



National  
Consumer Law  
Center

*Fighting Together  
for Economic Justice*

# The Ins and Outs of Student Loan Basics

January 2026

Welcome to  
NCLC's student  
loan training  
series!



# National Consumer Law Center - NCLC

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- The National Consumer Law Center (NCLC) works for **economic fairness and justice** for people with low incomes.
- Through our student loan project we:
  - help student loan borrowers **understand their rights and obligations**,
  - **train and work with lawyers and advocates** across the country on student loan issues,
  - **advocate for borrowers with lawmakers**, and
  - **fight to make the student loan system better** for borrowers.
- For more information on NCLC's work, visit our website at [nclc.org](https://nclc.org), and our student loan website at [studentloanborrowerassistance.org](https://studentloanborrowerassistance.org).

# Meet the trainers

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- **Anna Anderson,**  
[aanderson@nclc.org](mailto:aanderson@nclc.org)
- **Alpha Taylor,**  
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# Housekeeping

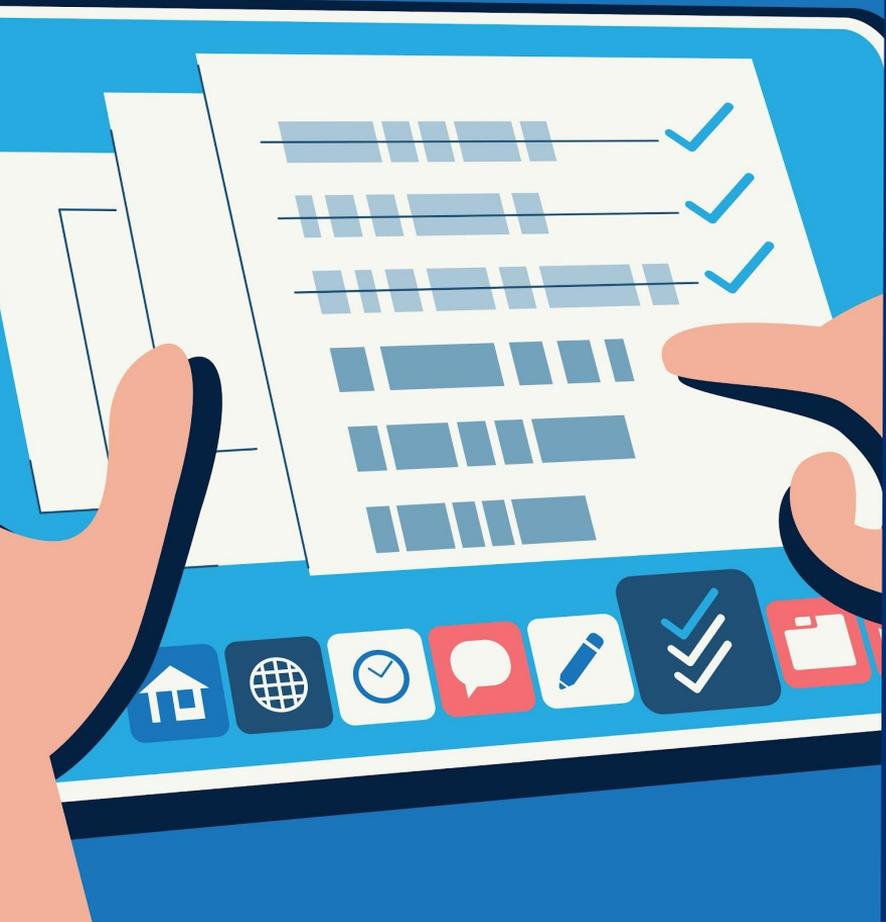
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- This session is being **recorded**.
- The **slides and the recording will be sent** to the email address you used to register for the training after the presentation.
- The **links** in all of the slides will be accessible once the materials are sent out.
- Please put **questions in the Q&A**.
- We **will try to answer questions** that aren't covered in the presentation at the end, and we will send additional answers in writing with the slide deck and recording.

# The role of financial counseling in the student loan crisis

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- **45 million Americans** have over **\$1.7 trillion in student loan debt**.
- But there are relatively **few student loan advocates** and experts available to help borrowers.
- Financial counselors, coaches, social workers, and other advocates can play an important role in helping borrowers **navigate repayment, manage, and eliminate their debt**.



## What We'll Cover Today

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- **Common student loan issues** borrowers need help with.
- An overview of the **BASICS** of the student loan issues, including:
  - **understanding a borrower's student loan situation,**
  - **loan cancellation** options,
  - **managing repayment,** and
  - **default and collection** issues.
- How to find **additional resources** and support for this work **when things go wrong.**

## What We'll Cover Today

# **Big changes are coming to the student loan system!**

**Make sure to refer back to the resources linked at the end of this webinar, and attend the upcoming webinars in this training series for more information regarding these changes.**

How to find additional resources and support for this work

# Common issues you may help borrowers with:

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- **Understanding their loan situation:**
  - What are their best options are for managing or eliminating their debt.
- **Getting the borrower out of default & stopping collections:**
  - Work to stop or reduce collections, and help the client get out of default through consolidation or a loan rehabilitation, and stay out of default in the future.
- **Forgiveness, cancellation or discharge applications:**
  - Provide step-by-step instructions, and help the client file the application if needed.
- **Managing repayment:**
  - Help with enrollment in repayment plans, and make sure the client is on the right track based on their goals—*are they pursuing cancellation or trying to pay off the debt?*
- **Consolidating loans:**
  - Review the pros and cons of consolidation, and help the client complete the process if needed.
- **Filing complaints and escalating issues:**
  - Help the client file complaints or pursue other recourse when their issues aren't resolved.

## Common issues you may help borrowers with:

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### **Federal & private student loan debt cases are very different!**

**This webinar focuses mainly on federal student loan debt, but we will briefly discuss private loan issues as well.**

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## Be cautious when advising borrowers right now

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- Because of **pending court cases and student loan provisions in the “Big Bill,”** big changes are coming to federal student loan repayment and relief programs– it’s much harder to advise borrowers right now.
- Advocates need to make sure they are taking into account pending changes and court injunctions when making a plan for borrowers.
- Some actions, such as consolidation or refinancing, **can’t be undone** and may harm the borrower in the long-run.
- Resolving issues may also be more difficult due to layoffs within the Department of Education (including most of the staff in the Ombudsman office).

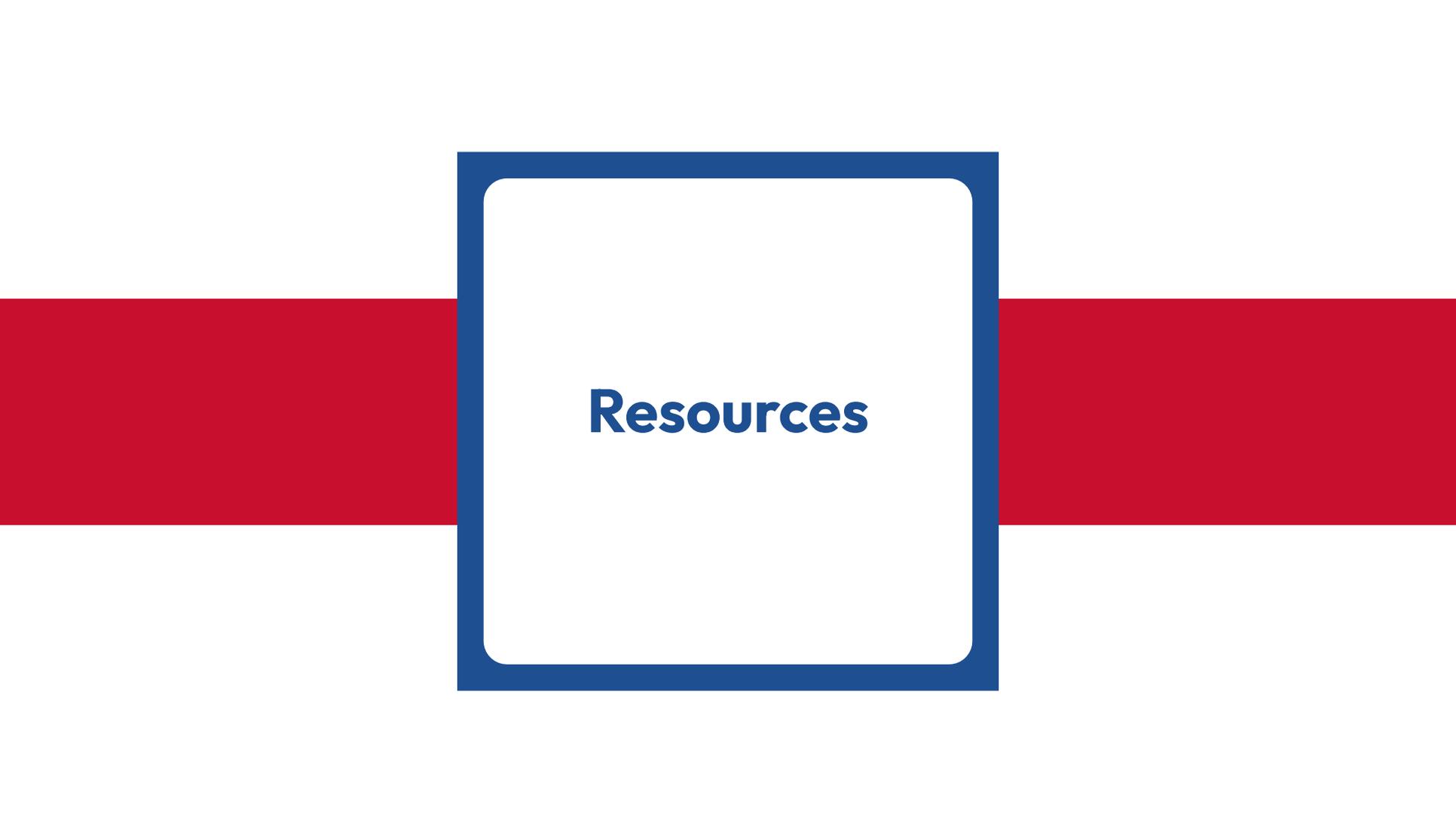


## Be cautious when advising borrowers right now

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**But, we have resources to help you navigate these complexities.**

- Because of pending court cases and student loan provisions in the “Big Bill,” big changes are coming to federal student loan repayment and relief programs– it’s much harder to predict how these changes will affect borrowers. Lenders and servicers are taking steps to ensure they are taking the appropriate steps to help borrowers plan for borrowers. Borrowers may need to consider consolidation or refinancing, which may harm credit scores.
- Resolving issues may also be more difficult due to layoffs within the Department of Education (including most of the staff in the Ombudsman office).



# **Resources**

# NCLC Student Loan Listservs

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## NCLC Student Loans Listserv

- This listserv discusses aspects of the student loan system and best practices for providing help to student loan borrowers.
- **Sign up for NCLC's Listserv here: [www.nclc.org/listservs](http://www.nclc.org/listservs).**

## Changes Coming

Big changes may be coming to the student loan system. **Two court decisions** have temporarily blocked parts of the SAVE Plan from taking effect, which has also impacted borrowers' rights to other benefits and repayment plans. The Department of Education and Congress are also considering other changes to student loan repayment and discharge programs.

**Sign up** to receive the latest NCLC student loan news and updates via email. Borrowers can also get more information on the Department of Education's website: [studentaid.gov](https://studentaid.gov).

## Latest News

### Big Bill Means Big Changes For Student Loan Borrowers: What You Need to Know

July 15, 2025

### Student Loan Collections Are Back—Here's What You Need to Know

July 3, 2025

### Screenshot Your IDR Progress Today

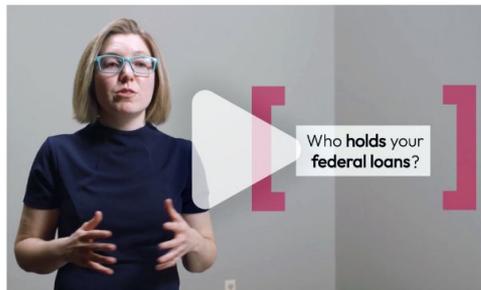
April 25, 2025

## Common Issues

- [Understanding your loan situation](#) →
- [Help with repayment](#) →
- [Stop collections and get out of default](#) →
- [Cancellation and other relief](#) →
- [Get more help](#) →

## Help Videos

Watch NCLC's **help videos** for tips on a number of student loan issues.



## Share Your Story



Have issues with your student loans, loan servicers, or repayment? NCLC wants to hear from you! NCLC shares stories about borrower issues with lawmakers and policy advocates on a regular basis. [Share your story here!](#)

# NCLC's Student Loan Borrower Assistance Website

- [studentloanborrowerassistance.org](https://studentloanborrowerassistance.org)
- Learn the **latest student loan news** and what borrowers need to know.
- **Find answers** to common student loan questions.
- Get links to **applications for relief** and **referral information** for other help.
- Watch **help videos** from NCLC and the Department of Education.
- **Share stories** with NCLC to help make the student loan system work for borrowers.



# STUDENT LOAN TOOLKIT

A GUIDE FOR ADVOCATES AND BORROWERS



May 2024  
Updated March 2025

## NCLC's Student Loan Toolkit

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- A guide for advocates and borrowers.
- Includes **fillable pages** that can be used as a roadmap to:
  - **guide meetings** with borrowers,
  - **collect key information**, and
  - **document information** for the borrower to refer back to as needed.
- An updated version is coming in 2026.
- [nclc.org/resources/student-loan-toolkit](https://nclc.org/resources/student-loan-toolkit)



# Student Loans Practice Suite

Navigating student loan debt can be confusing and stressful, especially as the landscape constantly changes. Resources for advocates defending student loan borrowers are below, including a number of helpful videos.

[library.nclc.org/student-loan-practice-suite](https://library.nclc.org/student-loan-practice-suite)



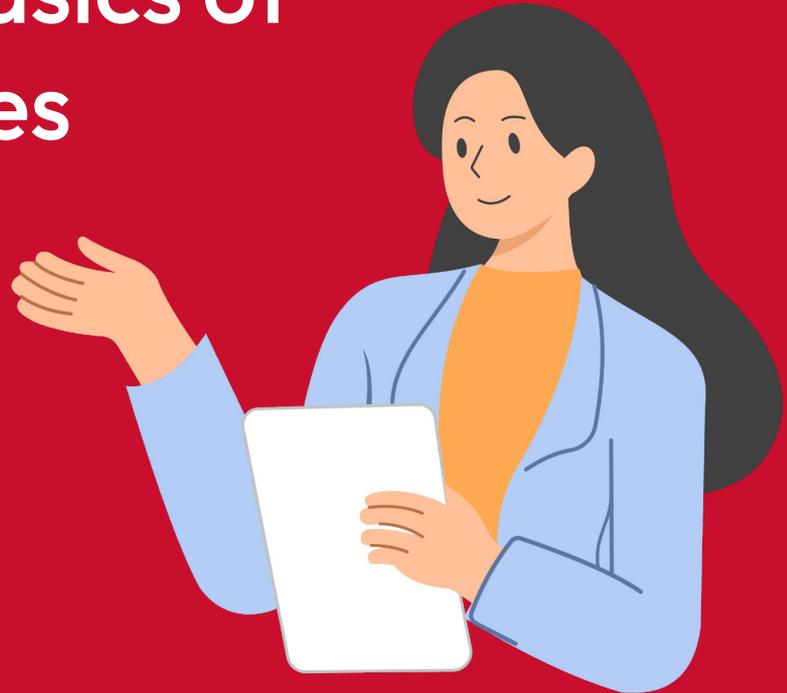
## Student Loans Practice Suite

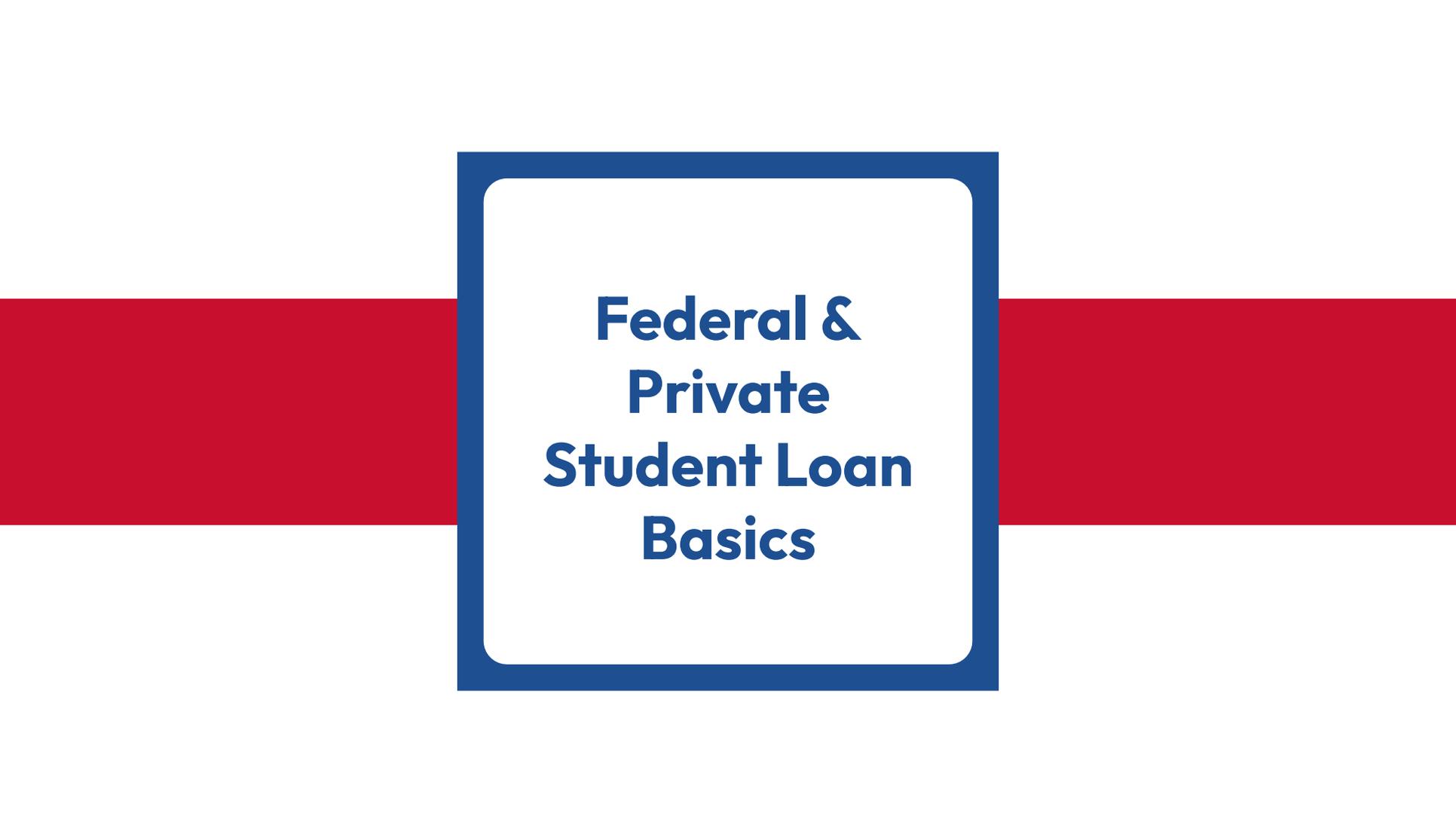
Navigating student loan debt can be a challenge as the landscape constantly changes. Resources for borrowers are below, including:

**Collection of all of these  
resources and more,  
including recorded webinars  
and trainings**

[library.nclc.org/student-loan-practice-suite](https://library.nclc.org/student-loan-practice-suite)

Okay, so let's turn to the ABCs  
and understand the basics of  
student loan cases





**Federal &  
Private  
Student Loan  
Basics**

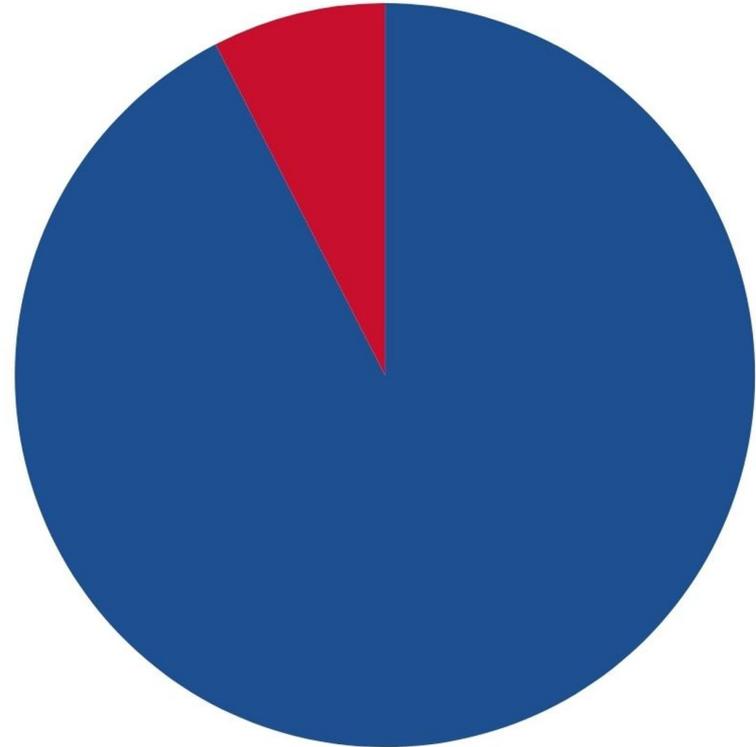
# The Student Loan Market

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The majority of student loans are **federal student loans**. Federal loans are issued or backed by the federal government. Private loans are issued by a bank, school, or other commercial lender.

Some borrowers have **a combination of federal student loans and private loans**. Some people with student loans may have never been to college—they could be parent borrowers or co-signers on private loans.

**Private Student Loans**  
**7.6%**



**Federal Student Loans**  
**92.4%**

# Federal vs. private loans

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## Federal

**Federal Loans:** Offer more flexible options and protections for borrowers, including **income-driven repayment plans** and **loan forgiveness** programs. Loans typically default after 270 days of missed payments. There is **no statute of limitations** to collect federal student loans. If loan defaults, the government can **seize tax refunds**, **garnish wages**, take a portion of **Social Security benefits**, or **sue** to collect the debt.

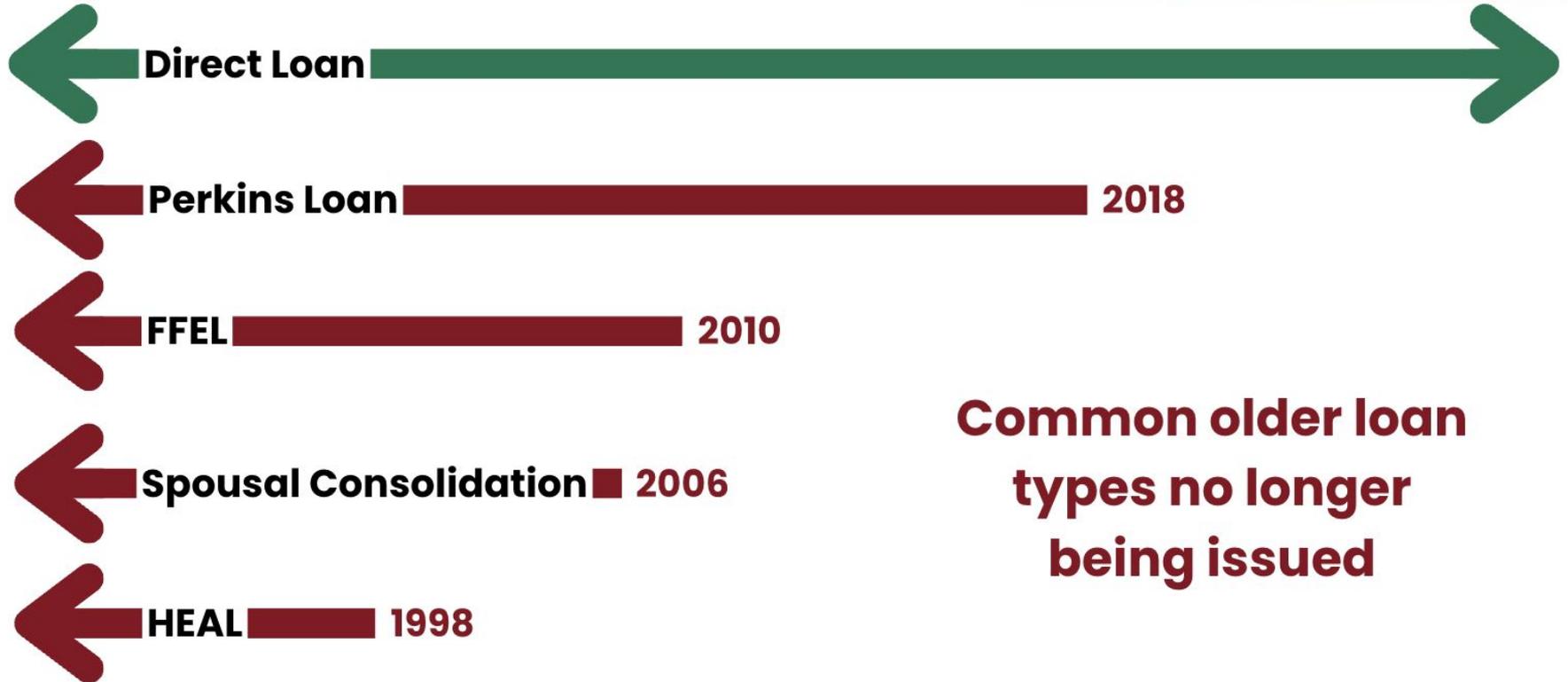


## Private

**Private Loans:** Typically have **fewer protections** and relief programs. Many private loans **require a co-signer**. Interest rates can be fixed or variable and can be extremely high. The loan usually defaults after just 1 missed payment. State laws on the **statute of limitations** and **collection actions** apply to private loans.

# Different types of federal student loans

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**Common older loan  
types no longer  
being issued**

# Different subtypes of federal loans

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Federal student loans can be **subsidized**, **unsubsidized**, **Parent PLUS**, **Grad PLUS**, or **consolidation** loans. Many borrowers have subsidized **and** unsubsidized loans.

- **Subsidized loans** are available to undergraduate borrowers and are based on financial need. Interest does not accrue while the borrower is in school or during grace periods or deferments.
- **Unsubsidized loans** do not require financial need and are available to undergraduate and graduate borrowers. Interest accrues while the borrower is in school and is added to the principal balance if it's not paid each year.
- **Parent PLUS Loans** are made to parents for their children's education.
- **Grad PLUS loans** are available for graduate school.
- **Consolidation loans** are used to pay off a single loan or combine multiple loans in some cases to make them eligible for certain programs.

**GETTING STARTED**

Use the following checklists and guides to help you navigate your student loan situation. These tools refer to explanations in previous sections of the toolkit for more guidance on finding the information you need to complete these questions.

**Are your student loans for yourself or someone else's education?**

See page 4 of the toolkit: "Do You Have Federal Loans, Private Loans, or Both?" Check all that apply.

- My loans are for my education.
- My loans are for my child's education (such as Federal Parent PLUS Loans).
- I have loans for my own education and my child's education.
- I co-signed private student loans for someone else's education (relative or friend).

**Do you have federal or private student loans?**

See page 4 of the toolkit: "Do You Have Federal Loans, Private Loans, or Both?"

- I have federal student loans.  
Complete the section on "Dealing with Federal Student Loans."
- I have private student loans.  
Complete the section on "Dealing with Private Student Loans and Other Education Debt."
- I have both federal and private student loans.  
Complete both sections on "Dealing with Federal Student Loans" and "Dealing with Private Student Loans and Other Education Debt."

**What types of federal student loans do you currently have?**

See page 7 of the toolkit, "Step One: What Types of Federal Loans Do You Have?" Check all that apply. It's common to have several different types of loans.

**Most Common Types of Loans (still issued today):**

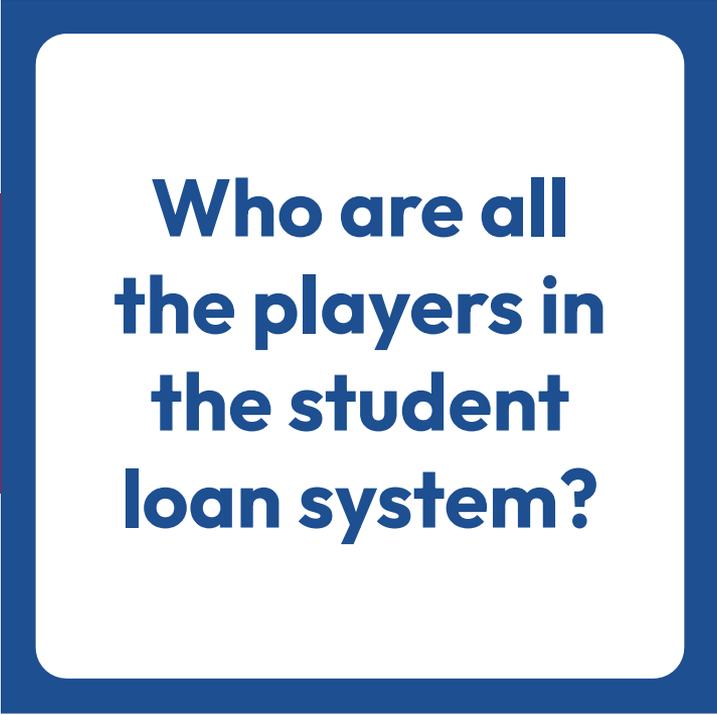
- Direct Subsidized Loans (for undergraduate study)
- Direct Unsubsidized loans
- Direct Parent PLUS loans
- Direct Graduate PLUS loans
- Direct Consolidation Loans (subsidized and unsubsidized)
- Check here if your Direct Consolidation Loan paid off a Parent PLUS loan

**Other Types of Federal Student Loans (no longer issued today):**

- Federal Insured Student Loans (FISL) (last issued in 2010), including:
  - Direct FISL (last issued in 2006)
  - Supplemental FISL (last issued in 2018)
  - Guaranteed FISL (last issued in 2006)
- Federal Family Education Loan Program (FFELP) (last issued in 1998)

- Federal Insured Student Loans (FISL)
- Supplemental Loans for Students (SLS)
- Guaranteed Student Loans

**Use NCLC's Student Loan Toolkit  
to help collect and record this key  
information**



**Who are all  
the players in  
the student  
loan system?**

# Federal Loans

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## U.S. Department of Education (also referred to as “the Department” or “ED”)

- Establishes the rules for all federal student loans through the Federal Student Aid office (FSA).
- Assigns loans to loan servicers.
- Loan holder for all Direct Loans.
- Directly administers all **defaulted ED-held loans**.
  - These loans are serviced by the Default Resolution Group (DRG).
- Maintains a database of federal student loan records online which borrowers can access by logging into their account on **studentaid.gov**.

## Commercial & Other Loan Holders (ie **FFEL** and **Perkins** Loans)

- Most federal student loans are held by the Department of Education, but some older types of loans might be held by a private lender, school, or other entity.

# Private Loans

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- Managed and administered by private banks, lenders, or other institutions, including some schools.
- Some of the loan servicers that manage federal student loans also issue and service private student loans, making it even harder for borrowers to figure out what types of loans they have.

## Other players in the system

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**Schools:** these are the higher education institutions people take out student loans for. Four-year college or university, community college, or trade, career, or technical school, etc. **Students may also have debt they owe directly to schools**—often tuition bills not covered by loans or financial aid, but could be fines and other fees too.

**Loan Servicers:** they collect payments on behalf of the lender and are supposed to answer borrowers' questions, and provide help. **Many servicers handle both federal and private loans.**

 MOHELA<sup>®</sup>

 EdFinancial  
SERVICES

 aidVantage

 nelnet<sup>®</sup>

 ECSI

 CRI

 Debt Resolution

# Loan Servicers

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- The federal government uses different companies to service federal student loans it holds.
- Here are the current loan servicers for federal student loans that are held by the Department of Education, as of November 2025:
  - **Edfinancial**, [edfinancial.studentaid.gov](https://edfinancial.studentaid.gov), 1-855-337-6884
  - **MOHELA**, [mohela.studentaid.gov](https://mohela.studentaid.gov), 1-800-722-1300
  - **Nelnet**, [nelnet.studentaid.gov](https://nelnet.studentaid.gov), 1-888-486-4722
  - **ECSI**, [efpls.ed.gov](https://efpls.ed.gov), 1-866-313-3797
  - **CRI**, [cri.studentaid.gov](https://cri.studentaid.gov), 1-833-355-4311
  - **Default Resolution Group**, [myeddebt.ed.gov](https://myeddebt.ed.gov), 1-800-621-3115
- Loans that are not held by the Department of Education may be serviced by another company.
- Borrowers can have multiple loan servicers.



**Understanding  
a Borrower's  
Loan Situation**

# What information do you need to know?

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**There are a few things you need to know before you can start advising a borrower about their options, including:**

- **Does the borrower have federal loans, private loans, or both?**
- **For federal loans:**
  - What types of federal student loans does the borrower have?
  - What is the status of their loans? Are the loans in default?
  - Who holds the loans? Are they held by the Department of Education?
  - Who are their loan servicers?
  - What repayment plan are they currently enrolled in?
  - What are the borrower's repayment goals?
- **For private loans:**
  - Who are the loans with?
  - Who is servicing the loans?
  - How much do they owe?
  - What is the status of the loans?
  - Are they facing some type of collections?

# What information do you need to know?

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There are a few things you need to know before you can start advising a borrower about their options including:

- Does the borrower have federal loans, private loans, or both?

- For federal loans:

- Who is the borrower?

- Who is the lender?

- Who is the guarantor?

- Who is the servicer?

- Who is the guarantor?

- Who is the servicer?

- Who is the guarantor?

- For private loans:

- Who is the borrower?

- Who is the lender?

- How is the loan secured?

- What is the status of the loans?

- Are they facing some type of collections?

**Do you have your own loans? Put what you learn into practice by examining your information.**

on?

# Loan status

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- **In repayment**
- **In a grace period.**
  - For federal loans, the borrower is given six months after leaving school before entering repayment (can be extended for up to three years for active duty military members). Grad PLUS and Parent PLUS Loans are not eligible for grace periods.
- **In deferment or forbearance.**
  - For federal loans, there are 30 types of forbearances and 10 types of deferments available to borrowers in different circumstances. Forbearances and deferments pause payments temporarily.
- **Delinquent.**
  - Federal student loans are generally considered delinquent after the first missed payment.
- **In default.**
  - Federal student loans go into default after 9 consecutive missed payments (270 days); private loans usually default after the first missed payment.
- **Judgment entered.**
  - More common for private student loans. In rare cases, the Department of Education sues borrowers to get a judgment against them for federal loans.

# Why do I need to know this?

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- Before you give any advice to a student loan borrower, **you have to have a complete understanding of their student loan situation.**
- Many options for borrowers are **dependent on the type of loans they have, what the status of their loans are, and what their exact goals** are.
- Many borrowers **will not know basic information** about their loans; many are surprised to learn they are in default.
- Without this information at the outset, **you can't accurately advise borrowers** of their options and may end up steering them in the wrong direction.



# Examples of why this information is important

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## For example:

- A borrower\* with FFEL loans who wants to apply for Public Service Loan Forgiveness may not qualify unless they consolidate their FFEL loans into a Direct Consolidation Loan.
- In order to become eligible for an income-driven repayment plan, a borrower\* with Parent PLUS Loans first has to consolidate those loans into a new Direct Consolidation Loan (*and Parent borrowers who take out or consolidate loans after July 1, 2026 will not have access to any IDR plan*).

*\* These are just examples, and this may not be the best course of action a borrower in this situation, as there are downsides to consolidation and each case is unique.*



**Finding Federal  
Student Loan  
Information**

# How to Find Federal Student Loan Information

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- Have the borrower **login to their account on [studentaid.gov](https://studentaid.gov)**.
  - This is the easiest way to have the borrower find their information.
  - If the borrower can screen share or login to their account in person with you, you can review and screenshot the information you need.
- Get the borrower's **.txt file**.
  - The borrower can download their data from [studentaid.gov](https://studentaid.gov) in a .txt file and send it to you for review.
  - The .txt file contains all of the information you need to determine the borrower's federal student loan situation, including the loan types, loan status, current loan holders, and loan servicers.
- Have the borrower call the **Federal Student Aid Call Center: 1-800-433-3243**.
  - This is not the best option for working with borrowers, but if they are having trouble accessing studentaid.gov, they can try to call to get their information.
- Contact the **FSA Ombudsman**.
  - If you and the borrower have tried all the steps above and the borrower can't access their information, you can reach out to the Ombudsman Group for help getting their .txt file.

# Studentaid.gov

The borrower's aid summary and loan details on their **studentaid.gov** account provides important information about the borrower's federal loan types, outstanding balance on each loan, loan servicer. Borrowers need to view the details of each loan to find the specific loan type information.

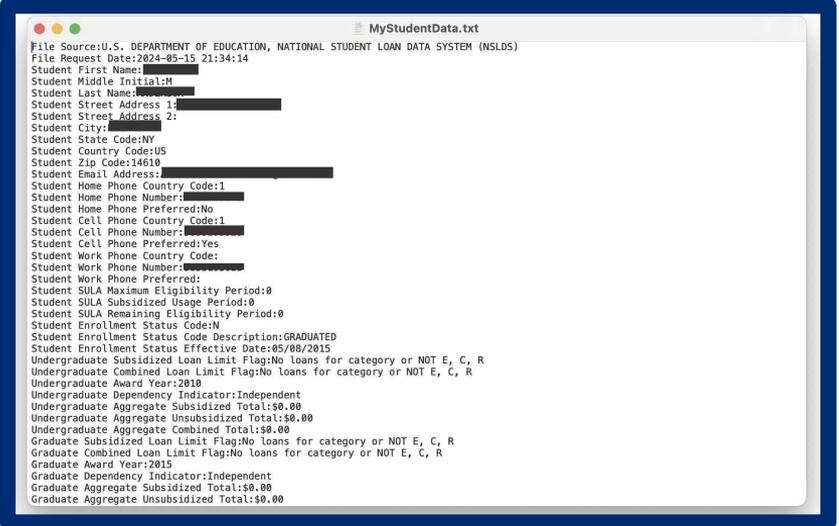
Borrowers can (and should) screenshot or print information on the various pages of their account for recordkeeping.

The image shows a screenshot of the StudentAid.gov dashboard. At the top, there is a navigation bar with links for 'Dashboard', 'My Activity', 'My Loans', 'My Grants', and 'More'. Below the navigation bar, the 'Dashboard' title is displayed. A yellow warning banner at the top states: 'A federal court issued an injunction preventing the implementation of the Saving on a Valuable Education (SAVE) Plan and parts of other income-driven repayment (IDR) plans. As a result, your IDR payment count and payment history are temporarily unavailable. Stay up-to-date on court actions affecting IDR plans: StudentAid.gov/courtactions.' Below the warning, there are two main sections. The first section is titled 'PSLF/TEPSLF Payment Progress' and shows a progress bar for 'Loan 10' (120 qualifying payments), 'Loan 11' (120 qualifying payments), and 'Loan 1' (N/A qualifying payments). The second section is titled 'Plan Ahead' and contains information about the Free Application for Federal Student Aid (FAFSA) form, including a 'Start a New Form' button. On the right side of the dashboard, there is a 'View My Loans' button circled in red. Below the dashboard, there is a larger screenshot of a loan details page. This page shows an interest rate of 3.51% and a repayment plan of 'Income-Contingent Repayment Plan (ICR)'. A 'View My Loans' button is also circled in red. At the bottom of this page, there is a 'Download My Aid Data' button circled in red, with a tooltip that says 'On the next screen, click "Download My Aid Data"'. Below the button, it says 'Last Updated 12/09/2025' and 'This will download your, "MyStudentData.txt" file.'

# Reviewing a Borrower's .txt File

## What is a borrower's .txt file?

- A borrower's federal student loan history is maintained by the Department of Education and the National Student Loan Data System.
- A borrower can download a plain .txt file version of their loan data on [studentaid.gov](https://studentaid.gov).
  - Select **“Download My Aid Data”** on the **My Aid** page.
- The .txt file is critical to give you a more complete view of the borrower's federal student loan history.



```
MyStudentData.txt
File Source:U.S. DEPARTMENT OF EDUCATION, NATIONAL STUDENT LOAN DATA SYSTEM (NSLDS)
File Request Date:2024-05-15 21:34:14
Student First Name:[REDACTED]
Student Middle Initial:M
Student Last Name:[REDACTED]
Student Street Address 1:[REDACTED]
Student Street Address 2:
Student City:[REDACTED]
Student State Code:NY
Student Country Code:US
Student Zip Code:14610
Student Email Address:[REDACTED]
Student Home Phone Country Code:1
Student Home Phone Number:[REDACTED]
Student Home Phone Preferred:No
Student Cell Phone Country Code:1
Student Cell Phone Number:[REDACTED]
Student Cell Phone Preferred:Yes
Student Work Phone Country Code:
Student Work Phone Number:[REDACTED]
Student Work Phone Preferred:
Student SULA Maximum Eligibility Period:0
Student SULA Subsidized Usage Period:0
Student SULA Remaining Eligibility Period:0
Student Enrollment Status Code:N
Student Enrollment Status Code Description:GRADUATED
Student Enrollment Status Effective Date:05/08/2015
Undergraduate Subsidized Loan Limit Flag:No loans for category or NOT E, C, R
Undergraduate Combined Loan Limit Flag:No loans for category or NOT E, C, R
Undergraduate Award Year:2010
Undergraduate Dependency Indicator:Independent
Undergraduate Aggregate Subsidized Total:$0.00
Undergraduate Aggregate Unsubsidized Total:$0.00
Undergraduate Aggregate Combined Total:$0.00
Graduate Subsidized Loan Limit Flag:No loans for category or NOT E, C, R
Graduate Combined Loan Limit Flag:No loans for category or NOT E, C, R
Graduate Award Year:2015
Graduate Dependency Indicator:Independent
Graduate Aggregate Subsidized Total:$0.00
Graduate Aggregate Unsubsidized Total:$0.00
```

\*The file layout guide walks you through how to read the text file:

<https://fsapartners.ed.gov/sites/default/files/2023-02/DownloadMyAidDataFileLayout.pdf>



**Finding Private  
Student Loan  
Information**

# Private Student Loans & Other Education Debt

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- **Everything that's listed on [studentaid.gov](https://studentaid.gov) is a federal student loan!**
- You can't find private student loan and other types of education debt (like institutional loans, school loans, state student loans, etc.) on [studentaid.gov](https://studentaid.gov).
- There isn't a central repository of private student loan and other education debt information, but you may want to review the following items:
  - the **borrower's credit reports**;
  - lender or debt collector **correspondence**;
  - school records regarding **tuition bills or debts**;
  - any **debt collector notices** the borrower has; etc.
  - **Note:** borrowers can access free credit reports from [annualcreditreport.com](https://annualcreditreport.com).
- It can be helpful to compare the borrower's documents and what's on the credit reports or with the borrower's [studentaid.gov](https://studentaid.gov) account to try to determine if the borrower truly has private student loans and other education debt or just federal student loans.

# Managing Federal Student Loan Debt



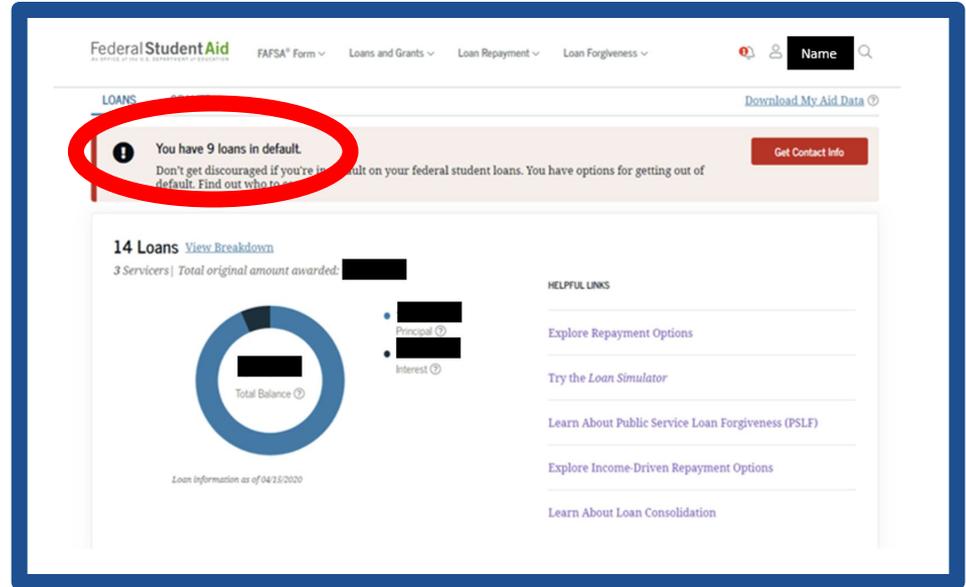


**Dealing with  
Defaulted  
Loans**

# Federal Student Loan Default

## When is a loan in default?

- The day after a student loan payment is missed, the loan is **delinquent**.
  - The loan servicer will usually notify the borrower of the missed payment.
- After **270 days (9 months) of missed payments**, the loan is declared in **default**.
  - Once the loan is in default, it will be transferred to the default loan servicer (generally within a year of default).



# Consequences of Defaulting on Federal Loans

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## ■ Defaulting on a student loan can:

- negatively impact a borrower's **credit score**,
- prevent them from getting more **federal financial aid and other government loans** (including FHA and USDA mortgages), and
- **result in a loss of income or benefits.**

## ■ To collect a defaulted loan, the government can:

- seize **tax refunds** without a court order,
- **garnish wages** without a court order,
- **offset Social Security benefits** without a court order,
- **sue** student loan borrowers in federal court and **get a judgment** (rare), and
- charge very **large collection fees** (up to 25%).

# Consequences of Defaulting on Federal Loans

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- Defaulting on federal loans can:

**Collections have been temporarily suspended!** But borrowers should act now to get out of default and avoid collections in the future, as we don't know when collections will restart.

- charge very large collection fees (up to 25%).

# Getting Loans Out of Default

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- **Consolidation:** A borrower can consolidate just one loan or many federal loans together. Borrowers either need to select to enroll in IDR or make 3 consecutive “reasonable and affordable” payments (much more difficult due to pending court cases involving IDR). Borrower can generally only consolidate a loan once to get out of default.
- **Loan Rehabilitation:** Under a rehabilitation agreement, a borrower makes 9 consecutive monthly payments based on their income to get out of default. Right now, a borrower can only do this once. **Apply for a loan rehabilitation agreement by contacting the loan servicer for the defaulted loan.**
- **Loan Cancellation/Pay Off:** Loans in default are eligible for most cancellation programs.
- **More information:** Read more about the steps for getting out of default at [studentaid.gov/manage-loans/default/get-out](https://studentaid.gov/manage-loans/default/get-out).

# Getting Loans Out of Default

---

- **Consolidation:** You can consolidate just one loan or many federal loans together. Both consolidation and loan forgiveness are available and can help you get back on track (e.g. IDR).
- **Loan Forgiveness:** You can qualify for loan forgiveness if you work in a public service job for consecutive years. You can also qualify for loan forgiveness if you only do public service for a shorter period of time. **servicer**
- **Loan Repayment Assistance:** There are several programs that can help you pay for your loans. **programs.**
- **More Information:** Visit [www.nclc.org](#) for more information on getting federal student loans out of default.

**Attend next month's webinar  
for more information on  
getting federal student loans  
out of default.**



**Screen for  
cancellation,  
discharge, and  
forgiveness  
programs**

# CANCELLATION, FORGIVENESS & DISCHARGE PROGRAMS

**Total &  
Permanent  
Disability  
Discharge  
(TPD)**

**Public Service  
Loan  
Forgiveness  
(PSLF)**

**Income-Drive  
n Repayment  
(IDR) Loan  
Cancellation**

---

**Borrower  
Defense to  
Repayment**

**False  
Certification  
& Identity  
Theft**

**Closed  
School  
Discharge**

**Death  
Discharge**

*\*There are a few other less common programs that may be available to specific borrowers.*

# CANCELLATION, FORGIVENESS & DISCHARGE PROGRAMS

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Discharge**

**Death  
Discharge**

*\*There are a few other less common programs that may be available to specific borrowers.*

# Loan forgiveness, cancellation & discharge

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**Total and Permanent Disability Discharge:** discharges loans when borrower cannot work because of a mental or physical condition.

**Public Service Loan Forgiveness (PSLF):** forgives balance of Direct Loans after 10 years of qualifying payments while working in qualifying public service employment.

**Income-driven Repayment Cancellation:** borrowers enrolled in an income-driven repayment plan may automatically have loans canceled after a number of years in repayment.

**Death Discharge:** family is not liable for a borrower's loans if they die. Parent borrowers can also apply for a discharge of if the child they took the loan out for dies.

**Closed School Discharge:** available if a borrower did not complete their program because their school closed.

**Borrower Defense:** available to discharge loans borrowed to attend school that misled, deceived, or tricked students.

**False Certification Discharge:** available to discharge loan for borrowers where school falsely certified borrower's eligibility for federal loans (such as no GED/HS diploma, school signed for loans borrower didn't receive, etc).

**Identity Theft Discharge:** available to victims of identity theft that have evidence (police/FTC report, credit report dispute).

# Loan forgiveness, cancellation & discharge

---

**Total and Permanent Discharge:** available if a borrower discharges loans while working in a public service job for a certain number of years.

**Closed School Discharge:** available if a borrower did not complete their program because their school closed.

**Public Service Loan Forgiveness (PSLF):** available for borrowers who work for a government or nonprofit organization for 10 years.

**Income-Based Repayment (IBR):** a repayment plan that adjusts monthly payments based on the borrower's income and family size.

**Debt Relief:** available if the child they took the loan out for dies.

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**Attend our webinar in May for more information on helping borrowers with loan cancellation and forgiveness.**

### Are you eligible to have your loans canceled, forgiven, or discharged?

See page 13 of the toolkit. Check the boxes below if any of these apply to you, and review your options for loan cancellation or forgiveness.

#### Total & Permanent Disability Discharge

- Are you unable to work due to an ongoing disability or a physical or mental condition?
- Do you receive some type of disability benefits, such as VA benefits, SSI benefits, or Social Security benefits?
- Are you retired and not able to go back to work due to a disability?

If you checked any of the boxes above, you may be eligible to have your loans canceled through the Total & Permanent Disability Discharge program.

**Apply for Relief:** Get information about how to apply for a Total & Permanent Disability Discharge at [studentaid.gov/cancellation/discharge](http://studentaid.gov/cancellation/discharge).

#### Public Service Loan Forgiveness (PSLF)

- Do you work full-time in a public service job (at least 30 hours or more per week)?
- Is your public service employer a government, 501(c)(3) nonprofit organization, or other nonprofit organization that provides a public service?

If you checked the boxes above, you may be eligible to have your federal student loans making 120 qualifying payments) while working full-time in a public service job.

Only Direct Loans are eligible for PSLF, so if you have other types of federal student loans, you may want to consolidate them into a Direct Loan.

**Apply for Relief:** Start earning credit toward PSLF or apply for forgiveness using the Department of Education's online PSLF Help Tool at [studentaid.gov/pslf](http://studentaid.gov/pslf).

### Did you attend any of the following schools?

Check all that apply. If you attended any of the following schools, the Department of Education may have made eligibility findings for your school, or may have decided to automatically cancel the loans borrowed to attend these schools through the Borrower Defense to Repayment program. See page 13 of the toolkit, "Are You Eligible to Have Your Loans Canceled, Forgiven, or Discharged?"

- Ashford University
- CEHE Schools:
  - CollegeAmerica
  - Independence University
  - Stevens-Henager College

**Use NCLC's Student Loan Toolkit to screen for cancellation & discharge programs and get information about applying!**

Institute in Lowell or Somerville, MA

campus, Medical billing & coding students

- University of Phoenix
- Westwood College
- The Art Institutes

**NOTE:** For more information on automatic cancellation, visit [studentaid.gov/announcements-events/borrower-defense-update](http://studentaid.gov/announcements-events/borrower-defense-update).



**Review  
Repayment  
Strategies**

# Where to Start

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- Helping a borrower choose a repayment plan really depends on **what their goals are given their current situation**, but you also have to be thinking about the future as well.
  - Is the borrower looking for the lowest monthly payment?
  - Are they looking to pay off the debt faster or pay the least amount overall?
  - Are they pursuing and type of forgiveness or cancellation program such as PSLF or IDR cancellation?
- **It's okay if strategies change down the line too!** Just make sure to take into account some of the big system changes that may make this more difficult right now—some plans will be eliminated, etc.
- Some borrowers **may never be able to pay off the debt**, and that may be okay, so long as they are not defaulting and at risk of collection—remember, federal student loans are discharged upon death.

# Repayment plans

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There are two buckets of repayment plans that borrowers can choose from:

- **Fixed plans:** designed to pay the loan off within a certain period of time (often with higher monthly payments). These plans base a borrower's monthly payment amount on how much they owe, the interest rate, and a fixed repayment time period (typically 10 -30 years).
- **Income-Driven Repayment (IDR) plans:** IDR plans base a borrower's monthly payment amount on their income and family size and may be eligible to have their loan balances automatically canceled after a certain number of years in repayment (typically 20-30 years). Payments are often lower than fixed plans, but they aren't designed to pay the loan off.

If the borrower doesn't pick a repayment plan, the loan servicer will place them on the Standard Repayment Plan (generally a 10-year fixed payment plan).

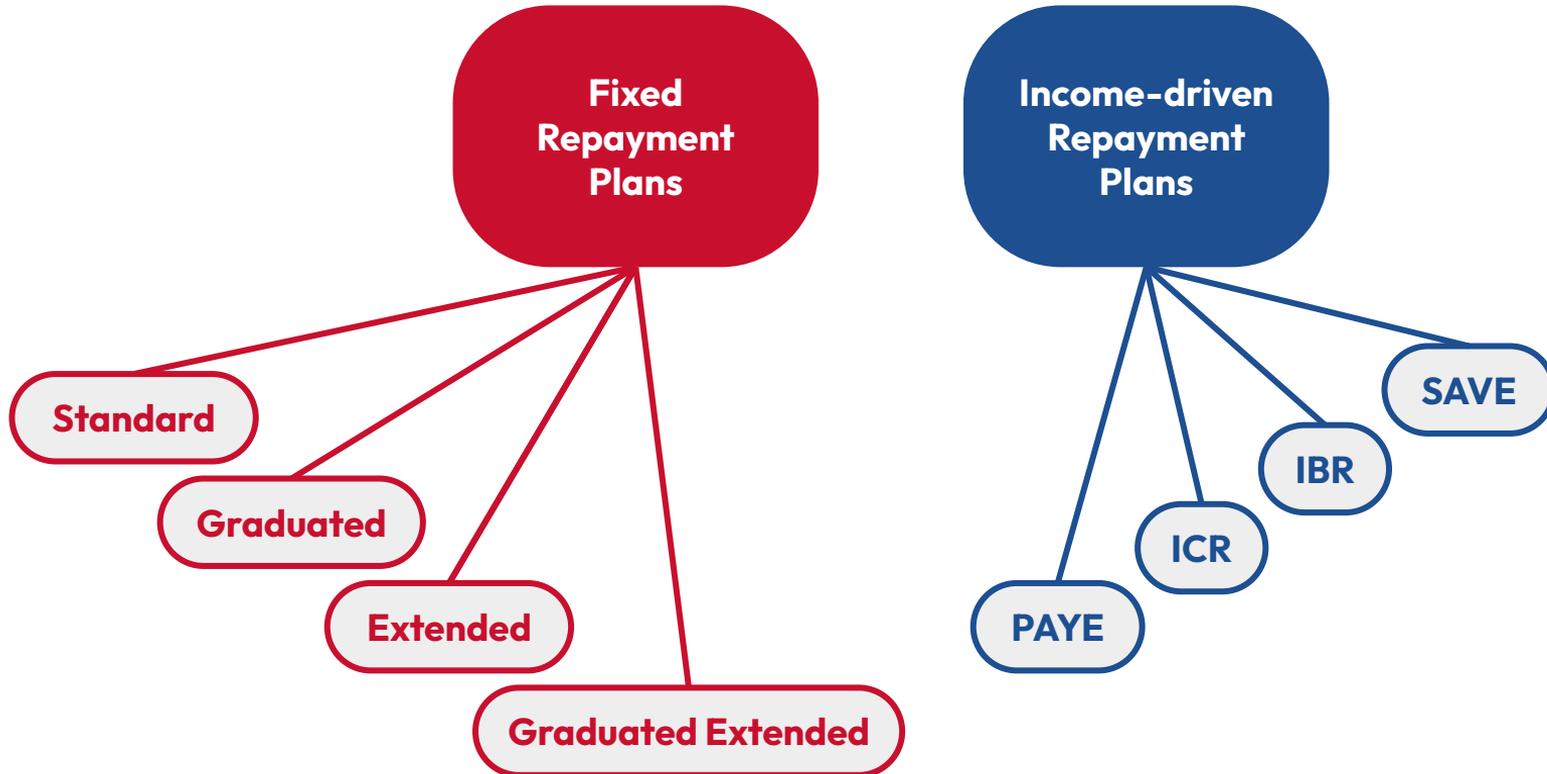
# Income-Driven Repayment (IDR) Plans

---

- For borrowers who are struggling with payments an IDR plan may be a good idea—**offers cancellation after a certain number of years and usually lower monthly payments.**
- Borrowers **pursuing PSLF** typically have to be enrolled in an IDR plan to earn credit toward loan forgiveness.
- Borrowers generally have to **recertify their income annually** on an IDR plan.
- Borrowers can typically **switch repayment plans** if the one they are on is not working for them.

# Current Plans *(remember changes are coming)*

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# Income-Driven Repayment (IDR) Plans: Nuts and Bolts

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- Each IDR plan has different eligibility requirements and terms.
- Borrowers can apply for IDR plans online at [studentaid.gov](https://studentaid.gov) or via a paper application.
- **Only Direct and FFEL loans** are eligible for IDR plans, except for Parent PLUS Loans.
  - **Parent PLUS Loans need to be consolidated** into a new Direct Consolidation Loan by July 1, 2026 in order to sign up for an IDR plan, and they must sign up for an IDR plan by July 1, 2028.
  - If a borrower has **Perkins loans**, they will need to consolidate those loans into a new Direct Consolidation Loan to enroll in an IDR plan.
- The **monthly payment is calculated using the borrower's income (based off of adjusted gross income, or AGI)** and family size.

# What about the SAVE Plan?

---

- Nearly **8 million borrowers** are currently enrolled in the SAVE plan.
- The plan was **challenged in court** and is coming to an end.
- **Borrowers that were already enrolled in the plan were put in a forbearance.**
  - The forbearance began accruing interest on August 1, 2025
  - The forbearance does not count towards IDR cancellation or PSLF
  - ED is not providing IDR cancellation to borrowers in the SAVE forbearance
- The Department entered into a proposed settlement to resolve the court case and end the SAVE plan. As a result, there will be no new enrollment in SAVE, and SAVE borrowers will be given an opportunity to select a new repayment plan.
- The proposed settlement is still pending court approval. We don't know **when** the court will approve the settlement.
- Regardless of what happens in court, **the Big Bill requires the SAVE plan to end by July 1, 2028.**
- **This means that new borrowers can't enroll in SAVE, and borrowers that are still on the SAVE plan need to consider switching plans now or waiting until the plan ends.**

# But what is changing?

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- Because of the Big Bill, **some of the existing IDR plans will be eliminated (ICR, PAYE, SAVE), some plans will be kept or revised, and a new IDR plan will be created (RAP).**
- Borrowers repayment options will generally depend on whether or not they have any loans disbursed or consolidated after July 1, 2026.
  - If they have **any loans disbursed or consolidated after July 1, 2026**, they'll only be eligible for the new Standard Plan and the RAP plan.
  - If they **only have loans disbursed or consolidated before July 1, 2026**, they will be eligible for the Standard Plan, revised IBR (largely like the current IBR plan), the RAP Plan, and the Extended and Graduated Plans.

# Warning for Parent PLUS borrowers

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- **Parent PLUS Loans will not be eligible for the new RAP plan**, and they will only be eligible for the Standard plan after July 1, 2026. There is a way to help Parent PLUS borrowers preserve access to the IBR plan going forward - **but they need to act fast!**
- **Parent PLUS Loans need to be consolidated by July 1, 2026 and enrolled in an IDR plan by July 1, 2028** to be eligible for the revised IBR plan ongoing.
- The **consolidation has to be completed by July 1, 2026**, and because the process can take time, we're advising people to submit applications **no later than April 1, 2026**.
- Borrowers **who have already consolidated their Parent PLUS Loans and who are already enrolled in an IDR plan don't need to take these steps.**
- [studentloanborrowerassistance.org/do-you-have-parent-plus-loans-act-now-to-lower-your-payments-before-options-disappear/](https://studentloanborrowerassistance.org/do-you-have-parent-plus-loans-act-now-to-lower-your-payments-before-options-disappear/).

# Key Repayment Issues to Remember Now

---

- All of the coming changes are really complicated, and **we don't have final rules** about all of the repayment changes yet.
- Be really careful when advising borrowers about their **current and future options**.
- Look at the [FSA loan simulator](#) and [EDCAP calculator](#) to get an estimate of what the borrower's payments would be on each of the current plans. Some plans are going to be better for certain borrowers than other borrowers.
- **Pay close attention to borrowers with Parent PLUS loans and any borrower thinking about consolidating loans right now.**
- For more information, see our blog on the coming changes:
  - [studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now](https://studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now)

# Key Repayment Issues to Remember Now

---

- All of the components are really complicated, and we don't have final rules

**Attend our webinar in August for more information on helping borrowers navigate the new repayment changes.**

- Borrowers have options.
- Lenders have a lot of what plans are
- Payment options are lower
- For more information, visit [studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now](https://studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now)

○ [studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now](https://studentloanborrowerassistance.org/big-bill-means-big-changes-for-student-loan-borrowers-what-you-need-to-know/#what-now)



**What If a  
Borrower Can't  
Even Afford  
Any Payments?**

# Pausing Payments Temporarily

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- Unfortunately, there may be times when the borrower can't afford to make payments on student loans, even under an IDR plan. If the borrower is in repayment and needs to pause their student loan payments, they may be able to ask their loan servicer for a temporary **deferment** or **forbearance**.
- **Important note:** in many cases, interest will continue to accrue even while payments are paused and will be added to the principal.
  - However, subsidized loans are not charged interest during deferments.
- **Also important:** some, but not all forbearances and deferments count towards cancellation under an IDR plan (or for Public Service Loan Forgiveness).
- The borrower should consider all of the potential consequences before they ask for a deferment or forbearance and should try to limit the time they spend in deferment and forbearance.



**Consolidating  
Loans – Be  
Careful!**

# Consolidating federal loans:

## 1. Simplify Repayment

- Switch from having multiple servicers to one servicer
- Instead of having 15 loans, just have 1 loan.

## 2. Access a Better Payment Plan

- Some IDR plans are only available for Direct Loans.
- Parent PLUS borrowers have to consolidate their loans by July 1, 2026 to access IDR.

## 3. Get Loans Canceled

- Consolidating may help borrowers with FFEL or Perkins loans pursue certain loan cancellation or forgiveness programs, such as PSLF.

## 4. Get Out of Default

- Consolidation is one path out of default.

# Consolidating federal loans:

## 1. Simplify Repayment

- Switch from having multiple servicers to one servicer
- Instead of having 15 loans, just have 1 loan.

## 2. Access a Payment Plan

## 3. Get Loans Canceled

## 4. Get Out of Default

- Consolidation is one path out of default.

**Borrowers can apply to consolidate federal student loans via a paper application or online at [studentaid.gov](https://studentaid.gov).**

# Watch out!

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- While there a lot of pros to consolidating particular federal student loans, there are cons that could result in long-term harm for the borrower that can't be undone, **especially with the changes coming to repayment options.**
- **For example:**
  - Consolidating any loans **after July 1, 2026 will limit a borrower's' repayment options.**
  - Consolidation can change the regulations that apply to a **borrower defense** application and can make a borrower ineligible for a **false certification discharge.**
  - If you consolidate all of a borrower's loans together, they will not be able to use consolidation as an **avenue out of default** in the future.
  - Due to litigation, consolidation may **reset** the borrower's IDR qualifying time clock.

# Consolidation Warning

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## Bottom line:

- Consolidation **MUST** be done **strategically**.
- Improper consolidation can cause great harm to the borrower.
- See **NCLC's student loan website and other resources** for more information on assessing whether or not to consolidate a borrower's federal student loans.

# Consolidation Warning

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## Bottom line:

- Consolidation M
- Improper consol
- See NCLC's Stud  
or not to consol

**And never refinance or  
consolidate federal student  
loans into private loans!**

# Managing Private Student Loans & Bankruptcy



# Private Student Loan Repayment Options

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- Many private lenders will offer only short-term repayment relief, such as interest-only repayment plans or deferments and forbearances.
- The borrower can try to negotiate a settlement to reduce payments, interest rates, or to pay off private student loan debt in a lump sum.
- Refinancing or consolidating private student loans with other lenders may result in better interest rate or reduced fees.
  - ***Note: never refinance or consolidate federal loans with a private lender! Once a federal loan is refinanced, it loses access to the federal relief programs.***
- Explore bankruptcy options.

# Defaulting on Private Student Loans

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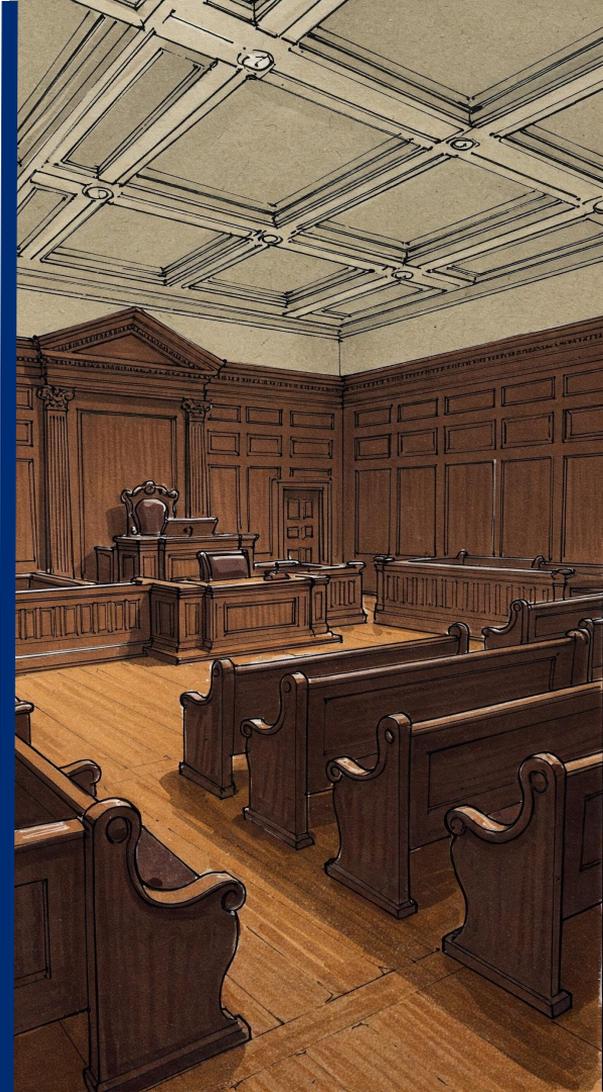
- Just like with federal student loans that are costly consequences for defaulting on private student loans, including:
  - added collections costs;
  - credit score/history damage;
  - collection lawsuits, and extremely large judgments, that could lead to wage garnishments, liens on home, loss of funds from bank accounts, etc.
- **If the borrower has been sued, they may have defenses to the lawsuit and should be referred to a lawyer right away.**
  - Some borrowers may qualify for free help from a legal aid agency.

# Bankruptcy Discharges

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## Are student loans dischargeable in bankruptcy?

- Yes, but not automatically unlike with other types of debt.
- This is really only for borrowers who truly have no other options.
- These cases are very complicated, and borrowers should find an attorney who has successfully handled a student loan bankruptcy before.
- The National Association of Consumer Bankruptcy Attorneys website provides referral lists for local bankruptcy lawyers: [nacba.org/page/find-an-attorney](https://nacba.org/page/find-an-attorney).



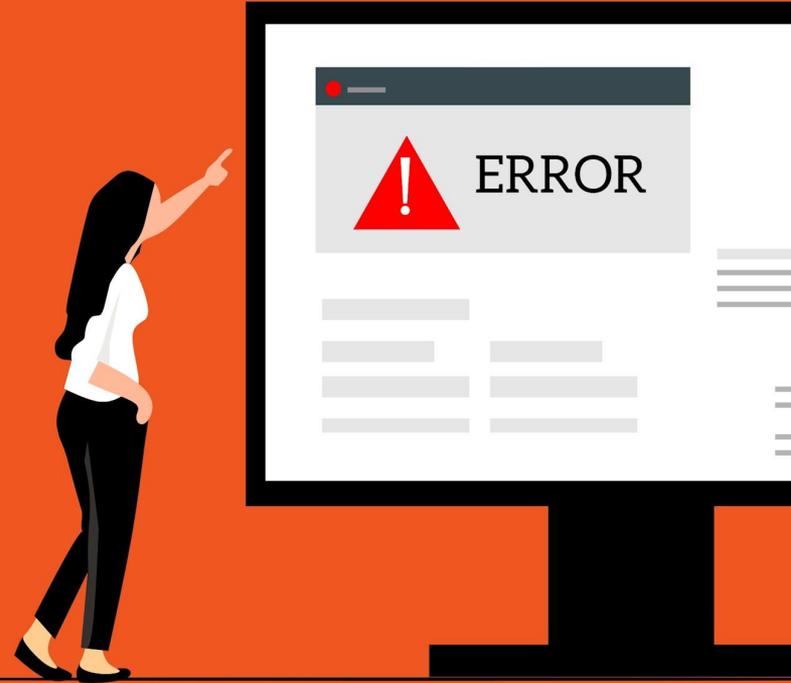
# When Things Go Wrong



# When Things Go Wrong, Contact the Loan Servicer First

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- If you are working with a borrower who is encountering an error related to student loans, whether it's the loan servicer's fault or not, the **first step is to contact the loan servicer** to see if it can be resolved.
- If it's not resolved, **ask the loan servicer if there is an escalation team** to help resolve the issue.



# File Complaints with the Department of Education

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There are five different FSA contact centers for student loan borrowers depending on their issue, including:

- **Federal Student Aid Information Center (FSAIC)**
  - General information about student loans or troubleshooting [studentaid.gov](https://studentaid.gov).
- **Loan Discharge and Forgiveness Customer Support**
  - Help with federal student loan discharge, cancellation, and forgiveness (except for Borrower Defense).
- **Borrower Defense Customer Support**
- **Default Resolution Group**
- **Federal Student Aid Ombudsman Group**
  - Help with various federal student loan issues.

Visit [studentaid.gov/help-center/contact/chat](https://studentaid.gov/help-center/contact/chat) for more information.

# File Complaints with Other Agencies

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## Consumer Financial Protection Bureau (CFPB)

- Borrowers can file complaints here: [consumerfinance.gov/complaint](https://consumerfinance.gov/complaint).

**Federal and private student loan servicing laws may also be enforced by a given state's:**

- Office of the Attorney General (AG),
- Student Loan Ombudsman, or
- Enforcement and regulatory agencies.

Additionally, some states have specific **state student loan servicing laws** or a **student loan borrower bill of rights**.

# Open a Constituent Case with Congress

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- Members of Congress have **teams of caseworkers who help constituents** experiencing issues with a federal agency.
- Borrowers who are having issues with their federal student loans or their loan servicer can **contact their senator or representative** for help.
- Here is the Protect Borrower's tool to help borrowers submit a complaint to their Congressperson:  
**[protectborrowers.org/protect-borrowers-congressional-casework-tool](https://protectborrowers.org/protect-borrowers-congressional-casework-tool)**.



# Contact a Lawyer

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- When all else fails, the borrower may need help from a lawyer.
- Connect with NCLC if you think you're working with a borrower who needs legal help.
- You can also refer them to our page on how to find legal help with these cases: [studentloanborrowerassistance.org/for-borrowers/find-help/help-with-our-student-loans/](https://studentloanborrowerassistance.org/for-borrowers/find-help/help-with-our-student-loans/)



**Key  
Takeaways**

# Key takeaways

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- Before you advise the borrower on any path forward, **make sure you understand their entire loan situation**, as the types of loans they have, the status of their loans, and their goals will impact the borrower's options.
- **Don't reinvent the wheel!** Connect with other advocates working on these issues for help.
- **A lot is changing in the student loan system, sometimes on a daily basis.** Make sure you are getting information about changes directly from trusted sources.
- Join our next webinars in the series to learn more about dealing with default, loan cancellation and forgiveness options, repayment options, and more.
- **Reach out to NCLC or other experts for help!**



**QUESTIONS?**



National  
Consumer Law  
Center

# Relevant Links

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## Student Loan Basics

- Federal Student Aid (FSA) [Home Page](#)
- [FSA ID](#): Login, Reset, Create
- William D. Ford [Direct Loan Program](#)
- [Federal Family Education Loan \(FFEL\) Program](#)
- [Perkins Loans](#)
- [Direct Plus Loans](#)
- [Direct Loan Servicers](#)
- [Borrowing Limits](#)
- Federal Student Loan [Interest Rates](#)

# Relevant Links

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## Repayment Plans

- [Traditional Plans](#)
- [Income-Driven Repayment \(IDR\) Plans](#)
- [IDR Q&A](#) (comprehensive guide to IDR plans)

# Relevant Links, (cont'd)

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## Deferment & Forbearance

- [Deferment](#)
- [Forbearance](#)

# Relevant Links, (cont'd)

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## Forgiveness, Cancellation & Discharge Programs

- Public Service Loan Forgiveness (PSLF)
  - PSLF Help Tool
  - PSLF Certification Form (PDF)
- Income Driven Repayment Forgiveness (IDRF)
- Teacher Loan Forgiveness (TLF)
- Total and Permanent Disability Discharge (TPD)

# Relevant Links, (cont'd)

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## Forgiveness, Cancellation & Discharge Programs, (cont'd)

- [Borrower Defense to Repayment \(BDR\)](#)
- [Closed School Discharge](#)
- [Perkins Cancellation](#)

# Relevant Links, (cont'd)

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## Consolidation

- [Basics](#)
- [Payback periods](#) in Traditional Plans for Consolidation Loans

# Relevant Links, (cont'd)

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## Delinquency & Default

- [Delinquency](#)
- [Default](#)
- [Getting out of Default](#)

## File a Complaint

- [FSA Complaints Portal](#)
- [FSA Ombudsman](#)
- [Consumer Financial Protection Bureau](#)

# Relevant Links, (cont'd)

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## Federal Student Aid (FSA): Key Pages and Tools

- [Announcements](#)
- [Contact Information](#)
- [Forms Library](#)
- [Loan Simulator](#)
- [SAVE Plan Court Actions Updates](#)