Agenda for this Session

- PSLF
- LRAP
- Summer Funding
Public Service Loan Forgiveness (PSLF)
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.

http://www.studentaid.gov/manage-loans/forgiveness-cancellation/public-service
Eligibility for PSLF

**Qualifying Loan**
- Direct Loan
- Direct Consolidation Loan
- Direct Parent PLUS Loan

**Qualifying Payment**
- Make 120 monthly payments under a qualifying repayment plan
- Payments must be made in full and within 15 days of the due date
- Payments made when not required to do so, do not qualify

**Qualifying Employer**
- Any government organization
- 501(c)(3) non-profit organization
- Other non-profit organization, if public serving (e.g., public education, public library services)
- Must meet employers’ definition of full-time or work at least 30 hours or more per week

- Perkins and Family Federal Education Loan (FFEL) loans can become eligible if they are consolidated into Direct Loan Program
- Under traditional PSLF program rules, consolidating will restart the payment count at zero
- Paused payments, due to COVID-19, will count towards PSLF if you meet all other PSLF requirements

Qualifying Payments

- **NEW!** Lump sum payments may count as multiple qualifying payments for up to 12 months or through the next repayment plan recertification date, whichever is sooner.

  - For example, a borrower completed their repayment plan certification process on February 1, 2022, and their monthly payment amount is $100. They make a payment of $1,200 on February 15, 2021, and the next recertification is February 1, 2023. The $1,200 payment would count as 12 separate eligible payments for that year.
Qualifying Payments

- Must be an Income Driven Repayment (IDR) Plan
- IDR is the umbrella term for this type of plan
  - Pay As You Earn (PAYE)
  - Revised Pay As You Earn (REPAYE)
  - Income-Based Repayment (IBR)
  - Income-Contingent Repayment (ICR)
- IDR plans require borrowers to certify income and household size every year
- Standard Repayment Plan is also a qualifying repayment plan but is designed to pay off loans in 10 years
  - To maximize forgiveness, borrowers should switch to an IDR plan as soon as possible

http://www.studentaid.gov/manage-loans/repayment/plans/income-driven
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

https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service#qualifying-employer
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; or
• 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.

https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service#qualifying-employer
Definition of “Full-time” Employment

For PSLF, you’re generally considered to work full-time if you meet your employer’s definition of full-time or work at least 30 hours per week, whichever is greater.

If you are employed in more than one qualifying part-time job at the same time, you will be considered full-time if you work a combined average of at least 30 hours per week with your employers.

If you are employed by a not-for-profit organization, time spent on religious instruction, worship services, or any form of proselytizing as a part of your job responsibilities may be counted toward meeting the full-time employment requirement.

https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service#full-time-employment
PSLF Application & Submission

• Borrower provides required information on PSLF application and Employment Certification Form (ECF)
  – Information includes name of employment, start and end data, federal employer identification number, employment status, hours worked per week, and type of qualifying employment
• Borrowers' employer signs the ECF verifying employment
  – If employed by multiple qualifying employers, each employer must certify employment periods
• Borrower submits PSLF application (including the ECF) to Department of Education (ED)
• PSLF servicer confirms qualifying employment
  – PSLF servicer will notify the borrower of how many qualifying payments have been made

https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service
PSLF Limited Waiver Overview

• Through October 31, 2022, borrowers may receive credit for past periods of repayment on loans that would otherwise not qualify for PSLF
• Parent PLUS loans do not qualify, unless consolidated with non-Parent PLUS loans
• Periods of deferment, forbearance, grace period, and default, continue to not qualify
  – Borrowers will receive credit for payments that will count towards PSLF during the COVID-19 Administrative Forbearance

http://www.studentaid.gov/announcements-events/pslf-limited-waiver
PSLF Tool

- For all borrowers who are applying for loan forgiveness and limited waiver
- Can determine if employer is eligible
- Must have an FSA ID

https://studentaid.gov/pslf/
Other PSLF Resources

• **NEW!** PSLF page on Illinois Student Assistance Commission (ISAC) website

• Limited waiver information

• Registration for upcoming webinars

https://www.isac.org/pslf

**Public Service Loan Forgiveness**

If you work or have worked in public service, recent temporary changes to the Public Service Loan Forgiveness Program (PSLF) could be beneficial to you. Because these changes are temporary, it’s important that you do not delay in getting the information you need about whether you are eligible for this forgiveness program. ISAC is offering webinars on PSLF and the temporary changes, and assistance to those who have questions or need help in determining their eligibility and applying for PSLF.

To determine if you work (or have worked) for a qualifying employer, use our [PSLF: Do I work for a qualifying employer?](https://www.isac.org/pslf) flowchart.

The PSLF is a federal student loan forgiveness program that forgives the remaining balance on a borrower’s Direct Student Loans after the borrower has made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer. If you are employed by a U.S. federal, state, local, or tribal government or not-for-profit organization, you might be eligible for PSLF.

To find out more about the general requirements for PSLF, visit the [PSLF webpage on Studentaid.gov](https://www.isac.org/pslf).

**PSLF Limited Waiver**

On Oct. 6, 2021, the U.S. Department of Education (ED) announced a change to program rules for a limited time as a result of the COVID-19 national emergency. Throughout the pandemic, ED has provided a variety of benefits to borrowers.

Now, for a limited period of time, borrowers may receive credit for past periods of repayment that would otherwise not qualify for PSLF.
Loan Repayment Assistance Program (LRAP)
Loan Repayment Assistance Program

The **Loan Repayment Assistance Program (LRAP)** provides graduates who meet all qualifications of the program (i.e. who work in a paid qualifying public interest position (including judicial clerkships), meet the program salary cap, etc.) a forgivable loan to cover the cost of their University of Chicago Law School federal student loan Income Driven Repayment (IBR, PAYE, or REPAYE) payments for the year.
Loan Repayment Assistance Program

All participants with qualifying employment and salaries will be eligible to participate in the Law School's LRAP for ten years directly following graduation. These years do not need to be contiguous; a graduate may enter and exit the program at will. However, to reenter LRAP, graduates must continue to be enrolled, or re-enroll, in a qualifying IDR.
What LRAP Can Repay?

- All **federal loans** processed at UChicago while enrolled at the Law School and used to cover the standard cost of attendance will be considered eligible debt.

- Private alternative loans, personal loans, credit card, and consumer debt are not covered, nor are educational loans acquired at other institutions.

- All loans must be in good standing and in active repayment.

- Funding is only provided for qualifying IDR payments during the calendar year of participation.
Employment Requirements

• Considered full-time as defined by your employer, working a minimum of 35 hours
• Position must be legal in nature, meaning you must be engaged in full-time practice of the law, or in a position normally requiring a law degree
• Position must not involve any conflicts of interest unless a waiver is provided
• Must be working for the public interest broadly defined, including: a) Non-profit, defined as a 501(c)(3), (4), & (5) organization; b) Judicial clerkship; c) Government office (federal, state, local or tribal); or d) U.S.-based international NGO
Employment Requirements

• Graduates who participate in the University of Chicago post-graduate fellowship or public service initiative programs are also eligible for funding through LRAP.

• Graduates employed by the Law School, or those with unpaid positions such as internships and volunteer positions, do not qualify for assistance. Those with questions about eligible positions should contact the Financial Aid Office.
Income Requirements

• Position must be paid
• Must have a salary of no more than $80,000 (the salary cap considers only the applicant's gross annual salary and excludes all assets and spousal income)
  – Those whose salary exceeds $80,000, but is less than $90,000 can contact the Financial Aid Office to inquire about a petition for a partial LRAP payment.
• Must be working at least nine months of the calendar year in which assistance is requested
Required Repayment Plan

- LRAP requires participants to place all of their eligible debt into Income Driven Repayment (IDR) plan.
  - Pay As You Earn (PAYE)
  - Revised Pay As You Earn) REPAYE
  - Income-Based Repayment (IBR)
- LRAP will not cover loan payments for loans placed in other repayment plans or in ICR.
- Participants are not permitted to place loans in deferment/forbearance for any month that funding has been provided.
- If you need to consolidate your loans, please note that a Direct Consolidation Loan can take about 8 weeks. It is important to contact your loan servicer as soon as possible if you need to have them process any paperwork for you.
Additional Program Information

• The Law School will offer an annual loan equal to the amount of the total eligible yearly IDR payments, not to exceed the maximum benefit of $15,000. A participant will never be awarded more than the amount that he or she is required to pay by the Department of Education. Extra payments towards loans will not be supported under LRAP.

• To remain eligible monthly payments are required. If any additional/prepayments are made, these payments cannot modify/effect your monthly payment amount. Also, if you pay a loan in full, your IDR payment and your eligible LRAP funding will be reduced.
Additional Program Information

• Graduates who are deemed eligible for LRAP will be required to sign and submit a promissory note for the total amount of the loan assistance offered.

• Class of 2022 graduates are able to choose between this new LRAP and the old LRAP. Students in the old LRAP can petition to make a switch to the new LRAP.

• Please refer to the 2019 Loan Repayment Assistance Program (LRAP) Document for more detailed information on the old LRAP program.
LRAP Application Requirements

• Application Form

• Employer Certification
  – When your employer, job title, or salary changes, you must submit a Job/Salary Change Certification of that change within 30 days.

• Loan Documentation

https://www.law.uchicago.edu/loan-repayment
Summer Funding
Summer Funding

https://www.law.uchicago.edu/students/financialaid/1L2Lsummer/apply

- Eligible employers: nonprofits NGOs, or governmental agencies (including chambers)
- At least 8 full-time weeks required
- External (non-Law School) funding still allowed
- In-person, remote and hybrid work is eligible
- Student and Employer verification required
- $5,000 direct deposit issued in mid-June
Questions?
Financial Aid Team Contact Information

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