

Managing Student Loan Repayment During COVID-19

April 14, 2020

Thresa Tyus, Institutional Support Consultant

Steve Smith, Director, Student Success

Tracy Samsel, Customer Support Manager





Introductions



Thresa Tyus
Institutional Support
Consultant



Steve Smith
Director, Student Success



Tracy Samsel
Customer Support Manager



Webinar Outline

- 0% Interest Accrual
- Administrative Forbearance
- Temporary Suspension of Payments
- Income-Driven Plans (IDR) & Public Service Forgiveness (PSLF)
- Delinquent and Defaulted Loans
- Trellis' Communication Plan
- Possible Effect on CDRs
- Private Student Loans
- What Schools Can Do
- Questions and Discussions



0% Interest Accrual

0% Interest Accrual

- The interest rate on all federally held student loans are temporarily reduced to 0% until September 30, 2020
- The account adjustment is effective March 13, 2020
- Department of ED Federal student loan servicers will automatically adjust accounts so that interest does not accrue
- 0% interest accrual applies to all loans in any status
- Servicers are encouraged to have this process in place by April 10, 2020



0% Interest Accrual

Loan Eligibility

- Eligible
 - Defaulted or non-defaulted Federal student loans owned by the Department of Education
 - Direct loans (including PLUS)
 - FFEL Program Loans
 - Federal Perkins Loans
- Ineligible
 - Commercially held loans
 - FFEL Program loans owned by commercial lenders
 - Perkins Loans owned by institutions
 - Private and state student loans (including refinance loans)

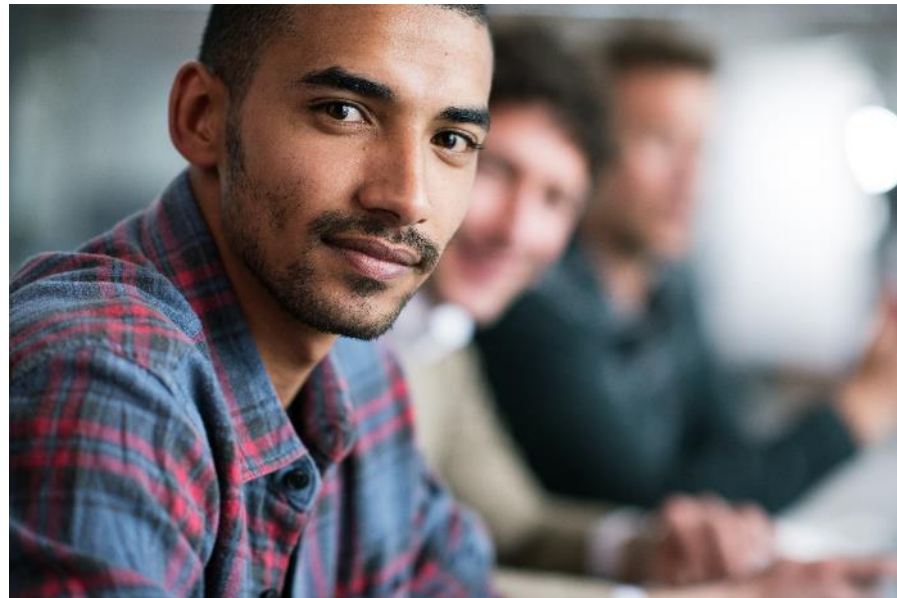
Borrowers may consolidate ineligible federal loans into a Direct Consolidation Loan to receive the 0% interest benefit



Administrative Forbearance

Non-Capping Administrative Forbearance

- Automatically applied on borrower's account
- Effective March 13, 2020 through Sept. 30, 2020
- Borrower can request removal of forbearance
- Once removed, required payments will resume





Temporary Suspension of Payments

Borrower Payments

- All payments (including auto-debit) are automatically suspended
- Suspended payments are reported to credit agency as payments made
- Any payments processed during the suspension period can be refunded
- Borrowers have the option to make manual payments
- Manual payments received are applied to principal:
 - If made during the 0% interest accrual period
 - If interest prior to March 13, 2020 has been paid
- The repayment period will resume on October 1, 2020



Temporary Suspension of Payments

Borrower Payments

- Servicer Requirements

- Servicers should contact borrowers no later than August 1, 2020 as a reminder that payments will begin soon
- Servicers will receive guidance from the Department of Ed on the notice to be provided to borrowers no later than July 1, 2020
- The borrowers should receive a minimum of 6 notices from the servicer



Income-Driven Plans (IDR) & Public Service Forgiveness (PSLF)

IDR & PSLF

- Income-Driven Repayment Plans (IDR)
 - Borrowers currently on an IDR will have suspended payments count toward IDR forgiveness
- Public Service Loan Forgiveness (PSLF)
 - Borrowers will receive credit toward PSLF for period of suspension if:
 - On a qualifying repayment plan prior to suspension
 - Working full-time for a qualifying employer during the suspension



Delinquent and Defaulted Loans

Delinquent Loans

- If the borrower is delinquent at the time the administrative forbearance is applied:
 - All prior periods of delinquency are brought current with this non-capping administrative forbearance
 - Additional benefits (i.e., credit reporting, qualifying payments, etc.) of this current administrative forbearance only relate to the 3/13/20 – 9/30/20 time period



Delinquent and Defaulted Loans

Defaulted Loans

- Effective March 13, 2020, through Sept. 30, 2020, Department of Ed private collection agencies have been instructed to cease:
 - Making collection calls
 - Accepting auto-debit payments
 - Sending letters and billing statements
- Borrowers can continue their payment arrangement related to their federal student loan by contacting ED's Default Resolution Group at 1-800-621-3115



Delinquent and Defaulted Loans

Defaulted Loans

- Defaulted loans owned by ED, including Direct Loans and FFEL, will neither accrue interest nor require payment from March 13, 2020, through Sept. 30, 2020
- Refunds and payments in the process of being withheld—on or after March 13, 2020, and before Sept. 30, 2020—for the repayment of a defaulted federal student loan will be returned for the following:
 - Federal Tax Return
 - Social Security Payment (including disability benefits)
 - Wage garnishments
- Temporary suspended payments will count toward required payments for student loan rehabilitation



Trellis' Communication Plan

Grace Counseling

- Outreach to grace borrowers beginning May 2020
 - 1 Call/1 Email Early Grace (1-60 days)
 - 1 Call/1 Email Mid-Grace (61-120 days)
 - 1 Call/1 Email Late Grace (121-180 days)

Delinquency Aversion Counseling

- Resume calling delinquent borrowers after October 2020
- 2 Calls/1 Email at 30+ days past due



Trellis' Communication Plan

Student Outreach and Support Center

- Available to take inbound calls from any borrower
- Monday - Thursday, 8 a.m. to 6 p.m. CST |
Friday, 8 a.m. to 5 p.m. CST
- 888-642-9557
- studentsuccess@trelliscompany.org



Possible Effect on CDRs

Possible Effect on 2018, 2019, and 2020 CDRs

Cohort	Borrower Enter Repayment	Cohort End Date	Payment Suspension Period	Repayment Period Resumes	Effect on CDR
FY2018	10/1/2017 - 9/30/2018	9/30/2020	03/13/2020 - 09/30/2020	10/1/2020	Your current CDR will most likely be the final CDR and will not change.
FY2019	10/1/2018 - 9/30/2019	9/30/2021	03/13/2020 - 09/30/2020	10/1/2020	Late delinquencies are removed and borrowers will start with a clean slate on 10/1/2020. The earliest date a borrower in this cohort can default is on 9/25/2021 if no payments are made. This CDR will likely not change much from where it is today.
FY2020	10/1/2019 - 9/30/2020	9/30/2022	03/13/2020 - 09/30/2020	10/1/2020	Late delinquencies are removed and borrowers will start with a clean slate on 10/1/2020. The earliest date a borrower in this cohort can default is on 9/25/2021 if no payments are made; however, there will be one full year left in the cohort after this date.



Private Lenders

Some private loan lenders are offering student loan relief in the form of

- Forbearances
- Interest-only payments
- Waiver of late fees
- Often only temporary payment relief
- May still report your loans as delinquent to credit bureau





What Schools Can Do

How to Advise Your Students

- During exit counseling, advise students when repayment will begin
 - If original repayment start date is before 10/1/2020, repayment will not begin until 10/1/2020
 - If repayment date is after 10/1/2020, repayment will begin on repayment date provided by the loan servicer



Questions and Discussions

- <https://studentaid.gov/announcements-events/coronavirus>
- <https://www.ed.gov/news/press-releases/delivering-president-trumps-promise-secretary-devos-suspends-federal-student-loan-payments-waives-interest-during-national-emergency>
- <https://help.earnest.com/hc/en-us/articles/360045106553>
- <https://navient.com/covid-19>
- <https://www.citizensbank.com/learning/coronavirus/overview.aspx?WT.ac=CB H Alert Learning CO ResourceCenter A117>



Before you go

- [Delivering EA Services During COVID-19 Webinar](#)
- [Slide Deck](#)
- [Sample Grant Application](#)
- [Recommendations for Student EA Application Accessibility](#)
- Stay tuned for more webinars and resources



TRELLIS®
C O M P A N Y

Proven Services.
Extraordinary Support.