

To: Negotiators
From: Suzanne Martindale
Re: IDR annual renewal, from the borrower's perspective
Date: March 4, 2015

At our first negotiated rulemaking session, Federal negotiators solicited feedback from committee members with student loans who have experienced the process of renewing under an income-driven (IDR) plan firsthand. Several of us around the table described our experiences with confusing messages and complex timelines that made it difficult to ensure a smooth, on-time renewal process without any disruptions to our monthly payment schedules.

To aid in the discussion going forward, I have provided images and other documentation below pertaining to my own upcoming renewal under the original income-based repayment (IBR) plan.

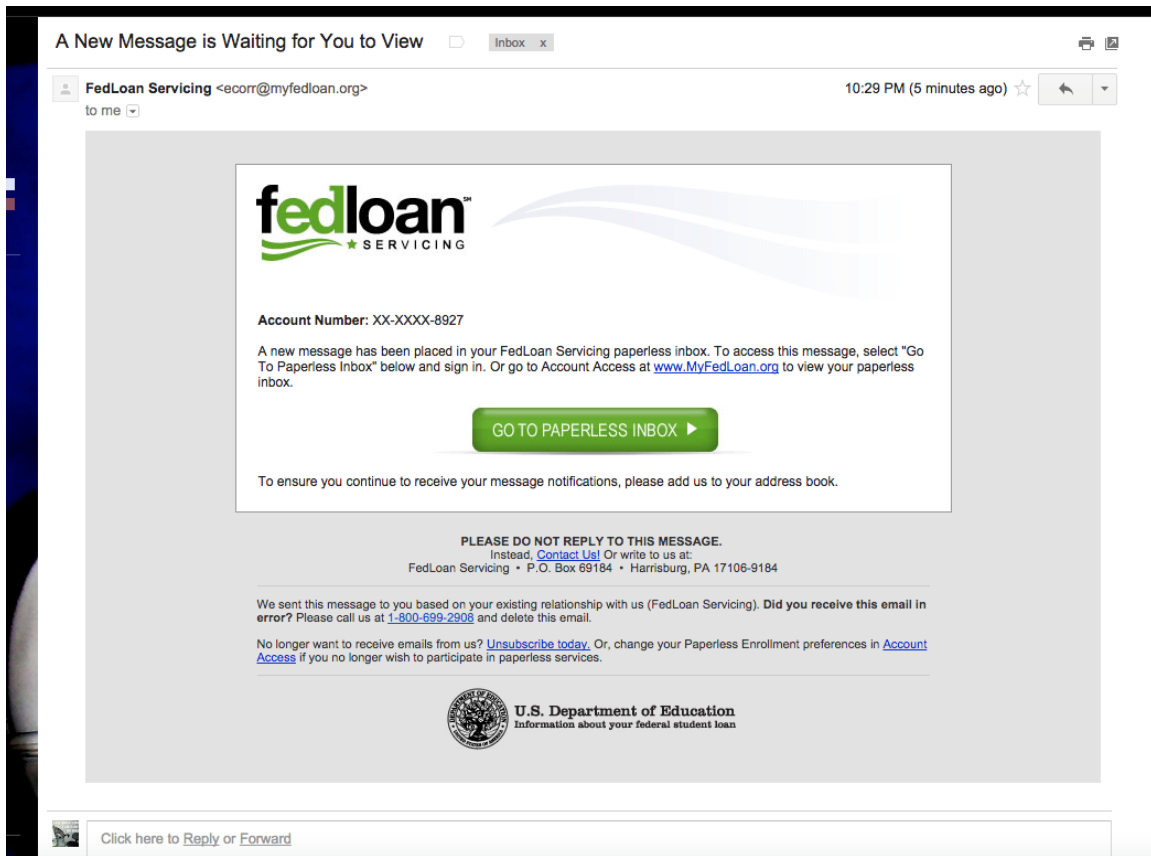
In my experience with IBR renewal, past and present, it is all too easy to miss important notices or misunderstand deadlines, due in part to the confusing way that renewal information can be presented. The Department should consider:

- Mandating clear, specific information in each message to borrowers related to IDR renewal. This includes clear subject headers and important deadline information prominently displayed in the body of each email or paper letter sent to borrowers.
- Adjusting the timing of disclosures, to strike a better balance between sufficient notice and timeliness. More data from servicers on borrower behavior, as well as consumer testing, would be immensely helpful in crafting a better process.

The example below pertains to my experience alone, with FedLoan Servicing. However, I believe it is instructive as we consider how best to improve renewal rates and successful outcomes for student loan borrowers trying to access the important benefits of IDR plans.

Disclosures, in Sequential Order

On February 27, I received an email with the subject header: "A New Message is Waiting for You to View." The body of the email does not indicate the nature of the message, or whether the matter at hand is important or urgent; instead, it simply instructs me to log into my online account. Below is a screenshot of the email as it appeared in my inbox.



To view the message, I logged into my online account to get to my paperless inbox. Only after I had logged in and clicked through to the paperless inbox did it become clear that the message had something to do with my annual IBR renewal. Below is a screenshot of my paperless inbox, with the newest message link at the top.

[Account Summary](#)

Paperless Inbox

- Account Related Letters
- Billing Statements

Paperless Inbox

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Account Related Letters

Date	Subject	Delivery Method
02/27/2015	Annual Re-Evaluation Of Ibr Plan	Electronic
01/14/2015	1098-E Tax Statement For 2014	Electronic
05/23/2014	Important Forbearance Information	Electronic
05/15/2014	Important Forbearance Information	Electronic
05/15/2014	New Loan Repayment Terms	Electronic
05/15/2014	Results Of Your Request For Ibr	Electronic
05/14/2014	Important Forbearance Information	Electronic
05/13/2014	Information Regarding Your Student Loans	Electronic
05/13/2014	Information Regarding Your Student Loans	Electronic
05/02/2014	New Loan Repayment Terms	Electronic

[View Billing Statements](#)

[Adobe Reader](#) is required for PDF documents.

After clicking on the message link that reads “Annual Re-Evaluation of Ibr Plan,” the official notice appears in PDF format. This notice is the first piece of information to indicate that *further action is needed* to stay in the IBR plan. The screenshot below shows the entire text of the notice I received.



U.S. Department of Education
Information about your federal student loan

P.O. Box 69184 Harrisburg, PA 17106-9184
Toll-free 800-699-2908 * Int'l 717-720-1985
Fax 717-720-1628 * TTY: Dial 711
Monday-Friday 8am to 9pm ET
www.MyFedLoan.org

FEBRUARY 27, 2015

#BWBBCFT
#B875 5911 8202 27L7#
SUZANNE M MARTINDALE

ACCT NUMBER: [REDACTED]

RECERTIFY FOR THE INCOME-BASED REPAYMENT PLAN

IT'S THAT TIME OF THE YEAR

You currently repay your loans under the **Income-Based Repayment (IBR) Plan**. This plan gives you a lower monthly payment based on your adjusted gross income and family size, for 12 months at a time. You are approaching the end of your 12 month repayment period and you need to recertify if you wish to have your payment amount based on your income and family size.

As part of this repayment plan, you are required to annually provide documentation of your income and verify your family size. We will assume a family size of one if you do not provide a family size. We use this information to determine if you continue to have a partial financial hardship and to recalculate your monthly payment.

Recertify electronically at www.StudentLoans.gov.

- Sign in to www.studentloans.gov
- Navigate to the "Repayment" section on the left side navigation bar
- Click "Complete IBR/Pay As You Earn/ICR Repayment Plan Request"

We must receive your application by 04/27/2015. If we do not receive your application within 10 days of this date, payment will increase to \$2,877.39, first due on 06/21/2015.

If you no longer have a partial financial hardship or do not provide documentation by the deadline above, unpaid interest will be capitalized (added to the principal balance of your loan).

Why should you recertify?

You should recertify for IBR if you:

- still wish to have your payment amount based on your income and family size
- are pursuing Public Service Loan Forgiveness (PSLF)

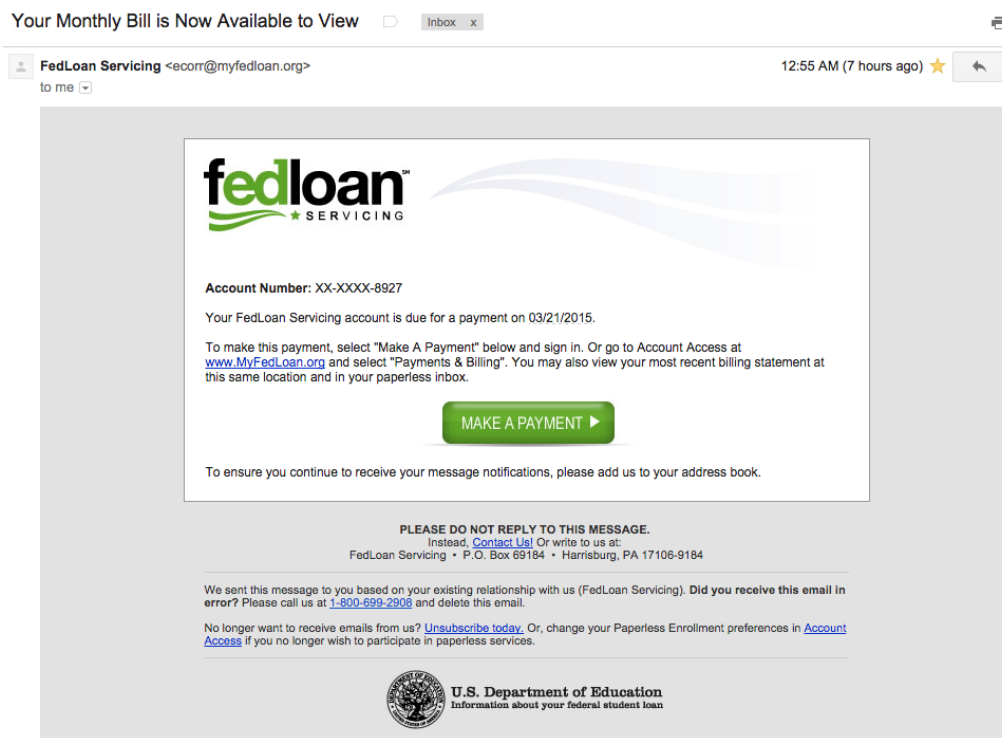
The notice lists what steps must be taken to recertify – on yet another website, StudentLoans.gov. It does not indicate whether paper submissions will be accepted. The notice lists the deadline to recertify, but the absolute deadline to prevent my monthly payments from being recalculated at the standard repayment amount is unclear. It states that the deadline to recertify is April 27, 2015 (the “soft” deadline). Then the notice says that if my application is not received within 10 days *after* April 27 (the “hard” deadline), my payments will increase. The letter does not specify whether “10 days” is measured in terms of business days or calendar days. Meanwhile, if I miss the deadline to recertify, my first increased payment will be due on June 21, 2015, almost two months after the recertification deadline.

The Department should consider whether this extended and rather complex timeline for submitting annual renewal documentation is promoting confusion for borrowers, and if

so, how both initial and follow-up notices can be targeted to be more effective. For borrowers who can use the IRS data retrieval tool to recertify their income, an initial notice closer to the deadline may be more effective in spurring timely action. However, some borrowers who have to gather alternative documentation of income (ADI) may need more time. Any rule change the Department makes would need to have enough flexibility to work for both populations. In any case, more data from servicers on borrower behavior would be very helpful to inform the discussion, as would consumer testing.

By Contrast, Bill Notices Are Much Clearer

As shown above, the content of disclosures regarding my IBR renewal are not delivered in a clear or prominent manner. By contrast, I receive an email with much clearer information when my monthly bill payment is due. Below is a screenshot of an email I received on March 3 alerting me about my next bill payment, due on March 21. The email has a specific subject header and the payment due date in the body of the email.



The Department should at least consider the simple fix of mandating clear subject headers with each message related to annual IDR renewal, as well as information prominently displayed in the body of the email about the renewal deadline. This could go a long way to ensure that borrowers are alerted about their renewal deadlines just as clearly as they are alerted about their bill payment due dates.