

KSRE Southwind District
FACS News Column
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Get Ready to Repay

Student loan borrowers should prepare to repay.

After more than 20 months of temporary student loan forbearance for millions of student loan borrowers, student loan relief is ending January 31, 2022. This means that beginning February 1, 2022, your federal student loan payments will resume with your normal interest rate. Here are some tips to prepare yourself.

1. Update your contact info. Make sure your contact information is up to date in your profile on your loan servicer's website and in your StudentAid.gov profile. Wrong contact information could make you miss important updates.
2. Get info about your next payment. Once the payment pause ends, your loan servicer(s) will send you a billing statement. Contact your loan servicer to restart auto-debit, sign up for auto-debit for the first time, or find out other ways to make a payment.
3. Make sure you're on the best repayment plan. Your situation may have changed during the COVID-19 pandemic. The U.S. Department of Education offers a variety of repayment plans. The *Loan Simulator* tool at studentaid.gov helps you calculate student loan payments and choose a loan repayment option that best meets your needs and goals. You can also use it to decide whether to consolidate your student loans.
4. Take-action if you want to lower your monthly payment. After understanding all your repayment options, you may choose to apply for a specific plan. You might ask to be placed on the plan that results in the lowest monthly payment amount.
5. If you can't find a repayment plan that works for you right now, you can request to temporarily pause or lower your payments through deferment or forbearance for short-term relief. A normal deferment or forbearance is different from the COVID-19 emergency payment pause. Interest can still add up during deferment or forbearance.
6. Understand what happens if you don't repay your loan. If you miss a payment, your loan becomes delinquent. If your loan is delinquent for 90 days or more, your loan servicer will report the delinquency to the three major national credit bureaus and it will affect your credit score. After 270 days, your delinquent loan goes into default. When you default on a loan you can lose your access to more student aid. To pay the defaulted loan, the government can take your tax refund, part of your Social Security benefits, or up to 15% of your paycheck.
7. Watch out for scams. Scammers are targeting student loan borrowers and may be trying to take advantage of circumstances related to the pandemic and government relief packages. If someone contacts you and asks for personal information or money to suspend your student loan payment, it's a scam. Scammers may also claim you are eligible for immediate loan

forgiveness through “Biden Loan Forgiveness” or “CARES Act Loan Forgiveness.” These programs do not exist. Loan forgiveness or discharge of student debt is rare, so if someone promises immediate loan forgiveness, again it is a scam.

Borrowers can find the most up to date information including Q&As about preparing for payments to resume at StudentAid.gov/coronavirus. Another educational resource with loan calculators is the Consumer Financial Protection Bureau at <https://www.consumerfinance.gov/coronavirus/student-loans/>.

For more information, please contact Joy Miller, Family Resource Management Extension Agent, at joymiller@ksu.edu or by calling 620-223-3720.

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