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Speaker 1

Welcome. My name is Andrew Baron, and this is Well... It Depends! The podcast where I present the pros and cons of financial decisions so that you, the audience, feel better informed when you are confronted with these decisions in your own life. In this special episode, I ask the question, how does the student loan relief affect me?

00:00:44:08 - 00:01:17:01

Speaker 1

Well... It Depends is sponsored by my firm, John G. Ullman and Associates. We are a team of financial planners, research analysts, tax specialists and support staff, all working together to give our clients a comprehensive experience. If, after listening, you'd like to discuss your situation with one of our financial planners, including me, please email info@jgua.com. Before we begin a short disclaimer. This is being recorded on August 25th, 2022.

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Speaker 1

The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. Any strategies discussed may not be suitable for the listener specifically, and so we strongly encourage consulting with your advisor before implementing any strategies to ensure they meet your individual objectives. Getting into it, how does the student loan relief affect me? Well, it depends.

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Speaker 1

Over the past four decades, the cost of higher education has tripled. Even accounting for inflation. In response, the Biden administration took steps yesterday to provide some relief for student loan borrowers. Who qualifies and what are the benefits? Single taxpayers who earn up to \$125,000 qualify to have up to \$10,000 in federal student loans canceled. This threshold doubles to \$250,000 of income for married couples and those who file as head of household.

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Speaker 1

Pell Grant recipients can have up to \$20,000 in loans canceled, subject to the same income limits. This relief also applies to those borrowers holding debt who never finished their degree, which is close to a third of the total borrowers. The current pause on payments will continue through the end of the year, but if the \$10,000 or \$20,000 doesn't completely erase your loans, you should plan to resume payments in January 2023.

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Speaker 1

Additionally, a new income driven repayment plan seeks to reduce monthly payments to 5% of discretionary income from the current 10%. This could open up monthly cash flow for many Americans, especially at a time when we are seeing still high prices. There is still a lot of information we don't know, such as when the debt relief happens or if borrowers who have more than one loan, which loan is chosen for forgiveness.

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Speaker 1

The Biden administration has said additional clarification will come in the following weeks and months. You can subscribe to the Department of Education's notifications to be emailed on updates. I'll also do a follow up episode when there is more to share. But for now, to answer the question, how does student loan relief affect me? Well... it Depends!

*Speaker 1 = Andrew Baron, CFP®, Enrolled Agent, Associate Advisor