One-Time Account Adjustment and PSLF

* One-Time Account Adjustment – this was something announced earlier in 2022 that would allow past payments to count towards the 20/25-year IDR forgiveness that anyone can qualify for.  Because of the PSLF Limited Waiver, this really wasn’t impacting PSLF borrowers as they were going to have these payments counted anyway under the waiver.
* Yet, this one-time account adjustment is now going into effect in July 2023.  And this document states that **the Department of Education is allowing people between 11/1/22 (end of the Limited Waiver) and 5/1/23 to still have all their past payments counted, even if the wrong payment type or loan type.  If they have FFEL, they now have until 5/1/23 to consolidate their loans and still get those past payments counted.**
* This review will not occur until July 2023. **Yet, when repayments restart at the beginning of 2023, borrowers who still need to make qualified payments will need to be on an income driven plan as usual.**
* They already announced that certain past periods of Forbearance and Deferments will now count if they meet certain criteria (details in the notice) and those will finally be processed by July.  This is not something we (HM/Tuition IO) can directly help with, only the servicer would be able to research a borrower’s account and make those adjustments.
* **While the one-time account adjustment is largely similar to the Limited PSLF Waiver, there are some key differences in both benefits and process.** 
  + **First, the one-time account adjustment provides credit for periods that were not added under the PSLF waiver. It credits certain periods in deferment and forbearance towards IDR and PSLF for months beyond those provided by the Limited PSLF Waiver.**
  + **Finally, borrowers with Direct Loans do not have to apply for PSLF by July 1, 2023. The credit awarded as part of the one-time account adjustment can be later counted toward PSLF if the borrower certifies employment.**
* **While the one-time account adjustment provides some benefits for borrowers that go beyond the Limited PSLF Waiver, there are several PSLF requirements that will no longer be waived after October 31.** 
  + **First, borrowers will no longer be allowed to count the same period of service toward both Teacher Loan Forgiveness (TLF) and PSLF.**
  + **Second, a borrower will have to be employed by a qualifying employer when they apply for and receive PSLF forgiveness. Borrowers can indicate they are still employed on the PSLF form by checking the ‘Still Employed’ box on line 6.**
* There are a small number of borrowers with Joint Consolidation Loans who cannot access the PSLF Help Tool. A specific process has been set up for borrowers with these loan types to be reviewed as a result of a new law to assist borrowers in separating these loans. These borrowers must submit a request to have their application reconsidered (also known as a reconsideration request) and attach a PSLF form signed by the borrower. More details are available under “Step 2” on the [PSLF Limited Waiver page](https://studentaid.gov/announcements-events/pslf-limited-waiver).
* **There are some other long-term changes to PSLF, and I am not going to list every detail here, just the bigger ones.  These regulations go into effect on 7/1/23:**
  + Allowing late payments to always count.  It used to be any payment over 15 days late would NOT count.
  + Certain periods of deferment and forbearances will count going forward as of 7/1/23
  + Consolidating loans that are already Direct will not necessarily reset them back to zero qualified payments.  Borrowers will receive a weighted average of existing qualifying payments toward PSLF when they consolidate their Direct Loans. Under current rules, borrowers lose all progress toward forgiveness when they consolidate. Under the new regulations, for example, a borrower with 60 qualifying payments on Direct Loan with a balance of $30,000 who consolidates their loan with another Direct Loan with a balance of $30,000 with 0 qualifying payments will have a new payment count of 30 payments.
  + Adopt a single standard of full-time employment at 30 hours a week. Prior rules required borrowers to either work 30 hours per week at multiple jobs or whatever their employer defined as full-time. This created confusing and varying standards.
  + Borrowers will be able to access a hold harmless option to have other periods of deferment and forbearance potentially counted toward PSLF if they make payments equivalent to what they would have owed at the time. This includes getting credit for periods during which the borrower would have had a $0 payment.
  + Formalized the reconsideration process for borrowers to have their applications reviewed again if there are errors made in review.