

## Student Debt Relief Plan

On August 24, 2022, the Biden-Harris Administration announced a [Student Debt Relief Plan](#) that includes one-time student loan debt relief targeted to low- and middle-income families.

The U.S. Department of Education (ED) will provide up to \$20,000 in debt relief to Federal Pell Grant recipients and up to \$10,000 in debt relief to non-Pell Grant recipients. Borrowers with loans held by ED are eligible for this relief if their individual income is less than \$125,000 (or \$250,000 for households).

The Federal Student Loan [Debt Relief](#) application is LIVE and available to submit. [APPLY for debt relief here.](#)

Important points we know so far...

- This cancellation applies to Federal Student Loans disbursed by 6/30/22, so it will not apply to any loans taken out for this current 2022-23 academic year and forward.
- This only applies to Federal Student Loans; Private loans do not qualify.
- If you completed a 2022-23 FAFSA or are enrolled in an income-driven repayment plan based on 2020 or 2021 income, you may be eligible for relief without applying.
  - o The Dept. of Education will email borrowers who qualify for debt relief without applying, notifying them that they won't need to apply to receive debt relief and of the option to opt out.
  - o If you were classified on the FAFSA as a dependent student in 21-22 or 22-23, then the Dept. of Education will be using parental income information to calculate loan cancellation eligibility.
- Apply before November 15, 2022 in order to receive the relief before the payment pause expires on December 31, 2022.
- Borrowers will have until December 31, 2023 to submit their application for student loan debt relief.
- Although this debt cancellation will not impact any federal taxes you pay, **if you are a Wisconsin resident, you will have to pay state taxes on any canceled debt.**
  - o <https://www.insidehighered.com/news/2022/09/15/seven-states-will-tax-debt-relief-now>
- Login to <https://studentaid.gov/> with your FSA ID to review your Federal Student Aid history, which will include the Federal Pell grant (if you received it) and/or Federal Direct Subsidized/Unsubsidized Loans.
- WARNING – Because of the nature of this announcement, there are already reports of scams and scammers taking advantage of borrowers. Here is a list of [Student Loan Debt Relief Do's and Don'ts](#) from Federal Student Aid to keep yourself protected.