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5 Tips to Help You Avoid Student Loan Forgiveness Scams

**Excited about the government's new student loan cancellation program?
So are scammers who are after your money and personal information.**

If you or your children have student loans, you're probably excited about the Biden Administration's announcement on August 24 of the new debt forgiveness plan targeting student loan debt.

The long-awaited plan will cancel up to \$10,000 of student loan debt for borrowers with an annual income of under \$125,000 for individuals and under \$250,000 for married or heads of household couples. Borrowers who received a federal Pell Grant will qualify for up to \$20,000 in student loan debt cancellation.

The U.S. Department of Education (DOE) plans to announce details within the next few weeks on how borrowers can claim their share of the student loan debt relief.

"Nearly 8 million borrowers may be eligible to receive relief automatically because relevant income data is already available to the Department," said the DOE in a recent press release.

Meanwhile, student loan borrowers aren't sure exactly what to do next to receive the relief —and scammers will be rising to the occasion, according to the Better Business Bureau (BBB).

"As student loan holders navigate the new forgiveness program, con artists will undoubtedly be there to take advantage of any confusion," says the BBB, which recommends the following tips for avoiding student loan forgiveness scams.

1. Don't act before knowing the relief program terms

If you owe on student loans, you're probably eager to knock off up to \$10,000 or \$20,000 off your student loan balance as soon as possible. But don't let impatience with waiting on further details of how to claim or receive student loan forgiveness under the new program lead you to a scammer promising to help you receive student loan debt cancellation faster.

Do your research so you can fully understand your loan terms and details about the new student loan forgiveness program as they emerge. That way, you can more easily spot a student loan scam when you see it.

2. Never pay anyone promising student loan forgiveness

The government's new student loan cancellation program is free to borrowers. So, if a person or company claiming to be affiliated with the government program asks for money to help you get your loans forgiven faster, don't buy into those empty promises.

"A real government agency will not ask for an advanced processing fee. These are all red flags of a scam," warns the BBB.

3. Ignore out-of-the-blue messages

You may receive emails from the DOE about your loans, but only if you gave permission to the U.S. Department of Education to receive email correspondence about your student loans. If you receive text messages, emails or phone messages out of the blue, however, they're not from the government agency, which will only contact you if you've granted permission, says the BBB.

4. Beware of phony "look-alike" websites

Just because a website looks official to the untrained eye doesn't mean it's trustworthy. Scammers often create fake websites that look like the real government agency's site. Then they lure victims to bogus sites promising student loan cancellation, phony grants, or other fake programs. A legitimate government website always has a domain name ending in ".gov."

5. Contact the government agency directly

If you receive suspicious correspondence about grant offers, faster student loan forgiveness, or other messages that raise a red flag, don't reply. Instead, if you are intrigued by the message, contact the government agency (not the number or email listed in the message) named in the offer to inquire whether the message is legitimate or a scam.

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