

Federal student loans are coming back. Here's how to plan to repay them.

The 3-year “federal freeze” on federal student loan payments—along with eight extensions—to the Coronavirus Aid, Relief, and Economic Security Act (CARES), is **set to formally expire on August 30, 2023**. If you're one of the over 43 million Americans with a federal student loan, you'll have to start making those payments again soon.

To help make it easier for you to adapt to this change in your life and prepare for repayment, we created this guide to help you—it's packed with useful information so you can make a solid plan.





Federal student loan relief is ending. What's next?

The student loan benefits included in the Coronavirus Aid, Relief, and Economic Security Act (CARES) will expire on August 30, 2023.

That means over 43 million Americans will return to accruing interest and making monthly payments on their loans. This can be a stressful time for many borrowers, so we've provided some information about the relief expiration and what happens next.

- **Interest accrual and monthly payments** on federal student loans will resume after August 30, 2023, specifically interest on loans will resume in September while payments will become due in October. Exact deadlines for payments will vary depending on your loan provider.
- **Temporary "on-ramp" period for the next year.** Missed, partial, or late payments on federal student loans will not have negative credit reporting, default, or go to collections. They will accrue interest and not count towards income-driven repayment plans.
- For **Public Service Loan Forgiveness (PSLF)** eligible borrowers, each month worked during the deferral period still counts toward forgiveness.
- **Your loan servicer may have changed in the last three years.** You may have to create a new login with your new servicer, re-enroll in autopay, or update your payment information.
- **Deferred payments will not help or hurt your credit score.** However, your account will continue to age, which builds credit and may improve your scores.
- **Employers can contribute up to \$5,250 of an employee's private and federal student loan payments[†]**, tax-free for both employers and employees. This was extended through 2025 by the Consolidated Appropriations Act, 2021.

What else do you need to know?

The expiration of federal student loan relief has created a lot of uncertainty for borrowers. Here's a breakdown of some common questions regarding your benefits, the end of federal relief, and what comes next.

Is it possible the federal student loan pause could get extended again?

No, not this time. With the statutory language contained in the debt ceiling bill, President Biden can't extend the pause again. Only in the unlikely event of a new national emergency could the president have the statutory authority to extend the current student loan pause.

What if I'm paying too high of an interest rate on my loans?

First of all, all borrowers should use these next few months to prepare for the return of interest and monthly payments. Make sure your account information is updated and your budget is ready. This may also be a good time to look at refinancing* or changing up your payment plan.

What does inflation mean for my student loans?

Interest rates have been rising at the fastest pace in 20 years, due to inflation, and they'll likely continue to do so. If you have a student loan with a variable rate, it's likely that your interest rate has increased. If you have private student loans or federal loans with a higher rate, you may want to consider refinancing while interest rates remain comparatively low.



Frequently asked questions.

Can I still make payments during the relief period?

Yes! Any payment made during the relief period will go toward your loan's principal, which could help you pay it down sooner.

I understand the pause is ending, but what if student debt is forgiven?

The recent Supreme Court decision of 2023 has ruled that student loan forgiveness is no longer a possibility. However, the Biden Administration has proposed [alternative ways to support borrowers](#) in light of this decision.

What if I can no longer afford to make monthly payments?

If your income or financial situation has changed over the past year, you may be eligible for an [income-driven repayment plan](#). Payments on these plans can be as low as \$0. However, your loans will continue to accrue interest.

What happens to my federal student loan benefits if I refinance?

If you refinance your student loans, you lose all federal benefits and protections, like income-driven repayment, deferment, and loan forgiveness.

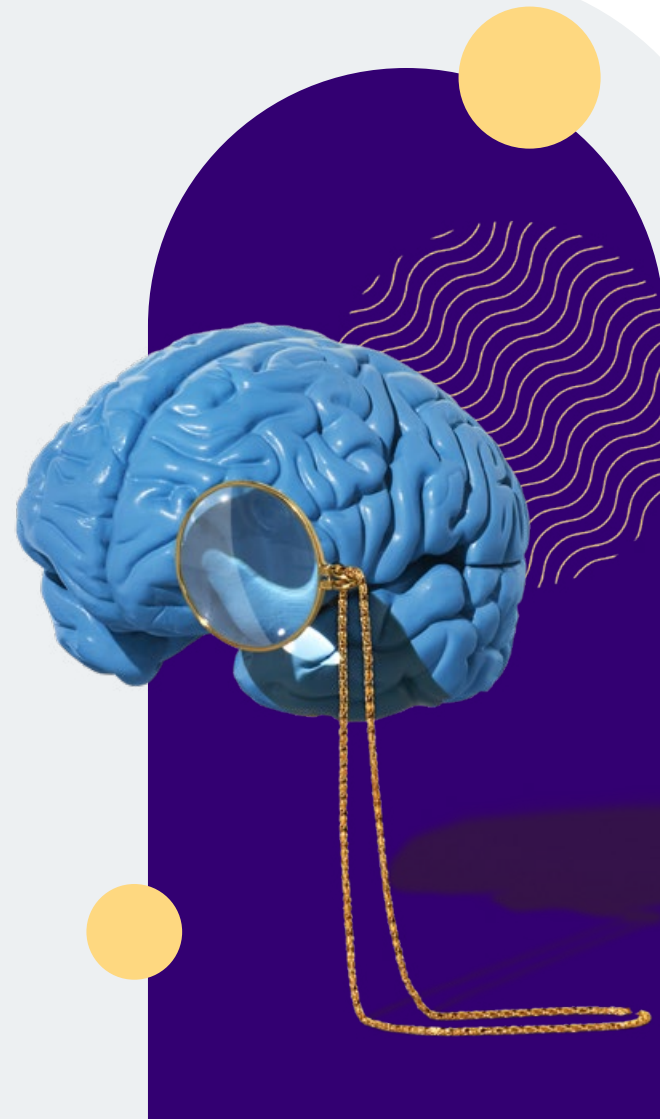


Federal student loans can be complex. We're here to help simplify them.

Whether it's knowing how—and when—to make your loan payments, communicating with loan service providers, or deciding whether or not to refinance*, this whole process can be overwhelming. And trying to find answers on student loan government websites can be a challenge, too.

We've created this handy guide so you have answers to your most important questions—all in one place.

[Explore benefits](#)





When do you have to start paying off your federal student loans?

How and when, and how you'll be responsible for your first federal student loan payment, will vary based on your lender and loan type. The information contained in this guide will help you figure that out.

There may be a grace period—or not.

For most federal student loan types, after you graduate, leave school, or drop below half-time enrollment, you have a 6-month grace period (sometimes nine months for Perkins Loans) before you must begin making payments.




If there is a grace period after the student loan pause ends, it can give you time to get your finances in order and select your repayment plan. Not all federal student loans have a grace period, though. And keep in mind that for most loans, interest will keep accruing during your grace period.

Set it and forget it—get a 0.25% interest rate deduction.

Set up an automatic monthly electronic debit of your loan payment from your checking or savings account, and you'll receive a [0.25% interest rate deduction](#) on Direct Loans.

How and when to start making payments.

Paying your federal student loans again won't be the exact same process or timeline for everyone. Depending on the type of loan you have and your loan servicer or school, or your school's billing agency, where and when you'll need to start sending your federal student loan payments can vary. In the meantime, this chart can help steer you in the right direction.

 Type of loan: Refinanced student loan	 Send payments to: The bank currently holding your loan or their loan servicer	 When to send payments: Check your refinancing documents
Direct Loans and FFEL loans owned by U.S. Department of Education	Your loan servicer	Check with your loan servicer
FFEL loans not owned by U.S. Department of Education	The bank, credit union, or other lending institution that made the loan (also known as the lender)	Check with your lender
Federal Perkins Loans	Your school or the billing agency your school designates	Check with your school
Refinanced Student Loan	The Bank currently holding your loan or their loan servicer	Check your financing documents

Should you consider refinancing your federal student loans?

That depends. Federal student loans come with unique benefits and risks. It's important to weigh your options. If you have high-interest federal loans, private loans, or a mix, refinancing could reduce your interest rate and help you save thousands.

Benefits of federal student loans.

- **Lower rates:** Income-driven programs could lower your monthly payments.
- **Forgiveness:** Some repayment plans can forgive your remaining balance if your loans are not repaid in full at the end of your repayment period.
- **Public Service Loan Forgiveness (PSLF):** Individuals with federal student loans who plan to take a job at a qualifying public service organization can take advantage of forgiveness benefits.
- **Easy to qualify:** Almost anyone can qualify for some form of federal student loans, regardless of creditworthiness.

Benefits of refinancing.

- **Lower rates:** You could save thousands with flexible terms and a lower rate.
- **Lower monthly payments:** Depending on the terms you select, you could lower your monthly payment amount.
- **Convenience:** Refinancing can help you consolidate both federal and private loans into one loan with one monthly payment.
- **Flexible terms:** Pick a repayment plan that works for you, your goals, and your budget.

Everything you need to know about Public Service Loan Forgiveness (PSLF).

If you're employed by a U.S. federal, state, local, or tribal government or not-for-profit organization, you might be eligible for the Public Service Loan Forgiveness Program. The PSLF Program forgives the remaining balance on your Direct Loans after you have made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer.

Do you qualify?

To qualify for Public Service Loan Forgiveness (PSLF), you must:

- Be employed by a U.S. federal, state, local, or tribal government, or a not-for-profit organization (federal service includes U.S. military service).
- Work full-time for that agency or organization.
- Have Direct Loans (or consolidate other federal student loans into a Direct Loan).
- Repay your loans under an income-driven repayment plan.
- Make 120 qualifying payments.



Is income-driven repayment right for you?

Income-driven repayment (IDR) plans can make life easier when you're not making as much money as you'd like to, especially right after graduation and at the start of your career when salaries tend to be lower. This type of plan will establish a monthly student loan payment that's affordable for you and is based on your current income.

There are four income-driven repayment plans available:

- Revised Pay As You Earn Repayment Plan (REPAYE, soon to be [SAVE](#))
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income-Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

Has your income status changed since the student loan pause?

If it's time to revisit your need for an IDR plan, you have several options.

Recertify. To recertify your existing IDR plan, you must provide updated information about your income and family size each year.

Recalculate. If your income or family size changed, you can request that your plan payment be recalculated to potentially reduce your monthly payment.

Switch your plan. If you are currently enrolled in an income-driven repayment plan, you can switch to another IDR plan.

Make a one-time IDR account adjustment. Past periods of repayment, deferment, and forbearance might now count toward your IDR forgiveness.



Choose the loan that's right for you.

Although you may select or be assigned a repayment plan when you first begin repaying your student loan, you can change repayment plans at any time—for free. Contact your loan servicer directly if you're interested in exploring repayment plan options or changing your repayment plan.

Avoid default—get ahead before you get behind.

If you didn't make your payments and are now in default, don't lose hope—and don't give up! You still have options to get out of default. And if you're having difficulty but you haven't defaulted yet, try to avoid doing so if at all possible. Defaulting on your loans can harm your credit and make it difficult or more expensive for you to establish credit or make purchases, such as a car or a home.

Consider a deferment or forbearance.

A **deferment** gives you a temporary breather from your payments—and, in most cases, the interest that accrues—if you meet certain conditions. Deferment applies to Direct Subsidized Loans, the subsidized portion of Direct Consolidation Loans, Subsidized Federal Stafford Loans, the subsidized portion of FFEL Consolidation Loans, and Federal Perkins Loans.

A **forbearance** is a temporary break from your monthly loan payments, where such payments are either put on hold or the amount is reduced. A forbearance is typically granted if you're unable to make your payments due to a financial hardship. While your principal payments are paused for a time, the interest will continue to accrue.

Already in default? Get a fresh start.

Take advantage of Fresh Start, a one-time temporary program through the U.S. Department of Education (ED). It takes just 10 minutes to apply and offers special options if you've defaulted on your federal student loans. Go to myeddebt.ed.gov and log in to your account to get started. **Check your credit to see where you stand.**

[See my score](#)



Learn more about your debt—and explore your options.

The SoFi at Work Student Loan Debt Navigator Tool can help you understand your entire student debt situation more clearly, plus get guidance on lowering monthly payments and paying off debt sooner. All you have to do is answer a few simple questions and you'll get a variety of helpful recommendations to help you make better decisions about your debt.

Avoid default. And avoid overpaying.

With the SoFi at Work Student Loan Debt Navigator Tool in your arsenal, you'll be able to explore refinancing options, repair a default, explore deferment or forbearance options, and become more confident about reaching your financial goals. Learn more at SoFi.com/TDA.

Your credit score could save you money.

If you have a high credit score, but you're also paying a high interest rate on your loans, you could refinance to a lower rate and save money. Checking your score with SoFi Insights won't affect your credit—see where you stand.

[Go to my portal](#)



Get the support you need and help you deserve.

Work with a SoFi at Work Financial Planner—at no additional cost to you.

Everyone can use a financial planner in their lives—everyone. Getting personalized guidance from someone who really understands finances can help you map out a course of action that can be life changing. SoFi at Work offers this valuable complimentary benefit—so be sure to take advantage of it. Just watch your financial well-being and confidence improve.

[Learn more](#)

Get financially fit with your own student debt coach.

SoFi at Work Student Debt Coaches are adept at helping you navigate a variety of complex income situations, and they're highly skilled in the refinance process. With your very own student debt coach focused on your personal situation, you'll get the one-on-one guidance you need to make your debt more manageable.

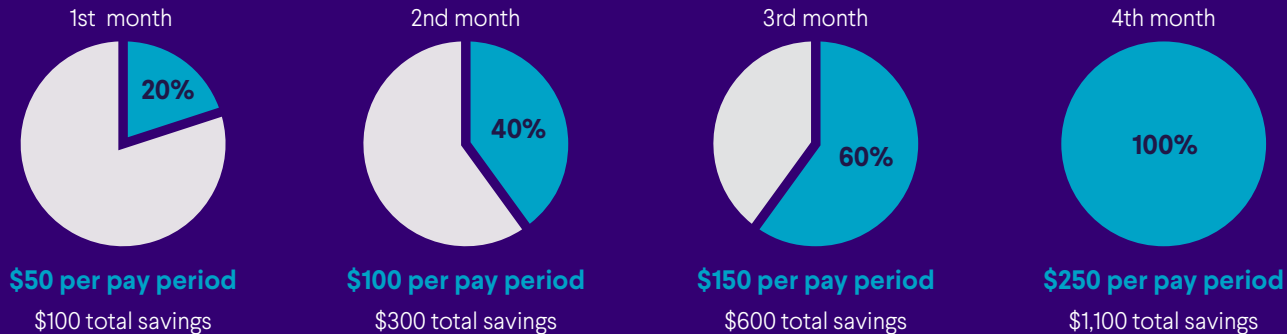
[Learn more](#)

How to create your own stress-free savings strategy.

Designed to reduce the shock of a potentially large monthly student loan payment, a graduated direct deposit savings program helps you create an action plan for paying your loans that feels doable right away and becomes even easier over time. Don't worry—you've got this.

Graduated direct deposit savings program.†

\$500 expected monthly payment



†This plan offers a buffer in the event an unexpected bill comes in. Source: SoFi at Work Analysis.

Grow your money faster with a high-yield savings account.

Watch your money grow with a savings account that actually makes money for you. Open a SoFi Checking and Savings account, set up direct deposit, and enjoy an industry-leading APY—it's just a better way to bank.

[Open an account](#)

Products available from SoFi on the Dashboard may vary depending on your employer preferences.

***NOTICE:** The debt ceiling legislation passed on June 2, 2023, codifies into law that federal student loan borrowers will be re-entering repayment. The US Department of Education or your student loan servicer, or lender if you have FFEL loans, will notify you directly when your payments will resume. For more information, please go to: <https://docs.house.gov/billsthisweekq/20230529/BILLS-118hrPIH-fiscalresponsibility.pdf> or <https://studentaid.gov/announcements-events/covid-19>. If you are a federal student loan borrower you should take time now to prepare for your payments to restart, including the opportunity to refinance your student loan debt at a lower APR or to extend your term to achieve a lower monthly payment. Please note that once you refinance federal student loans you will no longer be eligible for current or future flexible payment options available to federal loan borrowers, including but not limited to income-based repayment plans or extended repayment plans.

Notice: SoFi’s Refinance Loan is a private student loan. Understand that when you refinance federal loans, you forfeit all flexible federal repayment options that are or may become available to federal student loan borrowers. If you expect to incur financial hardship that would affect your ability to repay, you should consider federal consolidation loan options.

Terms and conditions apply. SOFI RESERVES THE RIGHT TO MODIFY OR DISCONTINUE PRODUCTS AND BENEFITS PROSPECTIVELY BASED ON MARKET CONDITIONS AND BORROWER ELIGIBILITY. Your existing student loan(s) must total a minimum of \$5,000 to be eligible for refinancing. Additional terms and conditions may apply. To qualify, a borrower must be a U.S. citizen or other eligible status, be residing in the U.S., have graduated with an associate degree or higher from an eligible Title-IV-accredited college or graduate program, and meet SoFi’s pre-established underwriting requirements, including verification of sufficient income to support your ability to repay; see [SoFi.com/eligibility](https://sofi.com/eligibility). **Lowest rates reserved for the most creditworthy borrowers. SoFi refinance loans are private student loans and do not have the same repayment options that the federal loan program offers, or may become available, such as Income Based Repayment or Income Contingent Repayment or PAYE.** Information current as of 7/3/23 and subject to change.

SoFi Checking and Savings is offered through SoFi Bank, N.A. Member FDIC. Equal Housing Lender.

If you reach SoFi through your employer or your employer’s benefits page, the following terms apply to you. If you reach SoFi through a link on your employer’s site, these terms apply to your use of SoFi.

You may be using the SoFi site because your employer offers links to the SoFi site. In order to use the SoFi site, you must agree to and accept this entire Agreement. If you do not wish to accept SoFi’s Terms of Use Agreement, please inform your employer to remove you from the list of participating employees immediately and do not use the SoFi site.

By making this SoFi site available to you, SoFi is NOT a fiduciary to you and SoFi is not providing any retirement benefits or any other employment benefits. In all cases, SoFi is offering you services and products as customers of SoFi.

***Employer Contributions:** Many employers engage SoFi to assist in the delivery of an Employer Contribution to their Employees. If you use SoFi to receive your Employer’s contributions, you agree to the following terms:

1. You are responsible for designating and confirming your contribution amounts through your employer directly and through the SoFi Site. SoFi is not responsible for verifying you receive the correct contribution amount.
2. The contribution is made by your employer to you. SoFi’s role is only to assist in connecting your selected external account to receive the contribution.
3. When you use SoFi to connect an external account, including a student loan account and any 529/College savings Plan, you agree to the terms set forth above in Connected Accounts.
4. You must establish and maintain your student loan account and any college savings plan. SoFi does not establish, support, maintain, or monitor these accounts in any way. You are required to, and you agree to, regularly check these accounts to ensure contributions (your contributions and your employer’s contributions, if any) are correctly received.
5. You must notify SoFi or your employer immediately if you notice or have reason to believe funds are not delivered correctly to your external accounts.
6. You authorize SoFi to receive information about you from your employer as necessary in order to facilitate your participation in the employer’s program.

Student Loan Payment Information: Certain employers engage SoFi to assist employees identifying the amount of payments made to a student loan account so that the employer may use this information in its benefits plan. If your employer requests that you use SoFi for this purpose, you agree to the following terms:

- You will be asked to connect your loan account so that SoFi may obtain information about your payments to share with your employer.
- When you use SoFi to connect an external loan account, you agree to the terms set forth above in Connected Accounts.
- You give SoFi permission to share with your employer information from the account including the amounts and timing of your payments to the account.
- If you connect an external account for purposes of sharing student loan information with your employer, you attest and certify the connected loan is a qualified student loan account used for educational purposes.

SoFi’s Insights tool offers users the ability to connect both SoFi accounts and external accounts using Plaid, Inc’s service. When you use the service to connect an account, you authorize SoFi to obtain account information from any external accounts as set forth in SoFi’s Terms of Use. SoFi assumes no responsibility for the timeliness, accuracy, deletion, non-delivery or failure to store any user data, loss of user data, communications, or personalization settings. You shall confirm the accuracy of Plaid data through sources independent of SoFi. The credit score provided to you is a VantageScore® based on TransUnion® (the “Processing Agent”) data.

Advisory tools and services are offered through SoFi Wealth LLC, an SEC-registered investment adviser. 234 1st Street San Francisco, CA 94105.

SoFi Student Loan Refinance Loans, Personal Loans, Private Student Loans, and Mortgage Loans are originated through SoFi Bank, N.A., NMLS #696891 (Member FDIC), (www.nmlsconsumeraccess.org). The Student Debt Navigator Tool is provided by SoFi Wealth LLC, an SEC-registered investment adviser. For additional product-specific legal and licensing information, see [SoFi.com/legal](https://sofi.com/legal). 2750 E. Cottonwood Parkway #300 Cottonwood Heights, UT 84121. ©2023 Social Finance, Inc. All rights reserved. Information as of July 2023 and is subject to change. AW23-1395510-H