



# TREASURY OFFSETS ON FEDERAL STUDENT LOANS

If your federal loans are in default, the U.S. Treasury can take your federal tax refunds and a portion of your Social Security payments (including Social Security disability benefits) or other federal benefits – to pay your federal loans. This is called a Treasury offset.

**Treasury offsets for defaulted federal loans resumed on May 5, 2025.** Typically, before a Treasury offset begins, you will receive a written notice. To prevent offset, you must take action by the deadline specified in the notice. Beware of mail from scammers pretending to be the federal government or a federal loan guaranty agency – do a quick online search to confirm any phone number in the letter is for the U.S. Dept. of Education. (e.g., [myeddebt.ed.gov](https://myeddebt.ed.gov) or [studentaid.gov/manage-loans/default#guaranty-agencies](https://studentaid.gov/manage-loans/default#guaranty-agencies))

For most borrowers, the easiest way to avoid offset will be to get out of default through consolidation or rehabilitation, [studentaid.gov/manage-loans/default/get-out](https://studentaid.gov/manage-loans/default/get-out).

- If you submit an application to consolidate your defaulted federal student loan(s) into a Direct Consolidation Loan, to avoid offset, you must submit the application by the date listed on the notice of intent to offset. Apply at [studentaid.gov/loan-consolidation/](https://studentaid.gov/loan-consolidation/)
- If you enter into a written rehabilitation agreement, to avoid offset, you must make the first payment by the date listed in your notice of intent to offset. You may be able to call the U.S. Dept. of Education's Default Resolution Group to start setting up a rehabilitation agreement at 1-800-621-3115. Learn more on how to rehabilitate your loans at [studentaid.gov/manage-loans/default/get-out#loan-rehab](https://studentaid.gov/manage-loans/default/get-out#loan-rehab)
- If you cannot rehabilitate or consolidate your loans out of default, you can still stop the offset by entering into a repayment agreement and making the first payment by the date listed on the notice of intent to offset.

You can also learn about how to make an objection to the offset on the U.S. Dept. of Education's website at [studentaid.gov/manage-loans/default/collections#treasury-offset](https://studentaid.gov/manage-loans/default/collections#treasury-offset).

Some possible reasons for objection can include:

- You are disabled and previously submitted a Total and Permanent Disability application or are including an application with the objection. Learn more at [studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge](https://studentaid.gov/manage-loans/forgiveness-cancellation/disability-discharge)
- You are asserting a borrower defense based on school misconduct, and you previously submitted or are enclosing a completed application for borrower defense to repayment at [studentaid.gov/borrower-defense/](https://studentaid.gov/borrower-defense/)
- You entered into a repayment agreement, such as a rehabilitation agreement, and made the first payment by the due date required in the notice of intent to offset.