PSLF: Objective

“The PSLF Program is intended to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, borrowers may qualify for forgiveness of the remaining balance of their Direct Loans after they have made 120 qualifying payments on those loans while employed full time by certain public service employers.”

- The Public Service Loan Forgiveness (PSLF) Program allows eligible borrowers to cancel the remaining balance of their Direct student 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
- Enacted as part of College Cost Reduction and Access Act (CCRAA) of 2007

(Source: www.studentaid.ed.gov)
PSLF: Eligibility requirements At A Glance

- Eligible employment
- Eligible loans
- Eligible loan repayment plan
- 120 on-time loan payments (10 years)
- After 120 qualifying loan payments, remaining loan amount is forgiven
  - PSLF is not taxable under section 108(f) of the Internal Revenue Code
Organizations that meet the definition of “public service organization” for purposes of the PSLF Program are:

- A government organization (including a federal, state, local, or tribal organization, agency, or entity; a public child or family service agency; or a tribal college or university)
- A not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code
- A private, not-for-profit organization (that is not a labor union or a partisan political organization) that provides one or more of the following public services:
  - Emergency management
  - Military service
  - Public safety
  - Law enforcement
  - Public interest law services
  - Early childhood education (including licensed or regulated health care, Head Start, and state-funded pre-kindergarten)
  - Public service for individuals with disabilities and the elderly
  - Public education
Public health (including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations)

Public library services

School library or other school-based services

You must maintain full-time employment status working 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
- The number of hours the employer considers full-time, unless your employment is with two or more employers
- If you are employed in more than one qualifying part-time job simultaneously, you may meet the full-time employment requirement if you work a combined average of at least 30 hours per week with your employers
- 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
Eligible loan types:

- Federal Direct Stafford Loans - Direct Subsidized Loans
- Federal Direct Unsubsidized Stafford Loans - Direct Unsubsidized Loans
- Federal Direct PLUS Loans - Direct PLUS Loans for parents and graduate or professional students
- Federal Direct Consolidation Loans - Direct Consolidation Loans
- Special Direct Consolidation Loans
- TEACH Loans

If you do not know what type of loans you have, visit www.nslds.ed.gov
Direct Loans must:

- Have been borrowed after October 1, 2007
- Be paid on-time (no later than 15 days after the scheduled due date)
- Be made each month, satisfying in full the installment amount due for that month
- Be made when the loan is not in a default status
- Consolidating your Federal loans could make you eligible for PSLF
  - FFELP loans consolidated into Direct Consolidation Loan
  - Complete at [www.StudentLoans.gov](http://www.StudentLoans.gov)
    - Under ‘Servicer Selection’ the user can select if they are consolidating for the purposes of PSLF
- 120 qualifying payments while working in a qualifying public service position
PSLF: Eligible Repayment Plans

- Standard Repayment Plan

- 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 Standard Repayment Plan with a 10-year repayment period

*To maximize the amount of forgiveness, borrowers should use income-based repayment*
PSLF: Eligible Repayment Plans
Continued

- Income-Based Repayment (IBR) Plan
  - 15% of discretionary income (borrowers with loans before 7/1/2014)
  - 10% of discretionary income (new borrowers only after 7/1/2014)
- Partial Financial Hardship
  - Qualify for forgiveness after 20 years for new borrowers only on/after 7/1/2014; or 25 years for loan borrowers before 7/1/2014
- Income-Contingent Repayment (ICR) Plan
  - 20% of your discretionary income
  - Qualify for forgiveness after 25 years

To maximize the amount of forgiveness, borrowers should use income-based repayment
Pay As You Earn (PAYE) Repayment Plan
- Generally 10% of your discretionary income, but never more than the Standard Repayment Plan amount
- New Borrowers as of 10/1/07; and, obtains a new Direct Loan disbursement on/after 10/1/11
- Partial Financial Hardship
- Qualify for forgiveness after 20 years

REPAYE Plan
- Generally 10% of your monthly discretionary income, but CAN be more than the Standard Plan amount
- Payments are recalculated each year and are based on your updated income and family size
- Any borrower with eligible federal student loans
- New interest subsidy benefit to prevent ballooning loan balances
- Qualifying for forgiveness after 20 years for undergraduate borrowers and after 25 years for graduate borrowers

To maximize the amount of forgiveness, borrowers should use income-based repayment.
PSLF Process

- Download a PSLF Employment Certification form to help you track your progress
  - Resubmit annually or when you change jobs
  - Send completed form to FedLoan Servicing

- After 120 qualifying payments are made, submit the Public Service Loan forgiveness form
  - At this time you must not be in default on the loans for which forgiveness is requested and be employed full-time by a public service organization

Resources:

- In November 2011, FedLoan Servicing was awarded the contract to service borrowers eligible for PSLF
  - They can be reached at: 1.855.265.4038 or via their dedicated site: https://myFedLoan.org/manage-account

- For more detailed information, visit www.studentaid.ed.gov/publicservice

- Repayment Calculators: http://studentaid.ed.gov/repay-loans/understand/plans
Questions?
Feel free to contact:

**Department of Education:**
Federal Student Aid Information Center
1-800-4FED-AID (1-800-433-3243)
TTY: 1-800-730-8913
Spanish speakers are available (se habla español).

**Office of Stern Graduate Financial Aid:**
Phone: (212) 998-0790  Email: fin-aid@stern.nyu.edu

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