

## **President Biden Announces Student Debt Relief Plans**

*Presented by Ryan Kellinger, CFP®, Advisor*

On August 24, 2022, President Biden announced plans to offer student loan forgiveness to selected individuals. Below is a summary of the executive action that the Biden Administration plans to effectuate. It's important to note that strong legal challenges to these provisions are likely because the changes are sought to be implemented without Congressional approval.

### **Final Extension of Student Loan Repayment Moratorium**

Borrowers won't be required to make payments on their federal student loans through December 31, 2022. Borrowers haven't been required to make student loan payments for more than two years thanks to pandemic-related relief for borrowers. No interest has accrued on federal student loans during the repayment pause. President Biden has indicated that this will be the final extension, and that borrowers will have to resume student loan repayments in early 2023.

### **Forgiveness of \$10,000–\$20,000 from Student Loan Balances**

Individuals making less than \$125,000 per year (\$250,000 for married couples) in income will be eligible to have up to \$10,000 of student loan debt canceled. For Pell Grant recipients, the cancellation amount may increase to \$20,000. In most circumstances, the Department of Education will have individual income data to be able to automatically process the debt cancellation. In the event the government doesn't have the relevant data, it anticipates providing applications in short order.

### **Proposed Changes to Existing Repayment System**

The Biden Administration also announced proposed changes to income-based student loan repayment programs, whereby individuals could potentially be required to pay a lower proportion of their income to service their student loan debt. In addition, student loan forgiveness could be accelerated for some borrowers, depending on their student loan balances. The timeline or definitiveness of these changes is unclear; they have been announced as "proposed rules."

### **Additional Resources**

As with any government policy announcement, details are sparse; more information should be forthcoming in the coming days and weeks. For more information on debt relief actions, visit these resources:

- [Biden-Harris Administration's Student Debt Relief Plan Explained](#)
- [White House Fact Sheet](#)

[You can also subscribe to updates directly from the Department of Education.](#)

[These hyperlinks are being provided as a courtesy and are for informational purposes only. We make no representation as to the completeness or accuracy of information provided at these websites.](#)

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