

# Renewed Collection Efforts on Defaulted Student Debt: What You Need to Know



## What's Happening?

Starting **May 5, 2025**, the U.S. Department of Education will resume collecting on defaulted federal student loans after a five-year COVID-19-related pause.

Over **5 million borrowers** currently face default.

## Specific Actions Being Taken

Borrowers in default will receive official notifications by email detailing their current status and repayment options.

Starting May 2025, the government will:

- ❗ **Refer loans** to federal debt collectors.
- ❗ **Garnish wages** (automatic paycheck deductions) after a 30-day notice period.
- ❗ **Seize federal payments** through the Treasury Offset Program (e.g., tax refunds, Social Security, federal salaries).

## Frequently Asked Questions (FAQs)

### What if I can't afford the repayment plans?

Income-driven repayment plans calculate payments based on income, often significantly reducing your monthly obligation.

### Can I rehabilitate my loan more than once?

Rehabilitation is generally available only once per loan, so maintaining consistent payments after rehabilitation is crucial.

### How long does loan rehabilitation take?

Typically, rehabilitation requires nine consecutive, affordable monthly payments.

## What Can Borrowers Do Immediately?

You can avoid these measures by:

- 1 Contacting the Default Resolution Group** immediately:
  - Phone: 1-800-621-3115
  - Website: [studentaid.gov/manage-loans/default](https://studentaid.gov/manage-loans/default)
- 2 Setting up a repayment plan** or enrolling in income-driven repayment.
- 3 Applying for loan rehabilitation** to remove the default status after consecutive payments.

## Consequences of Taking No Action

Borrowers who ignore notifications risk:

- ❗ Significant damage to credit scores, limiting future financial opportunities.
- ❗ Loss of federal benefits and wage garnishment.

## Additional Resources

[Federal Student Aid Official Website](https://studentaid.gov)

[Income-driven Repayment Plan Calculator](#)

[Default Resolution Group Information](#)

## Bottom Line

Act promptly. Reach out to the Default Resolution Group and explore available repayment options to prevent serious financial setbacks.

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