

Rachael DeLeon ([00:02](#)):

Welcome to Real Money Real Experts, a podcast where leading financial counseling and coaching experts share their stories, their challenges, and their advice for helping people manage money in the real world. I'm your host, Rachel DeLeon, Executive Director of the Association for Financial Counseling and Planning Education or AFCPE®. And I'm your co-host, Dr. Mary Bell Carlson, an Accredited Financial Counselor, or AFC®, and the President of Financial Behavior Keynote Group. Every episode we're taking a deep dive in the topics that personal finance professionals care about, helping clients, building community, and your professional growth. Heather Jarvis is an attorney and nationally recognized expert specializing in student loan. She has provided award-winning student loan education and consultation for universities, associations and professional advisors Since 2005, Heather recently completed service as advisor to the United States Department of Education's, negotiated rulemaking, committee on affordability and student aid. Heather graduated Law from Duke University's school of law and is co-founder and executive director of the nonprofit phosphorus. Heather is a rabid Duke basketball fan and a lover of craft beer. Welcome to the show, Heather.

Heather Jarvis ([01:25](#)):

Thank you for having me,

Rachael DeLeon ([01:26](#)):

Heather. We're so excited. Student loans continue to be a hot topic for our listeners, whether they are professionals that are working with clients that are navigating some of these challenges or even in their own lives. Tell us a little bit about how you got into this industry and how you found yourself, where you are today as an expert in this space.

Heather Jarvis ([01:48](#)):

Well, my sister and I are first-generation college educated, and so we were always taught that education was the key to getting a great job and contributing to society. But we didn't get a lot of education about money, uh, in our home because we didn't have a lot of money. So I borrowed a lot of money to finance my education without fully understanding what that would mean for me. And it was always my intention to be a public interest attorney representing the interests that affect the poor. And of course, there's not a lot of money in helping the poor. So it wasn't so long after my graduation from law school before I realized that the combination of high debt and low salary was not especially great for me or others. And so I was able to begin contributing to efforts to change policies around student loan debt so that everyone could get access to affordable education that they can benefit from, and also be able to, you know, sort of manage the debt that is unfortunately a part of our system of access to higher education in this country.

Dr. Mary Bell Carlson ([03:03](#)):

One of the things that I think we've seen in our industry is the prevalence of student loan debt and how that is continuing to increase over time with more students coming out with higher and higher amounts of student loan debt. Talk to us a little bit about student loan forgiveness and what they should know about student debt cancellation and how that works.

Heather Jarvis ([03:24](#)):

Yeah, absolutely. This is a really interesting time to be talking about student loan forgiveness and student loan cancellation. There are 45 million people who have student loan debt, and we owe 1.7

trillion in outstanding debt. And when it comes to student loan forgiveness or cancellation, there are several different paths to receiving some amount of forgiveness. Um, but they all have a rather elaborate and sometimes cumbersome requirements. So one thing that I talk a lot about, and that is I assume of interest to your audience, is public service loan forgiveness, which can be very generous for some federal student loan borrowers. Public service loan forgiveness requires people to commit to a career in either nonprofit or government employment. So think teachers, um, law enforcement nurses, you know, lots of different folks can qualify, but that program has been fraught with administrative difficulties and many student loan borrowers have been very frustrated with the way that the system has, has made it difficult for them to, um, achieve the forgiveness that they were promised. Luckily, president Biden and his administration have taken action to correct some of the problems of the past within the student loan system. There are, of course still many problems remaining, but one problem that has been addressed recently is this issue of the bad administration of public service loan forgiveness. So we're seeing quite a bit of improvement in that regard, but there are lots of other kinds of forgivenesses that are worth talking about as well. For example, the president announced his intention to cancel \$10,000 of student loan debt for most borrowers who earn less than \$125,000 a year and to cancel up to \$20,000 for people who received Pell Grants, making it a very well targeted initiative to people who had demonstrated financial need. But that initiative is presently paused by the courts, and it has been taken up by the United States Supreme Court, which we'll be hearing oral arguments in late February, and presumably issuing a decision of some sort likely around June of 2023. So whether the uh, president is permitted to carry out this loan, forgiveness is, um, currently uncertain and whether we'll have to or when we'll have to start making payments on federal loans is tied to that pending court battle.

Dr. Mary Bell Carlson ([06:19](#)):

And let me clarify here too, Heather, for my sake, is student loan forgiveness? We kinda say that in a very general sense. And you mentioned the public student loan forgiveness, but there's multiple different types of forgiveness. Is that correct?

Heather Jarvis ([06:32](#)):

Yes, that's right. And so anytime you're talking about student loans and student loan forgiveness, you first wanna think about what type of student loans you're referring to. So the, the main categories of student loans are federal loans versus private loans or commercial loans, and there are very few forgiveness provisions that apply to commercial student loans that are issued by banks and private lenders. Those loans are typically not eligible for any sort of discharge, although they may be eligible for what we call loan repayment assistance programs, which are generally, you know, nonprofit or government based programs that help people with high debt make payments on that debt. And those programs are usually reserved for people in certain kinds of, of professions, um, like medicine or teaching. But then when you look at federal student loans, there are a variety of provisions that can influence forgiveness. The, you know, sort of first category to mention are what we call statutory discharge provisions. So they're written by Congress codified into law, and these are triggered by certain events such as the death or total and permanent disability of a borrower. They can also be, some loans can also be discharged based on the fraud of the school, for example. But those provisions are relatively uncommon. I think that it's not usual for people to qualify for them, although they can be of help. But within the federal system itself, there are also a couple of ways to earn loan forgiveness. Um, one we've mentioned is public service loan forgiveness, and that can be earned in as little as 10 years by people working in certain professions or certain settings. But then there's also, um, some loan cancellation that can occur for people who choose repayment options that calculate payments based on income.

Dr. Mary Bell Carlson ([08:35](#)):

One thing I wanna emphasize right here is what you said in the very beginning, there's very few forgiveness options with private loan. What if someone were to transfer their public loans to a private loan, but then decide, Hey, I wanna apply for this forgiveness program. Can they go back to a public loan once they've transferred it out?

Heather Jarvis ([08:54](#)):

No, they cannot. So people should be very, very cautious about refinancing their federal student loans into a private or commercial loan. And advisors should be cautious about advising people to do so. So the best reason to refinance federal loans into a private loan is to improve our interest rates because there is no other way to get a lower interest rate on student loans. You can't lower your interest rate on a federal loan within the federal loan system. The federal interest rates are set by Congress and are fixed for the life of the loan. Some people choose to get a private loan of some sort to pay off their federal loans in order to reduce their interest rates. And that can be very risky because it does mean that those borrowers have waived the unique consumer protections that they would otherwise enjoy with federal loan debt. And it also means that they are no longer eligible for the goodies like public service loan forgiveness. And once you go to the private system, there is no mechanism under law for returning to a federal student loan.

Dr. Mary Bell Carlson ([10:04](#)):

Well, this leads me to my next question, and then that is student loan bankruptcy. There's been a lot of change in the past it was always like, oh, student loans couldn't be a part of a bankruptcy package. But I'm hearing changes of that. Heather, can you update us what's happening in that area?

Heather Jarvis ([10:19](#)):

Yeah, sure. And it's, it's always been a little more nuanced than what some people have realized. So it is true that student loans, they are presumptively non-dischargeable, as we say in legal speak, meaning that you can file for bankruptcy. But instead of having student loans included in the debts that are presumed to be discharged in bankruptcy, they're presumed to not be discharged unless the borrower can demonstrate what's called an undue hardship, which in the past has essentially meant that you're not able to pay and you have essentially no prospect of your circumstances improving financially. And so what we've seen is a, we've seen some gradual changes in the way that judges are interpreting the law that exists on bankruptcy discharge of student loans. And we're also seeing now a different posture on the part of the government with regard to objecting to these bankruptcy lawsuits. We could use, in my view, additional improvements that would have to be handled by Congress that there's only so much that the executive branch can do in this regard. Heather,

Rachael DeLeon ([11:32](#)):

Many of our listeners are financial professionals who are counseling student loan borrowers and their families. What kind of advice or resources would you share for those who want to learn more in this area?

Heather Jarvis ([11:44](#)):

Well, first I will say thank you to your listeners who are helping people with student loans. I think that's great. I also think that it can be, be a terrific part of a financial advisory practice because student loans are such a big part of so many people's lives. I would also say that it is important that you get top-notch

training so that you can feel confident in the advice that you're giving student loan borrowers. I do training for financial professionals, other, um, organizations do as well. And it's important that you recognize that when you're advising student loan borrowers, you have to counsel people and sort of meet them where they are. So I think it's very useful to know that, uh, folks have tended to have bad experiences with their student loan servicing companies. They've often gotten confusing or contradictory information, and so they're really seeking an ear that can hear their experience and be, you know, willing to agree that in fact it is more complicated and confusing than it ought to be.

Heather Jarvis ([13:01](#)):

And it is really difficult for folks to navigate. That also said, I will say that you know, much of the training that folks are familiar with with regard to the way interest works in the investment sector will understand that of course, interest works the other way when it comes to debtors. So instead of growing wealth by way of earning interest, folks are, are paying more as interest to accrue. And so it's, it's vital to sort of recognize that the main goal for a person with student loans is to not pay more than they have to, which often involves assessing whether any of these forgiveness programs will pan out for people. And that's not an easy thing to do because they tend to be very closely tied to the future income of the student loan borrower. And it is simply not the case that you can have a sort of limited understanding and, and approach it as if it only interest rates.

Heather Jarvis ([14:00](#)):

Were the only thing that mattered, you know? So I think the kind of simple debt advice, um, old-fashioned debt advice is kind of the foundation, which is that the, you know, way to manage debt is to lower the interest rates or pay as quickly as possible over as short a period of time as possible. That is the starting place, but it's only the starting place because in fact, if the borrower can rightfully avoid paying some of what they've borrowed, that can be additionally effective in addition to reducing the amount of interest that they pay, uh, over time.

Dr. Mary Bell Carlson ([14:38](#)):

You know, Heather, one of the things that I think is very interesting about you and your career is you've had an expertise for many years, and I think many of our listeners can relate to that, but I've also enjoyed seeing your evolution on the business side. So will you talk to us a little bit about how your business started and then what your model is now and how you operate?

Heather Jarvis ([14:59](#)):

So I got my start working in nonprofits. It certainly was the case many years ago that the concern about student debt was less widespread. So there were, there were certainly us early adopters, you know, precocious borrowers who were already recognizing it as a problem many, many years ago. But it was a problem for, you know, first generation kids. It wasn't a problem for, you know, these wide swaths that it is now. So I got my start working in the nonprofit sector in Washington DC and was able to be involved in advocating for policy change. And, and back then we focused on, you know, trying to find private money that people could use to pay their loans if they chose to do public service, for example. But then we were also able to be effective in advocating for legal changes to the way that, um, the student loan system works.

Heather Jarvis ([15:53](#)):

So probably the biggest, you know, early when we had, um, you know, way back in like 2007 was, was the invention of these income driven repayment plans at the federal level? And if that hadn't occurred when it did, I don't, uh, you know, some of your older listeners may recall, 2008 was a hard time for a lot of folks and we had issues with the housing market that were quite significant and many, many, many more people would have been forced to default on their student loans and had forced collections and the like for many years if we had not offered these affordable repayment options. So after doing stuff at a nonprofit for quite a while, I wanted to have a broader focus and be able to help more in different kinds of student loan borrowers. And so have been working independently, but my goal has always been not to have the student loan borrowers be my clients and not to have them be the source of my income. And so I've managed to create a consultancy where my customers are mainly, you know, universities. It started out they were mainly universities, professional associations, employers of people with high education levels. And that has worked out well for me. And then I did sort of pivot some years ago to reaching out to people in the financial planning community because it became clear that we, we needed, you know, a lot more folks who understood how these loans work so that people could get reliable advice. And I've always known and appreciated that, you know, financial planning needs to be done more holistically. You know, it isn't appropriate to just focus on the student debt without thinking about, you know, having a savings account for an emergency fund and saving for retirement and all that. So, you know, my, my focus has changed and, and I now do primarily administer programs where employers are contributing to their employee student loans by way of loan repayment assistance and also do consultation for financial advisors who want to be able to offer, you know, student loan planning as part of a larger framework.

Rachael DeLeon ([18:07](#)):

Heather, what do you anticipate is going to change in the student loan space in the next few years? What can our experts be on the lookout for?

Heather Jarvis ([18:16](#)):

Well, in the short term of this year, 2023, a lot is going to happen. We, we have our eye on the US Supreme Court regarding, uh, president Biden's one time across the board loan cancellation plan this summer in July. There will be new regulations taking effect that are very significant, particularly regarding, uh, public service loan forgiveness. There will also be a new income driven repayment plan, which is going to be excellent for many borrowers, but it is also going to be even more complicated than plans from the past. So, oh my goodness, your financial advisor listeners should brace themselves because if, if anyone has been to my trainings before or have done other, you know, work to try to keep up to date on student loans this summer, there's a lot of new stuff coming down the pike. And we're gonna have to do even more elaborate, you know, sort of, uh, projections of what payments might be for people that we're gonna have to wait the, the amount of debt from undergraduate to graduate debt. And it's just gonna be a lot. So that's to be expected. I also think that the administration is presently quite focused on what they can and cannot do with regard to student loans. And what we, what we really need is to have some action on the part of congress. We sometimes, you know, we could hold our breath and, and be at risk of passing out <laugh> if we, you know, are waiting too, too much for that. But I think, you know, the policy makers are interested in making sure that schools have some skin in the game because in reality, it's the, it is the schools that benefit most from the current system. You know, I think people get a little bit, um, hung up on the idea that that student loan borrowers are somehow gonna take advantage of the system and, and get something they don't deserve. But that's actually really, really hard to do. I mean, there's, you know, people are not borrowing student loans and getting rich that way at all. In fact, you know, they are, they are very cumbersome to many people and there are

actors within the system, particularly in the for-profit education industry, that are able to become, you know, very, very, very wealthy by using these government dollars that they, that they know, um, the students will never be able to repay. So I think we'll see some, you know, action there and things about, you know, trying to work on reducing the cost of college. And then the last thing I, I'll sort of mention in that regard, I think we need to take a very hard look at parent borrowing the, you know, federal system has created an opportunity for parents to borrow in order to help fund their undergraduate children's education. And that has really shown itself to be a double-edged sword in that it, it does increase access to education for families who that don't have cash on hand or enough cash on hand, but it, it is providing unmanageable levels of debt to people who are older, who may be looking at retirement and who are not in fact increasing their credentials as their dependent students may be doing. So I think parent borrowing is, is sort of gearing up as the, the next kind of student loan crisis. It's been going on for quite some time, but hopefully policymakers will start paying attention to that here before too long. Cuz that's certainly important.

Dr. Mary Bell Carlson ([21:53](#)):

You know, Heather, as I listen, it is just becoming more and more of a complicated marketplace really, of what used to be pretty straightforward and understandable has become pretty advanced and continues to evolve over time. Is that what you're seeing?

Heather Jarvis ([22:07](#)):

Absolutely. I think that's exactly right.

Dr. Mary Bell Carlson ([22:10](#)):

I'm hardly seeing the opportunity anymore. It's almost going to be where someone is gonna need the financial advice and that advice segment on student loans is only going to escalate from here on out rather than someone managing it and doing the themselves as they have in the past.

Heather Jarvis ([22:25](#)):

Certainly I think that, you know, and I think that the issue is one that is not well recognized by the system itself. So I think that the federal government that issues most of the loans and the schools who benefit directly from these loans, like to pretend like, you know, you don't need any help with your student loans like that. Any, anybody who wants to get a college education can just fill out their, you know mm-hmm. <affirmative> FAFSA and get the loans and then manage the loans and that they don't need any help. And, and the reason that that message is so prevalent is because there are some bad actors who are defrauding student loan borrowers and who are trying to take advantage of vulnerable people by selling them, you know, inaccurate advice that they don't need. Or by having these, you know, they call themselves like consolidation firms or debt relief firms, and there's no magic bullet, but people do need accurate, reliable, uh, financial advice from professionals who are committed to the best interests of their clients. And, you know, certainly it is, it is not true that just that a regular person can just easily figure out what's best for their own student loans. It's, you know, I mean, I spend all day, every day making sure I'm up on these things. And it's, it's every bit bit as complicated as any other area of law like, you know, I mean, it's, it's the higher education act of 1965 plus all those years of amendments and tens of thousands of pages of regulations. So it's not for the faint at heart.

Dr. Mary Bell Carlson ([24:01](#)):

So let me ask you a final question on this outta my own curiosity is what do you think actually will move forward in a divided congress? We are very separated right now, so what little pieces of student loan legislation do you anticipate may actually get through the current Congress?

Heather Jarvis ([24:18](#)):

That's a great question. I love that question. And I would like to say that I have a list of things that I feel like, you know, they can reach bipartisan agreement on, but <laugh>, I'm not, I'm not sure that there is that there, that there is any, I mean, with, particularly with the House and the Senate being divided, it's very difficult for me to imagine a piece of legislation that could gather enough votes, perhaps. One thing I can think of that I would hope would be, would get some conversation going. So, you know, interest rates on federal loans are set by Congress, but they're, they've been set since 2013, according to a scheme. So that was put into place 10 years ago. And that scheme has limits on how high interest rates can go. But we are seeing for the first time since this legislation has been in effect, that the market forces are moving in that direction of, of increased interest rates. And so people are paying more and more for the federal loans that are being issued. So my hope and expectation would be that if we do get towards these statutory limits, which are high, right? For parent borrowers, it's 10.5% as well as for graduate and professional borrowers. And that's just too much, right? I mean, I, I don't have to tell you how quickly interest accrues at a 10% interest rate. And, you know, it's, it's not smart to borrow a lot of money at a rate like that in most cases. So my hope would be that Congress would be, would step in and do something about that because these, these kinds of decisions have far reaching implications for our economy and our society. It's not just about individual students and families, it's, it's, we all depend on having an educated workforce and having, you know, a consumer base that can spend. And if people are, are so strapped making student loan payments that they can't afford to do anything else, like buy a home or save for retirement, then, you know, that has negative impacts on our economy as a whole.

Dr. Mary Bell Carlson ([26:25](#)):

So, Heather, one last question. When can you anticipate, or can we anticipate that this covid payment suspension is actually going to be lifted and people are gonna start having to pay their student loans back again?

Heather Jarvis ([26:36](#)):

So the administration has said that payments will resume after the Supreme Court, either allows the president to carry out his debt cancellation policy that has been announced or 60 days after the resolution of the case. So my best guess right now is that we could be re asked to make payments again, probably around September. Um, and that's just based on the fact that the US Supreme Court often issues decisions in June. It doesn't have to, it could issue them other times, um, but they regularly drop a bunch of decisions in June, which would mean we would've payments resuming around September. But if the Supreme Court tells the president that he cannot cancel any debt, I think it is also quite possible that the president will just decline to resume payments again on federal loans, a at least not right away. And that's because the debt cancellation is necessary in order to have a successful return to repayment. Everything we know about the history of student loan payments and student loan borrowers is that when people are required to make payments, again, a lot of people will fall into default because they will be for, they will be unable to be successful with their student loan payments. And we know this is the case. Um, the system is not able to continue spending, you know, tons of money trying to get blood from a turnip, you know, I mean they <laugh> they really like, it's, it's one of the reasons it's such a, such a problematic system is it's just cumbersome. And there are all of these very low balanced loans. Most people who are in default don't owe a whole lot air quotes. You know, they owe less than a thousand

dollars that they can't pay. And it doesn't make any sense for our government to have a whole infrastructure built around, you know, chasing these people for their whole lives to try to get the thousand dollars back that we're never gonna get. So if we just cancel the debt, it will be a lot cheaper, cleaner, more affordable for everyone. So anyway, if the Supreme Court says, no, you can't have your loan forgiveness, then I think it's possible that the administration has signaled that it may use that as a reason for extending the payment. Pause further.

Rachael DeLeon ([28:56](#)):

Heather, at the end of every interview, we always ask our guests to share their 2 cents. If you had one piece of advice to leave with our listeners today, what would it be?

Heather Jarvis ([29:08](#)):

One piece of advice for today, <laugh>, the hard part. <laugh>, what

Rachael DeLeon ([29:12](#)):

Would you call it? 2 cents. So maybe you could have two <laugh>.

Heather Jarvis ([29:16](#)):

How many cents do I have? No sense, I think is what, is what basically what I have. So I would say this for, for your listeners who are finance professional financial advisors, I would say please do take a student loan matter if you are inclined to do so. I would be happy to support your efforts to do so. I know there are others who would be happy to, and the cases can be, you know, very interesting and very rewarding. So I would just like to say, you know, thank you to those people who are engaging in these cases and come on down and, uh, get involved with us.

Dr. Mary Bell Carlson ([29:54](#)):

Great, thank you so much. In fact, speaking of getting involved, how should people reach out to you, Heather, how can they find you?

Heather Jarvis ([30:00](#)):

Well, if you wanna get in touch with me, you can shoot me an email, you can visit my website. Although I don't do as much blogging as I used to because, you know, it's just too much work for all of us to do that. But, um, yeah, I'd be happy to hear from people if there's some way I can help or direct you to some training to support your efforts.

Dr. Mary Bell Carlson ([30:17](#)):

Absolutely. And we'll make sure and also include the C S L A institute as well in our show notes.

Heather Jarvis ([30:24](#)):

Fantastic.

Rachael DeLeon ([30:26](#)):

Mary, that was an excellent episode today. There was so much to learn. And what I really like about Heather is she was really an early adopter around this topic. You know, she was advocating for policy change even before the issue of student loan debt became what it is today. I also like that she is really



bought into the idea of financial planning, financial counseling as being holistic and how important it is to ensure that financial counselors and coaches and educators and planners have this education. The policies are so complex and things are constantly changing. And so making sure that individuals and families know where to turn and to get the right guidance that they need is really critical.

Dr. Mary Bell Carlson ([31:12](#)):

You could tell that on this one, I was super engaged because I'm wanting to know myself as an educator and as an advisor to know what to tell people and don't what to tell my students of what to expect that's coming down the pike. So I really appreciate Heather's insight, I appreciate her expertise and she literally has dedicated her career to knowing this and teaching others. And I think that's the other thing I took from this is how important it is to know what you're talking about in this space because it, it's ever changing. You have to stay on top of what's happening. And it was good for me to hear so many of the nuance changes that are coming down the pike. Everything from bankruptcy to the payment period, to the Supreme Court law that we can expect this summer. This is a topic that is never stagnant and I tell you, we could have Heather back on in six months and it would be a completely different conversation because so much is changing in this area.

Dr. Mary Bell Carlson ([32:09](#)):

So what I took away from this conversation is to, in order to know what you're talking about, you have to continue to stay up to date with this ever-changing field. The other thing I took away is an opportunity. I think this is a great opportunity for so many financial counselors, financial coaches and financial advisors to really hone in on the niche that is ever more present. And this is only an area that's gonna continue to grow. Um, many people think it's cumbersome and don't wanna deal with it or just kind of assume that's part of the regular debt package, like you would assume a house or credit card payments of the rest. And Heather was easily able to explain how that should not be considered the same type of debt and how many different options and various options that they have as student loans. And so, like she said, with even transferring the public loan back to a private loan, you have to know, it may make sense on paper, but really you're losing out on quite a few opportunities and advantages that you'll never get back once you make that switch. And so it's really important to teach people and know what you're talking about in order to tell people the right decision. I'm absolutely gonna require this, uh, it all of my classes cause I think this is one of those things that we have to stay up to date on and just know the best. And I appreciate Heather sharing that information with us today.

Rachael DeLeon ([33:26](#)):

And for all of you who are listening, leave us a rating and review. But if you wanna be on the show, you know, our guest form is on our website, so fill that out. And we have lots of great episodes ahead this season. Thanks for joining us. We'll see you next time.