

WEALTH OF KNOWLEDGE

NEWSLETTER COVERING THE WEALTH CONTINUUM

New Cancellation for Federal Student Loans and Delayed Repayment to 2023

On August 24, 2022, just a few days before federal student loan repayment was set to resume, President Biden announced a plan for additional student loan debt relief.

Federal student loan repayment was originally halted in March 2020 at the start of the pandemic. The new plan extends the payment moratorium through the end of the year, offers partial debt cancellation, and includes proposed updates to the Public Service Loan Forgiveness program and a new income-based repayment plan.

What's new

Loan cancellation. The plan will cancel \$10,000 of federal student loan debt for borrowers with an adjusted gross income less than \$125,000 (\$250,000 for married couples filing jointly). The loan cancellation increases to \$20,000 for borrowers who are Pell Grant recipients.¹ (A Pell Grant is a federal financial aid grant award to students from low-income households.) Eligibility is based on income from 2020 or 2021, but not 2022.

Payment pause extended

The pause on federal student loan repayment is being extended one "final" time through December 31, 2022. President Biden's announcement states that "borrowers should expect to resume payment in January 2023."² In practice, borrowers should expect to hear from their loan servicer at least three weeks before their first payment is due.

Changes to the Public Service Loan Forgiveness program

Borrowers who are employed by a nonprofit organization, the military, or the government may be eligible to have their federal student loans forgiven through the Public Student Loan Forgiveness (PSLF) program due to time-sensitive changes. These temporary changes waive certain eligibility criteria for the program and make it easier for borrowers to receive credit for past periods of repayment that would otherwise not qualify for PSLF. These changes expire on October 31, 2022.

Important note: Borrowers who might qualify for loan forgiveness or credit under the PSLF program due to these time-sensitive changes must apply to the program before October 31, 2022. Borrowers can visit the administration's PSLF website for more information.

In addition, the Department has proposed allowing certain kinds of deferments and forbearances, such as those for Peace Corps and AmeriCorps service, National Guard duty, and military service, to count toward PSLF.

Lastly, there will be a new income-based repayment plan.

Sources: 1) U.S. Department of Education, 2022 2) White House Fact Sheet, August 24, 2022.
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Will my loans be cancelled automatically?

For most borrowers, no. The Department of Education has released a "simple" application for borrowers to claim relief, which is available at the Department of Education's website, studentaid.gov. Once borrowers complete an application, their loan cancellation should be processed within four to six weeks. The Department recommends that borrowers apply before November 15 in order to receive loan cancellation before the payment pause expires on December 31, 2022. (The Department will still process applications even after the pause expires.)

Some borrowers, however, may be eligible to have their loans cancelled automatically because the Department already has their income data on record.

Additional considerations

Graduate students are eligible for loan cancellation of federal loans such as a Direct Loan or Grad PLUS Loan, provided income limits are met. Parent PLUS Loans also qualify for cancellation provided income limits are met; however, private loans are not eligible.

Understanding repayments for student loan debt can be overwhelming, especially when juggling other financial obligations. No matter what life stage you are in, our financial planning team can help you create a clearer path to your overall financial goals.

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2023 Medicare Open Enrollment is Underway

Medicare begins the month you turn 65, or after being on disability for 2 years. Some people who are working can delay Medicare. If you are turning 65, Medicare becomes effective the first day of your birth month; if you turn 65 on the 1st of the month, it starts the month prior. If you are collecting Social Security, you will be automatically enrolled. If not, you have 7 months to apply: 3 months before your birthday, your birthday month or the 3 months following.

Annually, Medicare beneficiaries can make new choices and pick plans that work best for them during the annual Medicare Open Enrollment Period. Each year, Medicare plan costs and coverage typically change. In addition, your health-care needs may have changed over the past year. The Open Enrollment Period — which began on October 15 and runs through December 7 — is your opportunity to switch your current Medicare health and prescription drug plans to ones that better suit your needs.

During Medicare Open Enrollment, you can:

- Switch from Original Medicare to a Medicare Advantage Plan
- Switch from a Medicare Advantage Plan to Original Medicare
- Change from one Medicare Advantage Plan to a different Medicare Advantage Plan

- Change from a Medicare Advantage Plan that offers prescription drug coverage to a Medicare Advantage Plan that doesn't offer prescription drug coverage
- Switch from a Medicare Advantage Plan that doesn't offer prescription drug coverage to a Medicare Advantage Plan that does offer prescription drug coverage
- Join a Medicare prescription drug plan (Part D)
- Switch from one Part D plan to another Part D plan
- Drop your Part D coverage altogether

Any changes made during Open Enrollment are effective as of January 1, 2023.

Review plan options

Now is a good time to review your current Medicare benefits to see if they're still right for you. Are you satisfied with the coverage and level of care you're receiving with your current plan? Are your premium costs or out-of-pocket expenses too high? Has your health changed? Do you anticipate needing medical care or treatment, or new or pricier prescription drugs?

If your current plan doesn't meet your health-care needs or fit your budget, you can switch to a new plan. If you find that you're satisfied with your current Medicare plan and it's still

being offered, you don't have to do anything. The coverage you have will continue.

Information on costs and benefits

On September 27, 2022, the Centers for Medicare & Medicaid Services (CMS) released the 2023 premiums, deductibles, and coinsurance amounts for the Medicare Part A and Part B programs, and the 2023 Medicare Part D income-related monthly adjustment amounts.

You can find more information on Medicare benefits in the Medicare & You 2023 Handbook on medicare.gov.

While Medicare can be complicated, it is important to have a comprehensive understanding of the options available to you. Our team is here to meet with you and answer any questions you may have so that you can make informed decisions about your Medicare coverage.

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1180 Ask the Experts

2022 Shows — Saturdays at 8:00pm

November 26

Our professionals are featured on radio talk show, "Ask the Experts", to discuss a variety of financial topics. The show is broadcast on WHAM 1180 in the Western NY region, Saturdays at 8:00 pm. Those who reside outside of the region can listen online at wham1180.com.

CNC Shareholder Corner



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