

## PERSONAL FINANCE

# Your Student Loan Repayments Are Due Again. Here's How to Prepare.

After a three-year pause on payments and interest, millions of student loan borrowers need to take action

By [Julia Carpenter](#) [Follow](#)

Aug. 31, 2023 at 5:30 am ET

Millions of Americans will have to face their student loans again in October. Paying up isn't so simple.

Bank information and autopayments may need updating. Servicers may have changed. There are also many payment-plan options, and figuring out which one to choose gets complicated. Loans start accruing interest again Sept. 1.

After a three-year pause on payments, repeated extensions, and the rejection of President Biden's debt-cancellation plan by the Supreme Court, loan servicers and borrowers have a lot to do to prepare.

"I've got everyone and their mother calling me, and I tell everybody the same thing: Be prepared, be proactive and be patient," said Jack Wallace, director of governmental and lender relations at Yrefy, a private student-loan company.

Here is what to keep in mind as you hunt down your old logins and plan your next steps.

## Know who you owe

The first step is to figure out which company holds your loan.

Try logging into your previous loan servicer, or check your email for notifications of any changes. If you are unsure where your loan is, visit [studentaid.gov](https://studentaid.gov) for help tracking down your servicer.

## **Know what is due and when**

Next, figure out when it is due and how much you owe.

Borrowers may have different due dates for payments depending on the previous pay schedule they had set up with their servicer. Andrew Paulson, co-founder and lead consultant of StudentLoanAdvice.com, recommends reviewing your previous payment history to refresh your memory as to how much you owed in payments and the day of the month the money was debited from your bank account. Now you can work your way backward to prepare your budget.

## **Look into new repayment options**

Take a close look at your existing payment plan and how well it fits your budget.

Review your interest rate and payment schedule to see if you are in the right payment plan, Paulson said. This can help you decide how much to put toward those loans once repayment resumes.

If you are unsure what repayment option is best for you, call your servicer to talk through your options, or use the Education Department's loan simulator tool, which calculates your potential monthly payments based on income, family size and other factors. From there, you can select the repayment option that best works for you and make a plan as to how to move forward.

## **Consider the Saving on a Valuable Education (SAVE) plan**

The Saving on a Valuable Education (SAVE) plan, which will replace the previous Revised Pay as You Earn (REPAYE) plan, is designed to lower borrowers' monthly payments and significantly speed up the repayment process.

Applying now could save you both in the short term and in the long term; all SAVE applicants will be granted short-term forbearance while their applicants are undergoing review, said a senior Education Department official. This means borrowers won't be required to make payments on those loans until borrowers know if they have been approved for the SAVE plan.

Under the SAVE plan, individual borrowers making \$32,800 or less a year—roughly \$15 dollars an hour or less—and families of four making \$67,500 or less will have a minimum payment of zero. But borrowers earning more can also take advantage of the plan, which will adjust monthly payments based on your discretionary income. Those enrolled in the SAVE plan who make monthly payments on time will see another benefit: Their loan balances won't grow due to unpaid interest.

“The thing I think that is really good about this is that it helps the people who are harmed the most by being thrown back into repayment,” said Angela Hanks, a former Labor Department official now at Demos, a racial-justice think tank.

However, some of the plan's additional benefits, including a potential path to forgiveness, won't go into effect until July 2024, so keep that timeline in mind as you consider whether or not it is the right plan for you.

## **Prepare yourself mentally**

Paying loans again after such a long pause may feel destabilizing, said Hanks. Preparing your calendar in advance will lessen the shock to your wallet, said Hanks, whose team at Demos researched the impact that student loans have on people of different backgrounds and incomes.

“I think people are right to be nervous as we move back into repayment, because it's been three years,” she said.

Preparing your budget to reabsorb this monthly payment requires some scrutiny, Wallace of Yrefy said.

Once you have reviewed your previous payment and understood the timeline ahead of repayment, look at how you will incorporate this regular bill back into your monthly financial plan. You may need to cut back on discretionary spending to free up the budget bandwidth, and if you're unable to do that, begin investigating different repayment-plan options.

## **Don't wait to contact your loan servicer**

If you have questions or concerns that require help from your servicer, reach out well before the payment-resumption deadline—and be ready for hold music.

Phone lines are likely to be clogged with concerned callers, especially as the resumption date nears, since millions of other people are also confused about their bill. If you can't get anyone on the phone, try contacting your servicer all the available ways they offer, including email and the Federal Student Aid Information Center.

Paulson also recommends pulling your credit report, which should display details about your loan, how much you owe, the interest rate and more.

## **The on-ramp will buy you some time**

Those already in a financial bind and unsure how to fit payments back into their budget may benefit from the 12-month grace period.

While borrowers with outstanding federal student debt must begin making payments as of October 2023, missed payments won't affect your credit score or cause loan defaults for the first 12 months, according to the Education Department.

Interest will continue to accrue on your loans during this time, so make sure to calculate what it will cost you if you wait to start making payments.

Write to Julia Carpenter at [julia.carpenter@wsj.com](mailto:julia.carpenter@wsj.com)