

What's Happening with Federal Student Loans?

March 28, 2025

- February 18 ● A federal appeals court [blocks](#) the Department of Education (Department) from continuing to offer the Saving on a Valuable Education (SAVE) plan.
- February 26 ● The Department [directs](#) all student loan servicers to stop accepting and processing applications for Income-Driven Repayment (IDR) plans.
 - **This action impacted Income-Based Repayment (IBR), Income-Contingent Repayment (ICR), Pay As You Earn (PAYE), and Revised Pay As You Earn (REPAYE) plans.**
- March 7 ● President Trump [issues](#) an executive order directing the Department to make changes to the Public Service Loan Forgiveness (PSLF) program to exclude organizations alleged to be engaging in illegal activities.
 - **The Department has [said](#) they are currently reviewing this executive order and there are no changes to the PSLF program currently.**
- March 20 ● President Trump [issues](#) an executive order directing the Secretary of Education to begin facilitating the closure of the Department.
- March 21 ● President Trump [remarks](#) that the management of the federal student loan portfolio will be moved from the Department to the Small Business Administration.
- March 26 ● The Department [made](#) the online IDR plan application and loan consolidation application available.

What Can Borrowers Do?

Request Forbearance

Borrowers can request a temporary pause in their monthly payment obligations (forbearance) when they face difficulties in making payments towards their student loans. This option can be taken by borrowers experiencing financial difficulties, medical expenses, employment changes, and other reasons described by their loan servicer. Forbearance typically lasts for no more than 12 months at a time and may be requested again if hardship persists. However, the amount of time that a borrower can request forbearance for in total is three years. Interest continues to accrue during forbearance and borrowers will be responsible for this after forbearance ends. [Learn More.](#)

Switch to Another Plan

Borrowers can change their repayment plan at any time either by applying for a new plan or requesting a new repayment plan from their servicer. The [Loan Simulator](#) tool offered by the Office of Federal Student Aid provides a simple method to compare different available repayment plans and estimate monthly payments so borrowers can choose one that meets their needs and goals. This option may be beneficial for borrowers that have recently experienced changes to their income or family size and want to explore other options that may reduce their monthly student loan payments.

Repayment Plan	% of Discretionary Income	Repayment Period (years)
SAVE Plan (currently unavailable)	10%	20 for only undergraduate loans 25 if you have any graduate or professional loans
PAYE Plan	10%	20
IBR Plan (first borrowed after July 1, 2014)	10%	20
IBR Plan (borrowed before July 1, 2014)	15%	25
ICR Plan	20%	25

Table 1. IDR Plans, Federal Student Aid

Borrowers should note, however, that switching repayment plans can have potential drawbacks. These include larger monthly payments, longer periods paying off student loans, extended periods where interest continues to accrue on loans, administrative costs and processing delays while switching plans, and tax obligations on any amounts of forgiven student loans. [Learn More.](#)

Keep Making Monthly Payments

Borrowers who have seen their monthly payments shoot up because of the recent actions by the Education Department may think that their larger monthly payments are just going to waste. This is not true. Those who have been unable to recertify their income due to the Department's actions have not been removed from their IDR plan. Monthly payments may be higher but these are still counting towards their IDR plan and their requirements for forgiveness. Therefore, if borrowers are able, they could still benefit from continuing to make their monthly loan payments. [Learn More.](#)

Wait It Out

Borrowers in the SAVE plan are currently in a period of forbearance where they don't have to make monthly payments and interest is not accruing. This is due to a February court decision that blocked the Department from continuing to offer that repayment plan. This forbearance period is expected to last until September 2025. What will happen to the SAVE plan afterwards is currently unclear. The Department may [introduce](#) changes to the plan to comply with the court's order, or, the plan may be sunset permanently and borrowers would be moved into another available repayment plan. Borrowers can contact their loan servicer to obtain more information and learn what options are available to help navigate their current situation. [Learn More.](#)

Additional Resources

- [Public Service Loan Forgiveness Help Tool | StudentAid.gov](#)
- [Income-Driven Repayment Plans | StudentAid.gov](#)
- [Who's My Student Loan Servicer? | StudentAid.gov](#)
- [Loan Simulator Tool | StudentAid.gov](#)
- [Online IDR Application | StudentAid.gov](#)

This information is for general informational purposes only and does not constitute professional advice. Please contact your loan servicer or the U.S. Department of Education to discuss your specific situation.