Public Service Loan Forgiveness

College Success Forum
Tuesday, January 29, 2019
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 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 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.

*Note:* When determining full-time public service employment at a not-for-profit organization you may not include time spent participating in religious instruction, worship services, or any form of proselytizing.
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>
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<tbody>
<tr>
<td>Government</td>
<td><a href="http://usa.gov/Agencies.shtm">http://usa.gov/Agencies.shtm</a></td>
</tr>
<tr>
<td>Tribal College/University</td>
<td><a href="https://nces.ed.gov/globallocator/">https://nces.ed.gov/globallocator/</a></td>
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- 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
To maximize the amount forgiven, borrowers should use an Income-Driven Repayment Plan.

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*
- 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)

*Not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent

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)
- 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.
- Must be made when the loan is not in a default status

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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
PSLF Awareness – MyFedLoan.org/PSLF
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.
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.
The application process is very similar to the employment certification process because borrower must be employed in full-time qualifying employer when applying for and receiving forgiveness.
Forgiveness Application

- The PSLF Application is also available on MyFedLoan.org/PSLF, StudentAid.gov and Studentloans.gov
- Application is very similar to ECF because borrower must be employed in full-time qualifying employer when applying for and receiving forgiveness.
- Borrowers can opt out of an automatic forbearance on their Direct Loans while the Department determines their eligibility for forgiveness.

SECTION 2: BORROWER REQUEST, UNDERSTANDINGS, CERTIFICATION, AND AUTHORIZATION

I request (1) that the U.S. Department of Education (the Department) forgive the remaining balance of my Direct Loans and (2) if I submit employment certification covering 10 years of qualifying employment after October 1, 2007, a forbearance on my Direct Loans while the Department determines my eligibility for forgiveness, unless I indicate otherwise below.

☐ By checking this box, I am indicating that I do not want a forbearance while my application is being processed.
Temporary Expanded PSLF (TEPSLF) Basics

• A temporary program to provide loan forgiveness to those who do not qualify for PSLF only because some or all of their qualifying payments were made on non-qualifying plans
• Program to be administered on a first-come, first-served basis
• TEPSLF was created by the:
  – Consolidation Appropriations Act, 2018 (Public Law 115-141) and
  – Department of Education Appropriations Act, 2019 (Public Law 115-245)
• Law required implementation of an application process within 60 days of enactment
TEPSLF Requirements

• A borrower is eligible if he/she:
  – Submitted the PSLF application and had been denied only because some or all payments were made on a non-qualifying plan
  – Had at least 10 years of full time employment certified by a qualifying employer and approved by FedLoan Servicing
  – The following payments were at least as much as the borrower would have paid under an income-driven plan*:
    • The payment made immediately prior to applying for TEPSLF, and
    • The payment made 12 months prior to applying for TEPSLF
      (This program is ONLY for Direct loan borrowers)
  – Made 120 qualifying payments under the new requirements for TEPSLF while working full-time for a qualifying employer(s)

* An exception is made if the borrower had an unusual fluctuation in income over the prior 5 years
TEPSLF Application Process

• To receive TEPSLF, a borrower must:
  – Have applied for and been denied PSLF or have a PSLF application pending review
  – Email FedLoan Servicing (TEPSLF@myfedloan.org) a request that ED reconsider eligibility for PSLF (this holds the borrower’s spot in line)
    • Borrower to include same name under which the PSLF application was submitted
    • Borrower to include date of birth (MM/DD/YYYY)
  – Provide any necessary income documentation to determine what the borrower’s payment would have been under an income-driven plan.
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.
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

*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.
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, 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
- TEPSLF Information: StudentAid.gov/TEPSLF
- 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
- PSLF Help Tool: https://studentloans.gov/myDirectLoan/pslfFlow.action#!/pslf/launch