



Student Loans and How to Manage the Chaos, By Cal Loofbourrow, NASW-WI Intern

Student loans are complex at the best of times and downright exasperating at others. In a time when rumors are spreading and policies are changing, keeping it all straight can feel like an impossible task. So, let's try to break it down a little. What do student loan repayment plans look like, what's changing with the Trump administration's budget bill, and what can we do to manage all the chaos?

First, we need to talk about loan servicers. A loan servicer is a company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a federal student loan on behalf of a lender. A new borrower (That's us) will be assigned a loan servicer

after their first student loan is disbursed. The five primary loan servicers are: Edfinancial, MOHELA, Aidvantage, Nelnet, and CRI. If you aren't sure which one you have, you can find out by using the [Find my Servicer](#) tool on the Federal Student Aid Website.

Next, we can think about [repayment plans](#). Broadly speaking, there are two types of repayment plans: Fixed Payment Repayment plans and Income-Based Repayment (IBR) plans. With a Fixed payment plan, your loan servicer will base your monthly payment amount on how much you owe, your interest rate, and a fixed repayment time period. If you do not choose a different plan after you

graduate, you will automatically be enrolled in this type of plan. Income-Driven Repayment (IDR) plans base your monthly payment amount on your income and family size. This information must be reported yearly, meaning your payment can change if your income or family size changes.

Some borrowers on IDR plans may be eligible for [Public Service Loan Forgiveness \(PSLF\)](#). Under this program, after 10 years and 120 payments working for a Qualifying Employer, the remaining balance on your loan can be forgiven. If you aren't sure if your employer qualifies, you can use the [PSLF Employer Search](#) tool. For a more detailed breakdown of repayment plans, visit the

Federal [Student Aid webpage](#).

So now that we know how student loans work, what's changing? Broadly speaking, there are four major changes with Trump's Budget bill. It will phase out and consolidate many existing repayment plans, introduce the Repayment Assistance Plan (RAP), cap federal loan amounts for graduate/professional students, and make employer student loan benefits permanent and tax-free.

For current borrowers, the ICR, PAYE, and SAVE plans will be phased out starting July 1, 2026. Borrowers can transition into a modified Income-Based Repayment (IBR) or the new Repayment Assistance Plan (RAP) by July 1, 2028. Parent Plus Borrowers must consolidate by July 1, 2026, and enroll in an IDR plan by June 30, 2028, to maintain forgiveness eligibility.

The SAVE repayment plan is still on hold pending several lawsuits. Servicers are not processing any

applications for SAVE, and anyone who was previously on SAVE has been placed into a forbearance. Initially, this forbearance did not accrue interest for borrowers; however, on August 1, 2025, interest began accruing on the SAVE forbearance. If you are on the SAVE plan, your options going forward are to remain in the SAVE forbearance, with the understanding that your loans will continue to accrue interest, but you will not need to pay on your loans; or you can switch to a new Income-Drive Repayment Plan if you want to begin making payments again. You can still enroll in PAYE, IBR, and ICR until July of 2028. The SAVE forbearance does NOT count towards PSLF progress, so if you are close to 120 payments or do not want to accrue more interest, you should consider switching to a new IDR plan.

For new borrowers, post-July 1, 2026, there will only be two options: the Standard Repayment plan, or RAP. The main features

of RAP are that it has tiered income-based payments, a 30-year forgiveness timeline, and will be PSLF-eligible; however, a minimum payment will be required even if your income is \$0. Also, Married borrowers will be allowed to exclude spousal income from RAP calculations if they file taxes separately.

Student Loans are complex, and there is a lot to know. They can seem like a huge shadow looming over us. By knowing your loan servicer, what kind of repayment plan you have, and what changes are being made. We can stay informed and keep ourselves focused on the light at the end of the tunnel.

(Information for this article was provided by [StudentAid.gov](#) and our friends at [SAVI](#).)

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