Public Service Loan Forgiveness (PSLF)
Agenda

• Program Overview
• Eligibility/Qualification
  » Full Time Public Service Employment
  » Eligible Repayment Plans
  » Qualifying Repayment
• Borrower Experience
• School Support
• FAQs and Resources
Overview

The Public Service Loan Forgiveness Program (PSLF) was created to encourage individuals to enter and continue to work full-time in public service jobs.

- Enacted as part of College Cost Reduction and Access Act (CCRAA) of 2007
- Public Law 110-84, 9/27/2007
- Final Rule published 10/23/2008

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.
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.
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 8 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.
Identifying Qualifying Employers

- Check with the employer regarding their classification (government, non-profit, etc.)
- Depending on employer type, public websites are available:

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td><a href="http://usa.gov/Aencies.shtml">http://usa.gov/Aencies.shtml</a></td>
</tr>
<tr>
<td>Tribal College/University</td>
<td><a href="https://nces.ed.gov/globallocator/">https://nces.ed.gov/globallocator/</a></td>
</tr>
<tr>
<td>Non-Profit 501(c)(3)</td>
<td><a href="https://apps.irs.gov/app/eos/">https://apps.irs.gov/app/eos/</a>?</td>
</tr>
</tbody>
</table>

- Contact FedLoan Servicing if unsure
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-Contingent Repayment (ICR) Plan** *(not available on Direct PLUS Loans for parents or Direct PLUS Consolidation Loans)*

- **Income-Based Repayment (IBR) Plan***

- **Pay As You Earn Repayment (PAYE) Plan***

- **Revised Pay As You Earn (REPAYE) Plan*** *(not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent)*

- **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.

Extended Repayment Plans do not qualify for PSLF.
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

Loans became eligible for Public Service Loan Forgiveness on 10/01/2017.

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>
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</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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<tr>
<td>Total Paid</td>
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<td>$91,713</td>
<td>$71,782</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>
</tr>
</tbody>
</table>

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<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>$24,618</td>
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<tr>
<td>Total Forgiven</td>
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<td>$22,459</td>
<td>$45,065</td>
<td>$55,333</td>
<td>$51,746</td>
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</table>
PSLF Awareness

MyFedLoan.org/PSLF
• Borrower receives form packet, which is standard with all servicers, and includes a cover letter, Employment Certification Form (ECF) and instructions.

• 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.
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](http://MyFedLoan.org/PSLF) and [StudentAid.gov](http://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 1-14.
- The form cannot be processed if the information requested in this section is missing.
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.
Forgiveness Application

The Public Service Loan Forgiveness Application is now available on our [website](#).

Please allow at least 60 days for D.O.E to review the application.
Payment Tracking for Eligible Borrowers

public service loan forgiveness

[Image of FedLoan servicing website]

[Detailed view of loan details]

[Information about public service loan forgiveness]
Counseling Eligible Borrowers

• The first step is to determine what the student is doing after school.

• If a career in public service is being pursued, PSLF eligibility should be explored.

• If PSLF is being considered, the borrower should:
  » Determine eligibility for income-driven repayment plans (IBR, ICR, PAYE and REPAYE)
  » Consolidate any FFELP loans under Direct Consolidation
  » Make payments on time
Servicer Selection

Borrowers may select any servicer when consolidating their loans regardless of their interest in PSLF.

Once an ECF is received from a borrower, eligible loans will be transferred to FedLoan Servicing.

Change to PSLF question flow:
1. If the borrower selects “YES” to PSLF question, the servicer selection no longer defaults to FedLoan. The borrower will be provided an option to select a servicer from a random list.
2. A “YES” sends the <PublicServiceFlag> tag in the response file to the servicers.
3. Servicers would react to a (Y) value and generate appropriate PSLF outreach communication.
Partnering with Schools

- **Borrower Toolkits** for outreach to student borrowers

- **Reporting Available**
  - Customized email communications showing the number of borrowers for your institution who have submitted an Employment Certification Form

- **Training Resources** and personalized support
  - Presentations available
  - Sector-based, personalized support
Current Student Toolkit

Considering a career in Public Service?

Contains:

- Student Handout
- Various Web and Print Ads
- Sample Student Email
- Sample Social Media Posts
Alumni Toolkit

Contains:

- Alumni Handout
- Various Web and Print Ads
- Sample Alumni Email
- Sample Social Media Posts
FedLoan Servicing Support Center

FedLoan Servicing responsibilities include:

• Customer Support
• Processing applications and forms related to PSLF eligibility
• Tracking qualifying payments for PSLF

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](https://www.myfedloan.org/pslf), with ECF form
• Borrower portal to assist in tracking eligible payments
Frequently Asked Questions

• Why will all of the federally-owned loans be transferred to FedLoan Servicing before the student reaches the required 120 payments?

  As the sole servicer for PSLF, FedLoan Servicing is responsible for tracking a borrower’s progress toward meeting the requirement of 120 separate, on-time monthly payments while working full-time for a qualifying public service employer.

• Are all federally-owned loans eligible for PSLF?

  No, it is important to note that, while the federally-owned FFELP PUT loans will be moved to FedLoan Servicing for a borrower with qualifying employment, only Direct Loans, including Direct Consolidation Loans, are eligible for forgiveness. Payments made to FedLoan Servicing on non-eligible loan types will not be tracked.

• Are Direct Loans that are in default eligible for PSLF?

  No. Defaulted Direct Loans are not eligible for PSLF. However, a defaulted loan may become eligible for PSLF if you consolidate or rehabilitate the loan, and then make qualifying PSLF payments on the new Direct Consolidation Loan or the rehabilitated loan.
Frequently Asked Questions

• Under IBR, ICR, PAYE and REPAYE the scheduled payment for a borrower could be $0. Does this payment count as towards PSLF?

Yes, this is considered a qualifying payment under that repayment plan.

• Are borrowers of PLUS Loans for parents eligible for PSLF?

Parents with PLUS loans may consolidate their Federal PLUS Loans and/or Direct PLUS loans and pay under Income-Contingent Repayment (ICR). Parents must qualify based on their own public service, not the student for whom they borrowed.

• If I have Federal Family Education Loan (FFEL) Program loans, Federal Perkins Loan (Perkins Loan) Program loans, or Health Professions Student Loans, can I take advantage of PSLF?

PSLF is available only for Direct Loans. However, borrowers with FFEL Program loans, Perkins Loan Program loans, or Health Professions Student Loans who are interested in PSLF may consolidate those ineligible loans into a Direct Consolidation Loan and then make 120 qualifying payments on the Direct Consolidation Loan while employed by a qualifying public service organization to receive PSLF.
Frequently Asked Questions

• How do overpayments impact a borrower’s qualifying payments?
   If a borrower pays more than the installment amount on any payment, it will only count towards one qualifying payment based on program requirements.

• I consolidated my Direct Loans after I made qualifying monthly payments on those loans while working in a qualifying public service organization. Do the payments made prior to the consolidation count toward the 120 payments required for PSLF?
   No. You will need to make 120 qualifying payments on the new Direct Consolidation Loan. Qualifying payments that you made on Direct Loans prior to consolidation do not count toward the 120 required payments for PSLF.

• Who is eligible to complete Section 3 of the Employment Certification Form?
   The Employment Certification Form (ECF) must be completed by someone who has access to the borrower's employment or service records, is authorized by the organization to certify the employment status of a current or former employee or service member, and is able to provide all necessary data requested in Section 3 of the ECF.
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 Borrower Toolkits**: myfedloan.org/financial-aid-officers/products-tools/pslf-toolkit
- **PSLF Fact Sheet for Financial Aid Professionals**: myfedloan.org/schools/docs/student-toolkit/fact-sheet.pdf
- **CFPB Public Service Toolkit**: files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf