forgiveness and is not included in the 12 or 36 months needed to get credit under this waiver.** Periods of administrative or disaster or other types of forbearance will likely not be counted.

23. I have Parent Plus loans. Will I also be able to get PSLF credit for eligible periods of forbearance?

Yes, assuming the borrower was working eligible employment during the period.

Deferment Questions

24. Why is the ED only giving credit for periods of deferment prior to 2013?

Under the existing IDR rules, periods in an economic hardship deferment (which is not the same as forbearance) count towards IDR forgiveness. The data the ED has makes the type of deferment a borrower had prior to 2013 unclear. Deferment periods after that timeframe can be reviewed to determine what kind of deferment it was – unemployment, economic hardship, rehabilitation, etc. To ensure that borrowers receive all eligible IDR credits, the ED has decided to give credit for all periods of deferment, other than in school deferment, prior to 2013. Periods of economic hardship deferment after 2013 will continue to count for IDR forgiveness

25. Do these periods of deferment also count for PSLF?

Yes, under these waivers they will assuming the borrower was working PSLF eligible employment during the period.

Case Studies

1. Jacob has been in repayment on his loans since 2003. He currently owes \$25K and it appears that after the one-time IDR adjustment is applied, he will have 230 of the 240 payments needed

to get forgiveness under the IDR plans. The Loan Simulator tool shows that with his income of \$140K his lowest IDR payment would be \$1007 under the repay plan. Should he pursue forgiveness?

Yes. If Jacob gets on repay (once the covid waivers are over) he will make 10 payments of \$1007 and have the balance forgiven. If, however, after the waiver is applied, Jacob only had say 150 payments towards IDR forgiveness he likely would pay the loan off long before receiving forgiveness.