



Public Service Loan Forgiveness: Current Rules and Processes



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Agenda

- PSLF Eligibility
 - Eligible Loans
 - Eligible Employers
 - Eligible Payments
 - TEPSLF
 - How to Apply
- Resources



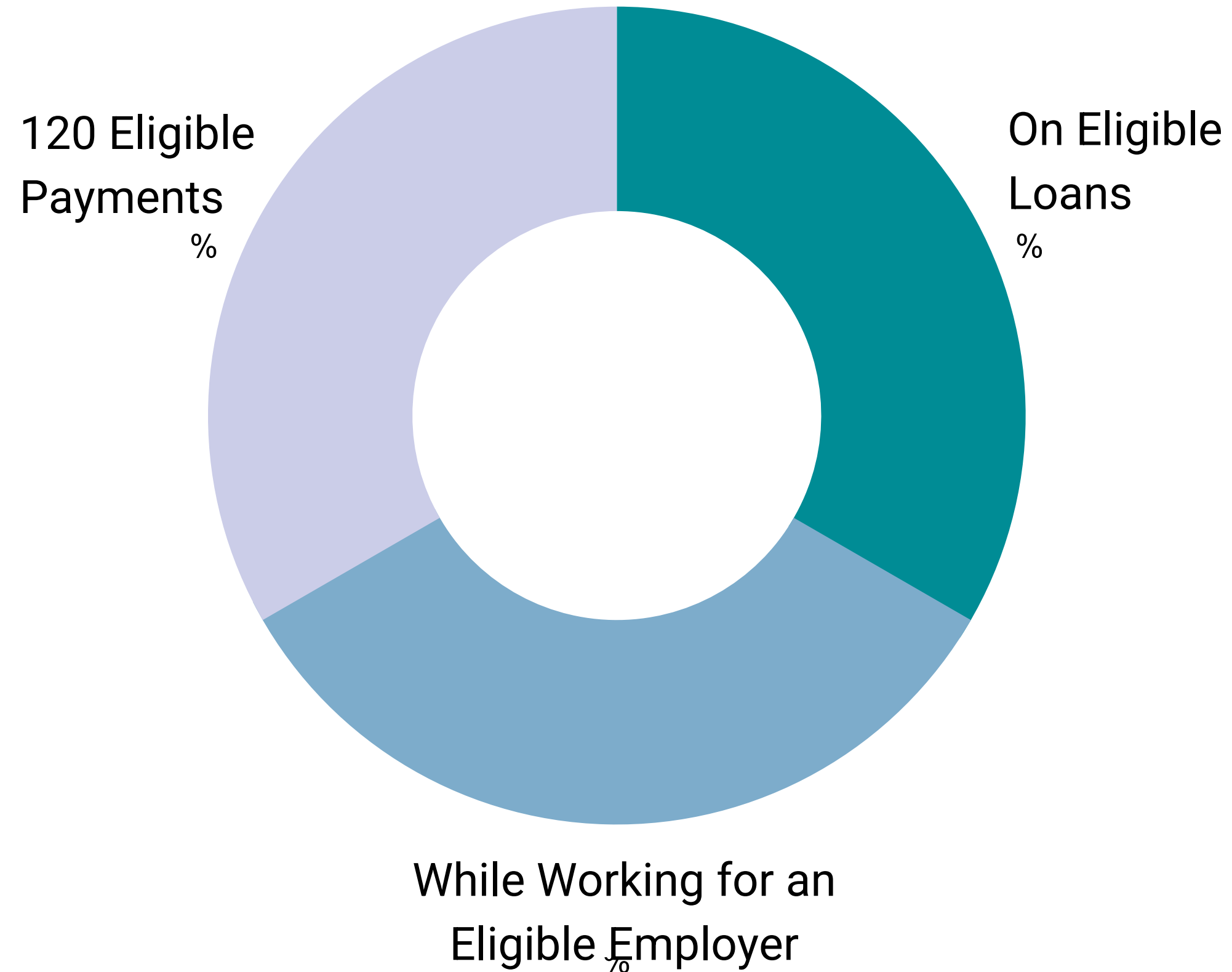



Public Service Loan Forgiveness



To Obtain Forgiveness Under Public Service Loan Forgiveness

All of these,
At the Same
Time



A close-up photograph of a person's hands in a dark suit jacket and white shirt. The person is holding a black pen with a silver clip, poised to sign a document. The document has some text visible, including the words "contract" and "employment".

Eligible Loans

- Federal Direct Loans including
 - Subsidized and Unsubsidized Stafford Loans
 - Graduate PLUS Loans
 - Parent PLUS Loans
 - Consolidation Loans
- Made at any time
- Any Stafford, PLUS or consolidation loan made on or after July 1, 2010 is a Direct Loan.

Loans Eligible If Consolidated Under Direct Loans

- Federal Family Education Loan Program Loans including
 - Subsidized and Unsubsidized Stafford Loans
 - Graduate and Parent PLUS Loans
 - FFELP Consolidation Loans
 - Federal Nursing Loans
 - Federal Perkins Loans
 - Health Education Assistance Loans
 - Nurse Faculty Loans
 - Loans for Disadvantaged Students
 - Health Profession Student Loans
- studentaid.gov to consolidate
- Payments made prior to consolidation do not count towards PSLF





Eligible Employers

- It doesn't matter what you do, it matters who you work for
 - Must be ~~full time as defined by your employer or~~
 - Must be at least 30 hours per week if working part time for multiple eligible employers
- To verify your employer is eligible, submit the employment certification (ECF) form.
- Recommend this form be filed annually
- PSLF Help Tool www.studentaid.gov



Eligible Employers



- Any government employer including
 - Federal
 - State
 - Local
 - Tribal
 - Contractors are not government employers even if you work in a government building. You must be directly employed by the eligible employer.
 - Serving full time for
 - The military
 - The Peace Corps
 - AmeriCorps
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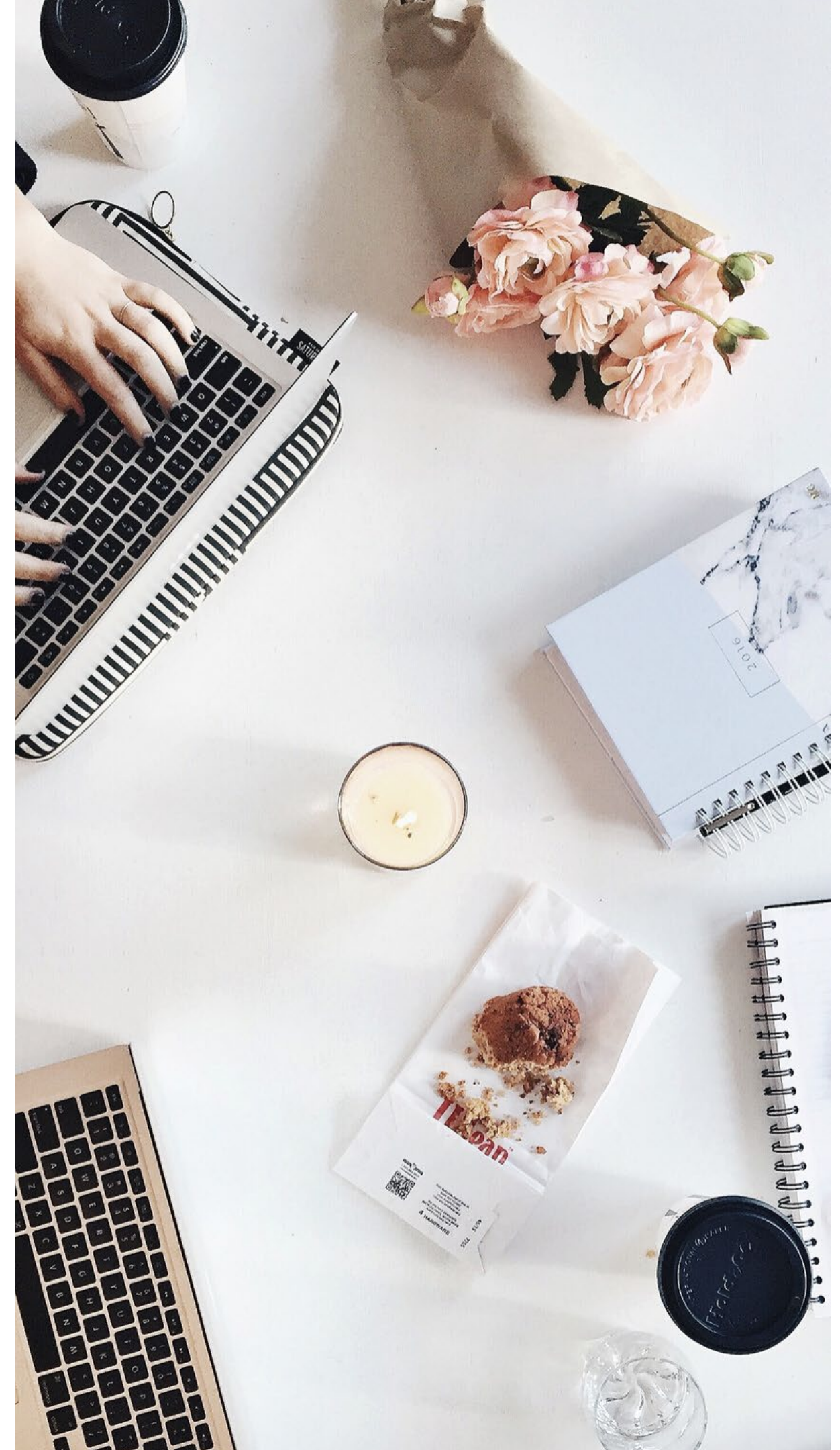
Eligible Employers

- Any 501(c)(3) non-profit
- Other non-profits whose primary purpose is one of the following:
 - Emergency management
 - Military service: service on behalf of the U.S. armed forces or the National Guard
 - Public safety
 - Law enforcement: crime prevention, control or reduction of crime, or the enforcement of criminal law
 - Public interest law services
 - Early childhood education
 - Public service for individuals with disabilities and the elderly
 - Public health: includes nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health support occupations, as such terms are defined by the Bureau of Labor Statistics
 - Public education
 - Public library services
 - School library or other school-based services



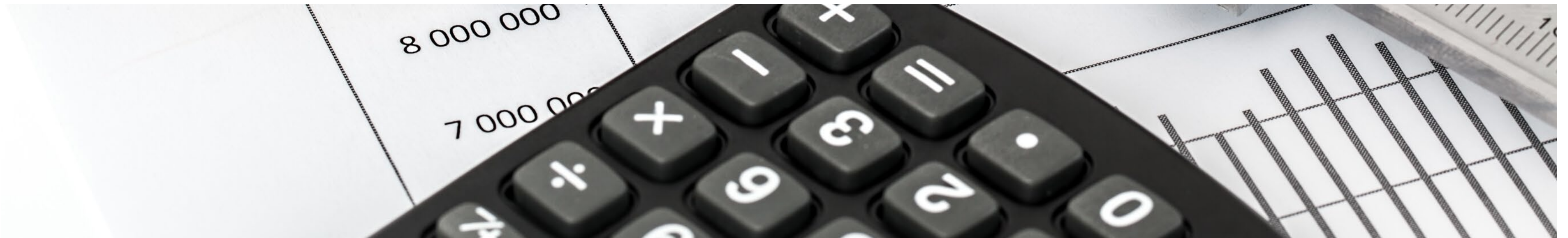
Non-Eligible Employers

- Labor unions
- Partisan political organizations
- For-profit organizations*
 - New exception for states where the law prohibits non-profits from certain hiring (TX and CA physicians)
- Not-for-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code and that do not provide a qualifying public service as their primary purpose



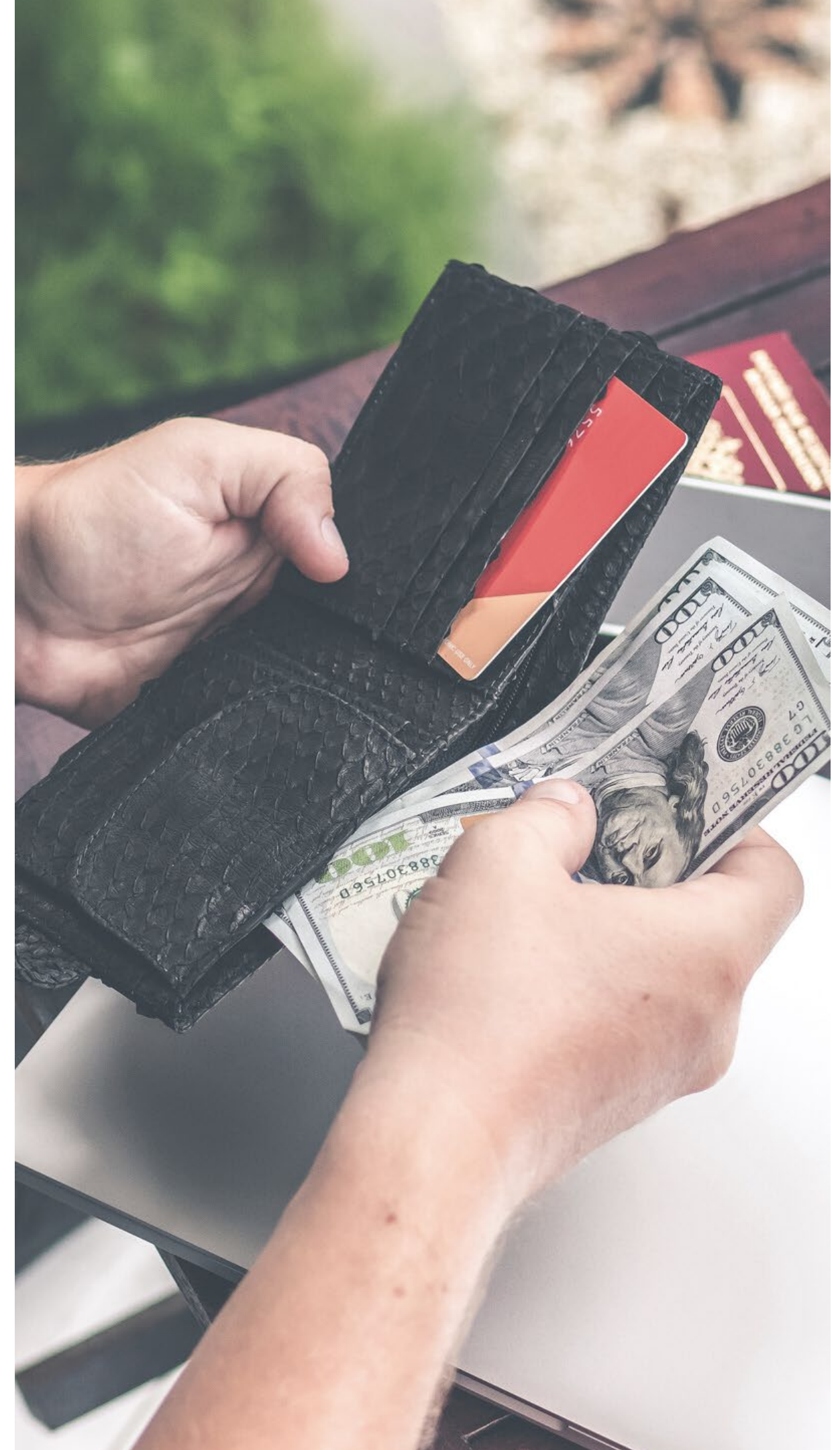
A Few Things to Remember

- You must be employed by an eligible employer:
 - At the time you make all 120 of your PSLF eligible payments
 - At the time you apply for forgiveness AND
 - ~~-At the time the feds review your forgiveness application~~
- You do not have to work for the same employer for the entire 120 payments
- You do not have to have consecutive eligible employment
- You do not have to have consecutive eligible payments



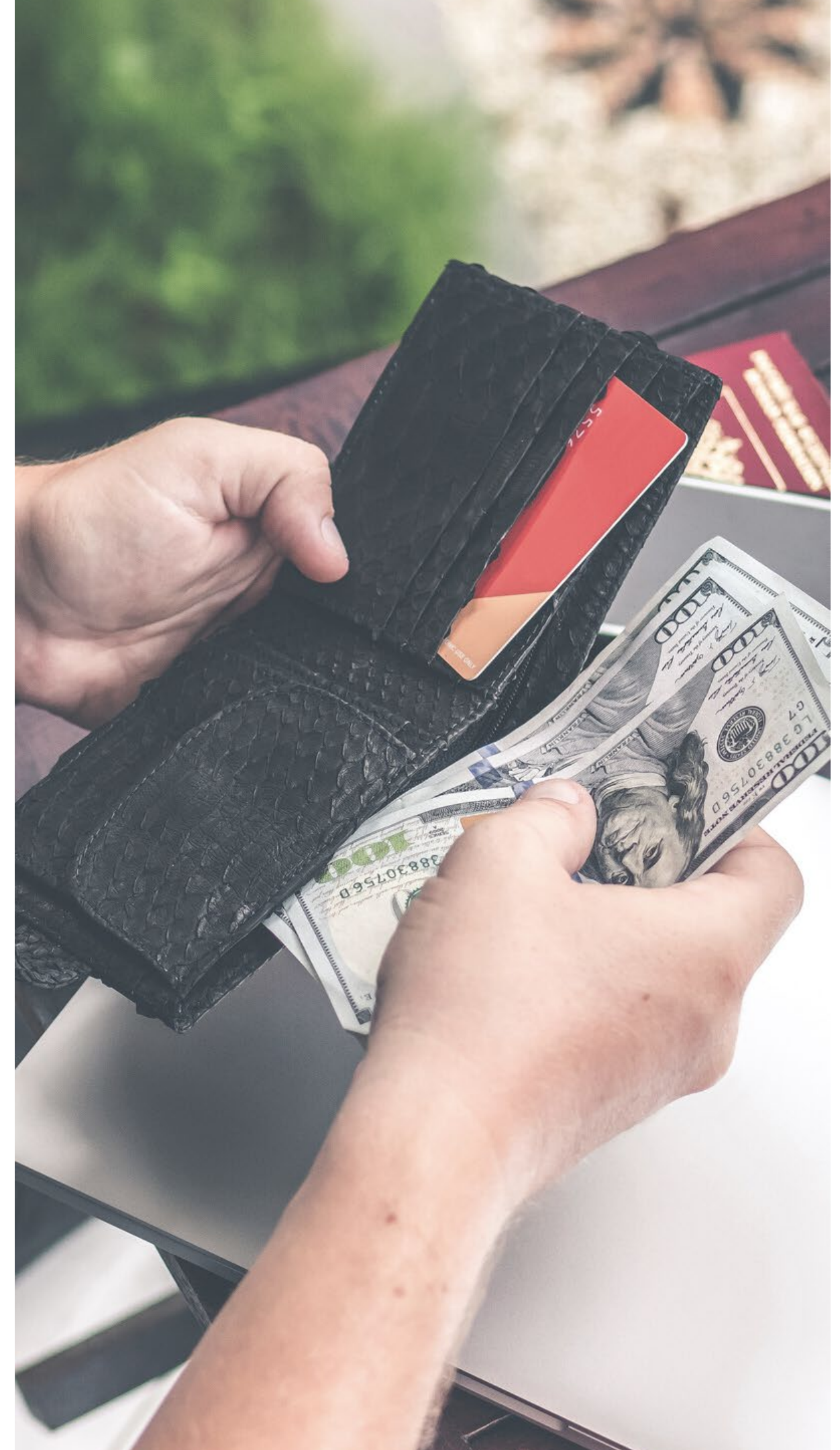
Eligible Payments

- ~~Must be made on time (within 15 days of the due date)~~
 - Lump sum payments can now count in limited situations
- Must be made after October 1, 2007
- Cannot be made while in default
- Must be made while working full time for an eligible employer
- Must be made on a federal Direct Loan
- Does not matter who makes the payment




Eligible Payments

- March 13, 2020 – September 30, 2023 period counts for PSLF purposes even if no payment is made
 - Admin forbearances also count
 - Cannot have been in school or in default
- Must still be working full time for an eligible employer
- Can request refund if payments made —



A stack of US dollar bills, including a prominent \$100 bill featuring Benjamin Franklin, is shown on the left side of the slide. The bills are slightly out of focus, creating a sense of depth.

Eligible Payment Plans

- 10 Year Standard repayment
 - Income-based repayment
 - Pay As You Earn
 - Revised Pay As You Earn/SAVE
 - Income-contingent repayment
- This is the only income driven plan Parent PLUS borrowers can use, and only if they consolidate under Direct Loans (unless double consolidated)
- Does not have to be the same plan for all 120 payments
 - These plans only count if made on Direct Loans
- 
- A small orange horizontal bar is located in the bottom right corner of the slide.

Other Eligible Periods

- The following will count if the borrower was working eligible employment during the period
 - Cancer treatment deferment;
 - Economic hardship deferment;
 - Military service deferment;
 - Post-active-duty student deferment;
 - AmeriCorps forbearance;
 - National Guard Duty forbearance;
 - U.S. Department of Defense Student Loan Repayment Program forbearance; or
 - Certain administrative forbearances related to local or national emergencies or military mobilizations and or mandatory administrative forbearances provided to borrowers paused while applying for lower payment or other programs

IDR One-Time Account Adjustment



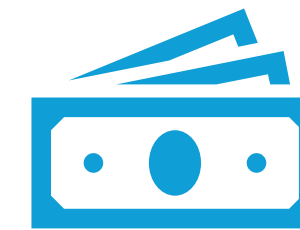
Is being applied automatically to all Direct Loans.

No application required

<https://studentaid.gov/announcements-events/idr-account-adjustment>




ED will give credit towards IDR/PSLF forgiveness for periods loans were not on an eligible plan as well as some deferment and forbearance periods.



Will give Direct Consolidation Loans credit for the highest payment count of all the underlying loans.

Only for consolidation applications submitted on or before April 30th, 2024

Will also give credit for payments made on FFEL loans



Other Important Changes

- After end of IDR Adjustment, you MUST be on an IDR or Ten-year Standard Plan to accrue eligible PSLF and IDR credits.
- IDR plan:
 - If you are not actively on the PAYE plan as of July 1, 2024, you can never get on, or get back on that plan.
 - If you have been on REPAYE/SAVE for at least 60 months you cannot get on new IBR.
 - If you are not actively on the ICR plan as of July 1, 2024 you can never get on, or get back on that plan.
- Parent Plus Double Consolidation must be completed by July 1, 2025.

Examples of Adjustment

Direct Consolidation Loan

- \$50K in undergraduate loans that have been in repayment for 27 months.
- \$80K in graduate loans that have been in repayment for 3 months.
- New Direct Consolidation Loan will be given credit for 27 months.

Direct Loans Not on IDR Plans

- Borrower has been in repayment for 264 months (22 years).
- Has only been on an IDR for 32 months.
- Borrower will automatically be given an IDR count of 264 months and receive immediate forgiveness if no graduate loans or if on PAYE or new IBR.

PSLF Buy Back

- You can buy back these months only if
 - you still have an outstanding balance on your Direct loan(s),
 - you have approved qualifying employment for these same months, and
 - buying back these months will complete your total of 120 qualifying PSLF payments.
- Available for months in deferment or forbearance where the borrower was working PSLF eligible employment
 - Cannot be used for periods prior to a consolidation
- Cannot be used for periods of
 - Grace period
 - Default
 - In school status
 - Bankruptcy status
 - Disability status
- They will calculate the amount you would have paid if on an income driven plan during those months





Temporary
Expanded Public
Service Loan
Forgiveness (TEPSLF)
AKA: The PSLF “fix”



Who qualifies/doesn't qualify for the "fix" —

Qualifies

Borrowers who made payments under a graduated, extended or standard consolidation plan

Does not Qualify

- Borrowers who consolidated after making eligible payments cannot receive credit for these payments
- Borrowers who made payments under a Perkins or Federal Family Education Loan program loan
- Borrowers who made payments while in default, or made payments late
- Borrowers with
- private student loans



How It Works

- Make 120 qualifying payments while working for a qualifying employer
- Some or all of these payments may have been made under a graduated, extended or standard consolidation repayment plan
- The 12th to last payment, as well as the last payment made, must have been at least as much as you would have paid under an income driven repayment plan. FedLoan Servicing will make that determination.**

Submit combined ECF, PSLF, TEPSLF form





How Long Will It Last?

- Congress budgeted \$700 million for the fix on a first come first serve basis
- Once it's gone, there will be no more granted
- You cannot apply prior to your 120th payment
- It is strongly advised such borrowers switch to an income-driven plan immediately unless their IDR amount would be significantly higher.



How To Apply



How to Apply

- Submit ten years of ECF forms
- When first is submitted and approved, loans will transfer to MOHELA Servicing
- They will count your eligible payments
- After payment 120, submit the PSLF forgiveness form

Loans will be placed in forbearance during application review

- Any overpayments will be refunded as long as they weren't made prior to a consolidation
-



Change in PSLF Processing



PSLF (and TEACH Grant) processing will pause starting May 1, 2024

Recommended borrowers screenshot their current counts



Processing will transfer to other ED vendors and all PSLF processing will start going through the ED only via www.studentaid.gov starting July 2024

This will be the only place to see PSLF counts



Overall loan servicing will not change otherwise – PSLF accounts will be able to be at any servicer

You will still make payments to the servicer, etc

Resources

- www.studentaid.gov
- - The Department of Education's website
 - Where to consolidate into Direct Loans
 - PSLF Help Tool
- www.freestudentloanadvice.org
 - PSLF explanation
 - Forgiveness database

