Public Service Loan Forgiveness

FedLoan Servicing was established by the Pennsylvania Higher Education Assistance Agency (PHEAA) to support the U.S. Department of Education’s ability to service student loans owned by the federal government.

What is Public Service Loan Forgiveness?

The Public Service Loan Forgiveness (PSLF) Program allows eligible borrowers to cancel the remaining balance of their Direct Loans after serving full time at a public service organization for at least 10 years while making 120 qualifying monthly payments after October 1, 2007.

Agenda

- Program Overview
- Eligibility/Qualification
  - Full Time Public Service Employment
  - Eligible Repayment Plans
  - Qualifying Repayment
- PSLF Help Tool
- Resources
Definition of Public Service Organization

- A federal, state, local, or Tribal government organization, agency, or entity (includes most public schools, colleges and universities);
- A public child or family service agency;
- A non-profit organization under section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code (includes most not-for-profit private schools, colleges, and universities);
- A Tribal college or university;
- A private non-profit organization (that is not a labor union or a partisan political organization) that provides a specific public service as its primary purpose.

Qualified Employment

- Full-time employment in any position with a public service organization
- Not including staff of for-profit contractors working for public service organizations
- Job duties DO NOT matter (except for time spent participating in religious instruction, worship services, or any form of proselytizing)
- Borrowers can work at multiple organizations while making the required 120 payments
- Full-time AmeriCorps or Peace Corps position

Definition of “Full-time” Employment

For purposes of eligibility for PSLF, full-time employment is defined as:
Working in qualifying employment in one or more jobs for the greater of:

* An annual average of at least 30 hours per week (or for a contractual or employment period of at least 6 months, an average of 30 hours per week); or
* Unless the employment is with two or more employers, the number of hours the employer considers full-time

Employer-provided vacation or leave time is equivalent to hours worked in determining whether you meet the full-time employment requirement. This includes leave taken for a qualifying condition under the Family and Medical Leave Act of 1993.
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Eligible Loans

Only Federal Direct loans are eligible for PSLF, only those payments made on Federal Direct loans count toward the required 120 qualifying payments -- and only these Federal Direct loans will be forgiven.

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans (for parents and graduate or professional students)
- Direct Consolidation Loans
  - Borrowers may choose to consolidate loans to establish eligibility for PSLF
- Special Direct Consolidation Loans
- TEACH Loans

Eligible Repayment Plans

Qualifying monthly payments must be made under these plans:

- Income-Based Repayment (IBR) Plan*
- Pay As You Earn Repayment (PAYE) Plan*
- Revised Pay As You Earn (REPAYE) Plan*
- Standard Repayment Plan (based on a 10 year schedule)
- Any other Direct Loan Program Repayment Plan with payments that are at least equal to the monthly payment amount that would have been required under the 10-year Standard Repayment Plan

To maximize the amount forgiven, borrowers should use an Income-Driven Repayment Plan.

Qualifying Payments*

The required 120 payments do not have to be consecutive, but must be:

- Must have been made after October 1, 2007
- Must be on-time (no later than 15 days after the scheduled due date)
- Must be made each month (satisfying the full monthly installment amount that was due for that month)
- Must be made when the loan is not in a default status
- Reduced and/or zero dollar monthly payments under an IDR plan qualify
- Lump sum payments that exceed the scheduled payment amount do not count as separate payments.
Forgiveness

Eligibility for forgiveness of an outstanding balance on an eligible Direct Loan occurs if the borrower:

- Is not in default
- Makes 120 separate, full monthly payments (after 10/1/07), within 15 days of due date
- Makes payments under one or more of the eligible repayment plans (referenced on slide 10)
- Is a full-time employee of public service organization while making required payments and at time forgiveness is requested and granted

Meet Aaron

- Graduated in 2009
- Employed full-time as a social worker for a county agency since 2010
- Earned $35,000 in the last year
  - (AGI expected to increase 5% annually)
- Federal loan debt – $50,000
  - (6% interest rate)
- $23,000 of debt is unsubsidized
- Borrowed for grad school
- Single, family size of 1

Examples

<table>
<thead>
<tr>
<th>Without PSLF</th>
<th>Standard</th>
<th>ICR</th>
<th>IBR</th>
<th>PAYE</th>
<th>REPAYE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time In Repayment</td>
<td>10 yrs.</td>
<td>14 yrs., 8 mos.</td>
<td>18 yrs., 9 mos.</td>
<td>20 yrs.</td>
<td>25 yrs.</td>
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<td>Total Paid</td>
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<tr>
<td>Total Forgiven</td>
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<td>$0</td>
<td>$0</td>
<td>$36,538</td>
<td>$0</td>
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</table>

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<tr>
<td>Time In Repayment</td>
<td>10 yrs.</td>
<td>10 years</td>
<td>10 years</td>
<td>10 years</td>
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<tr>
<td>Total Paid</td>
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<td>$22,459</td>
<td>$45,065</td>
<td>$55,333</td>
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</table>
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**Borrow Process Flow**

- Borrower is able to retrieve the Employment Certification Form (ECF) from the servicer's website, by accessing the PSLF Help Tool at studentloans.gov, or online at studentaid.ed.gov.
- Borrower submits Employment Certification Form.
- Employer is approved public service organization. (Borrower receives approval notification. Eligible loans are transferred to FedLoan Servicing if applicable. Borrower receives notification of qualifying payments made with all prior servicers.)
- The borrower will be reminded annually, via email, to submit a new ECF if employed with a qualifying public service organization since the last ECF was submitted.

**Employment Certification Form**

It is recommended to submit the ECF annually to provide an update on your employment status for the prior year of employment. The form is available at MyFedLoan.org/PSLF and StudentAid.gov.

**Section 1: Borrower Identification**

**Section 2: Borrower Authorizations, Understandings and Certifications**

**Section 3: Certification of Employment** must be completed by the Borrower or the Authorized Official.
- Provide all requested information for Items 1-13.
- The form cannot be processed if the information requested in this section is missing.
Employment Certification Form

Section 4: Employer Certification
must be completed by the Authorized Official.

- Provide all requested information.
- Complete the employer’s certification at the bottom of the page.
- The form cannot be processed if the information requested in this section is missing.

PSLF Help Tool

- In December 2018, FSA launched a PSLF Help Tool
- The help tool will:
  - Help borrowers understand the PSLF Program
  - Help borrowers assess if their employer qualifies for PSLF
  - Help borrowers assess whether their loans qualify for PSLF
  - Will explain other actions a borrower should or must take if they want to receive PSLF, i.e. consolidation and income-driven repayment
  - Help the borrower decide which PSLF form to submit
  - Borrower is able to generate a prepopulated form they can print or save to later access through Studentloans.gov and take to their employer to sign
- The PSLF tool will not, at this time, help a borrower or employer sign or submit the form

FedLoan Servicing Support Center

Customer Support
- Specialized customer service and processing team
- Dedicated toll-free number, 1.855.265.4038
- Customer service representatives available from Monday through Friday 8:00 AM – 9:00 PM (ET)
- Dedicated site, MyFedLoan.org/PSLF, with ECF form
- Borrower portal to assist in tracking eligible payments
School and Borrower Resources

- PSLF Fact Sheet and Q&As: studentaid.ed.gov/publicservice
- Borrower Information and Employment Certification Form from FedLoan Servicing: MyFedLoan.org/PSLF
- PSLF Help Tool: https://studentloans.gov/myDirectLoan/pslfFlow.action#/pslf/launch

Thank you!