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Options

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In an effort to make the process easier to understand for Americans of any age, the Department of Education, the Treasury Department and Intuit Inc. have announced an new private-public collaboration that is intended to raise awareness about income-driven repayment plans and other repayment options that student loan borrowers have. Income-driven repayment plans give borrowers the chance to satisfy their student debt on a sliding scale that adjusts monthly payments based on factors such as changing income and growing families.

Because student loan debt cannot be dismissed via bankruptcy, borrowers who go into default often have their income tax refunds seized by the IRS and transferred to the guarantor of the loans. Since taxes are on most American's minds at this time each year, this filing season, Intuit is featuring a banner in its TurboTax Online tax preparation software that includes a message to users about options they may have for repaying student loans.

The banner will link to the Department of Education's online Repayment Estimator, where users will be able to determine if they could lower their monthly student loan

payments through an income-driven repayment plan. From there, users would be

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empowered to take control of their student loans.”

Beginning in 2009, federal student loan borrowers who are not in default have been able to enroll in an expanded suite of income-driven repayment plans that cap their monthly payments at a percentage of their current discretionary income. The plans also extend the repayment timeframe to 20 or 25 years, and provide for forgiveness of the remaining student loan debt at the end of the repayment period.

“While the Administration is working to expand access to higher education and make earning a college degree more affordable, rising levels of student debt mean that we must continue to provide student borrowers with the tools they need to successfully repay their loans,” said Treasury Secretary Jacob J. Lew. “Tax filing season is an opportunity for borrowers to take a big-picture look at their personal finances and check their eligibility for repayment options, including income-driven plans, and enroll in one that meets their family’s needs. Our collaboration with Intuit Inc. will help the Administration reach millions of tax filers with that message.”

This effort is part of a plan announced last August, to combat rising college costs, make college more affordable, and improve value for students and their families. The President called for the Department of Education and Treasury to partner together around increasing consumer awareness of repayment options, and this new collaboration is a response to his call.

“As student loan borrowers file their taxes this year, I’m pleased that many of them will have an opportunity to determine if they can lower their monthly student loan payments through an income-driven repayment plan,” U.S. Secretary of Education Arne Duncan said. “Too many borrowers are struggling to pay back their student loans, which is why this collaboration aimed at sharing information about income-driven repayment plans is so important. Building on ongoing outreach efforts, the

Administration will continue to work to ensure that borrowers are aware of their

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In addition to the TurboTax collaboration with Intuit, Treasury and Education will also include a message on the back of envelopes containing this year's tax refund checks to raise awareness of federal student loan repayment options. Approximately 25 million of these envelopes will be mailed to tax filers in the 2014 tax season.

Payroll • Taxes

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