



Student Loan Payments Set to Resume September 2023: Six Tips from Our Experts

After three years of pause, interest will start accruing on federal student loans in September with payments due starting in October. Borrowers will receive specific billing details over the coming months.

In June 2023, President Biden announced that there would be an "on ramp" period when payments resume: even though interest will accrue and payments will be due, borrowers will not be penalized with negative credit reporting or delinquency if they miss a payment within the first 12 months.

Here's what you can do to ensure you're ready to start making payments again:

1



Make sure you know your loan servicer.

There were a number of student loan services changes since February 2020. If you're not sure who your servicer currently is, you can look it up at Federal Student Aid. On the Dashboard page, you'll see a section called "My Servicers" with a link to their websites. Make sure you have an online login set up with your current servicer.

2



Make sure your contact information is up to date.

Even if your servicer hasn't changed, make sure they have your updated phone number, email address, and address if it's changed over the past few years. That way you can be sure to receive important account updates.

3



Make sure your monthly payment is affordable.

- The average student loan payment is \$400/month. Look up what yours is at your loan servicer and make a plan for how it will fit into your monthly budget.
- If you need to lower your monthly payment, you can enroll in a different repayment plan (like IDR) right now and still not have to make payments until they resume. It'll save you the headache of dealing with delays at your loan servicer, and you'll be able to plan around what your new monthly payment will be.



4



When payments resume, make sure you have autopay set up at your loan servicer.

- Typically, you'll get a small interest rate reduction when you set this up, and it also means that you won't miss any payments (which can ding your credit score).
- If your servicer has changed, you may need to set this up again even if you had it set up at your old loan servicer.

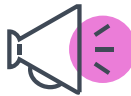
5



If you're in default, make sure you take steps to get back in good standing.

You may see your loans leave default as part of the Fresh Start program, but it may be temporary and action may be required to make sure your loans remain in good standing. Look to Federal Student Aid and the Department of Education's Default Resolution Group for more updates.

6



Stay tuned for the new SAVE income-driven repayment (IDR) plan that's coming soon.

IDR typically caps a borrower's monthly payment at 10% of discretionary income with a 20 or 25 year forgiveness timeline. The new plan will eventually cap the payments at 5%, cap interest accrual, and offer a 10 year forgiveness timeline for certain undergraduate borrowers.

Summer's free online tools can help you compare repayment plans and enroll with expert support.

Get started at app.meetsummer.org/cityofakron (access code: akronsaves).