

Getting Out of Student Loan Default with Fresh Start

Information for Incarcerated Student Loan Borrowers – September 2023

What is Fresh Start?

Fresh Start is a one-time, temporary program from the U.S. Department of Education (ED) that offers special benefits for borrowers with defaulted federal student loans.

Fresh Start automatically gives you some benefits, such as restoring access to federal student aid grants and post-release loans). **But you need to act to claim the full benefits of Fresh Start and get out of default.**

Sign up for Fresh Start for free using one of the methods outlined to the right. Incarcerated borrowers with most types of loans are eligible for Fresh Start.

What is student loan default?

Ask for Fresh Start as soon as possible (but no later than August 31, 2024).

For most federal student loans, default means that you haven't made a payment for nine months. There are many consequences that come with defaulted loans, including:

- You can't get more federal financial aid to pay for college.
- Your credit score may go down.
- The federal government can take money out of your paycheck and your tax returns to pay your loan bill.

How do I participate in Fresh Start?

You can start today by signing up for Fresh Start by phone, mail, or online.

Phone: Call ED's Default Resolution Group at any of the following numbers:

- 1-800-621-3115 (toll-free)
- 540-792-9171 (toll number - collect calls will not be accepted at this number)
- 1-877-825-9923 (TTY, if you are deaf or hard of hearing)

Mail: Send a letter to:

Default Resolution Group
P.O. Box 5609
Greenville, TX 75403

Online: If you have internet access, go to myeddebt.ed.gov and either log in, or create an account if you don't have one.

Using FAFSA® Form to Ask for Fresh Start

Does your correctional facility have a college program that accepts Pell Grants (either Second Chance Pell or a Prison Education Program)?

Do you intend to enroll in that program?

If so, you can get Fresh Start by:

- submitting your Free Application for Federal Student Aid (FAFSA) and
- signing a Fresh Start acknowledgement with your school.

What information do I need to provide?

When you contact ED, please state that you are incarcerated and want to use Fresh Start to get out of student loan default. Also, ask for an income-driven repayment plan, (more info below) which could make your monthly payments as low as \$0.

Be prepared to provide as much of the following information as possible:

- Full Name
- Social Security Number
- Birth Date
- Correctional Mailing Address
- Account Number (found on your student loan statement letters)

You will also need to provide the following information if you or your spouse filed a federal tax return within the last year:

- Residency Status (typically the state you live in)
- Filing Status (typically single, married filing jointly, married filing separately, or head of household)
- Family Size (yourself, your spouse, and number of dependents your or your spouse provide at least of the 50% financial support to)
- Adjusted Gross Income (line 11 of IRS Form 1040)

What happens after my loans are out of default?

When you use Fresh Start to get out of default, we'll return your defaulted student loans to "in repayment" status. **This means you have to begin making monthly payments in order to keep from defaulting again.**

Next, you will need to choose a repayment plan. You can choose either:

- a fixed repayment plan: you pay the same amount each month based on the number of years to repay your full loan balance or
- an income-driven repayment (IDR) plan: you pay an amount customized to your income and family size.

About 80% of borrowers who enroll in Fresh Start choose an IDR plan because it may result in lower payments. Half of Fresh Start borrowers pay \$0 per month, and 60% of Fresh Start borrowers pay less than \$50 a month. After a certain number of years, your remaining loan balance is forgiven.

Can my defaulted loans be written off?

We recommend pursuing Fresh Start if your loans are in default and you have less than 10 years left on your sentence.

But Fresh Start may not be the best option if your next possible release date is more than 10 years from now. In that case, we may be able to write off your loan instead. A write-off means you will never have to repay the loan. But you can't get more federal student aid (loans or Pell Grants) to pay for college after a write-off. To get more federal student aid, you would need to ask to have your loan restored. Write-off is still a good option if you have a long sentence, because it protects you against the consequences of default .

For more information about the options for a loan write-off, contact the Student Loan Ombudsman using the contact information below.

What if I need more help?

If you are unable to contact ED's Default Resolution Group using the contact information on the first page of this document, or if you are dissatisfied with their response, you may file a complaint with the Student Loan Ombudsman. The Ombudsman will review your complaint and follow up. You can submit your complaint with your contact information by email, mail, or online.

- **Email:** ombudsman@ed.gov

- **Mail:** Send a letter to:

U.S. Department of Education
ATTN: Ombudsman Office
830 First Street NE
Washington, DC 20002

- **Online:** If you have internet access, go to StudentAid.gov/feedback-center/ to submit a complaint.