

What You Need to Know About Public Service Loan Forgiveness (PSLF)

Chicago Office of Financial Aid

What will we go over?

What is Public Service Loan Forgiveness (PSLF)?

How do I qualify for PSLF?

- ✓ Eligible Payments
- ✓ Eligible Loans
- ✓ Eligible Job(s)

What do I have to do to take advantage of PSLF?

What's the future hold for PSLF?

FAQs and Resources

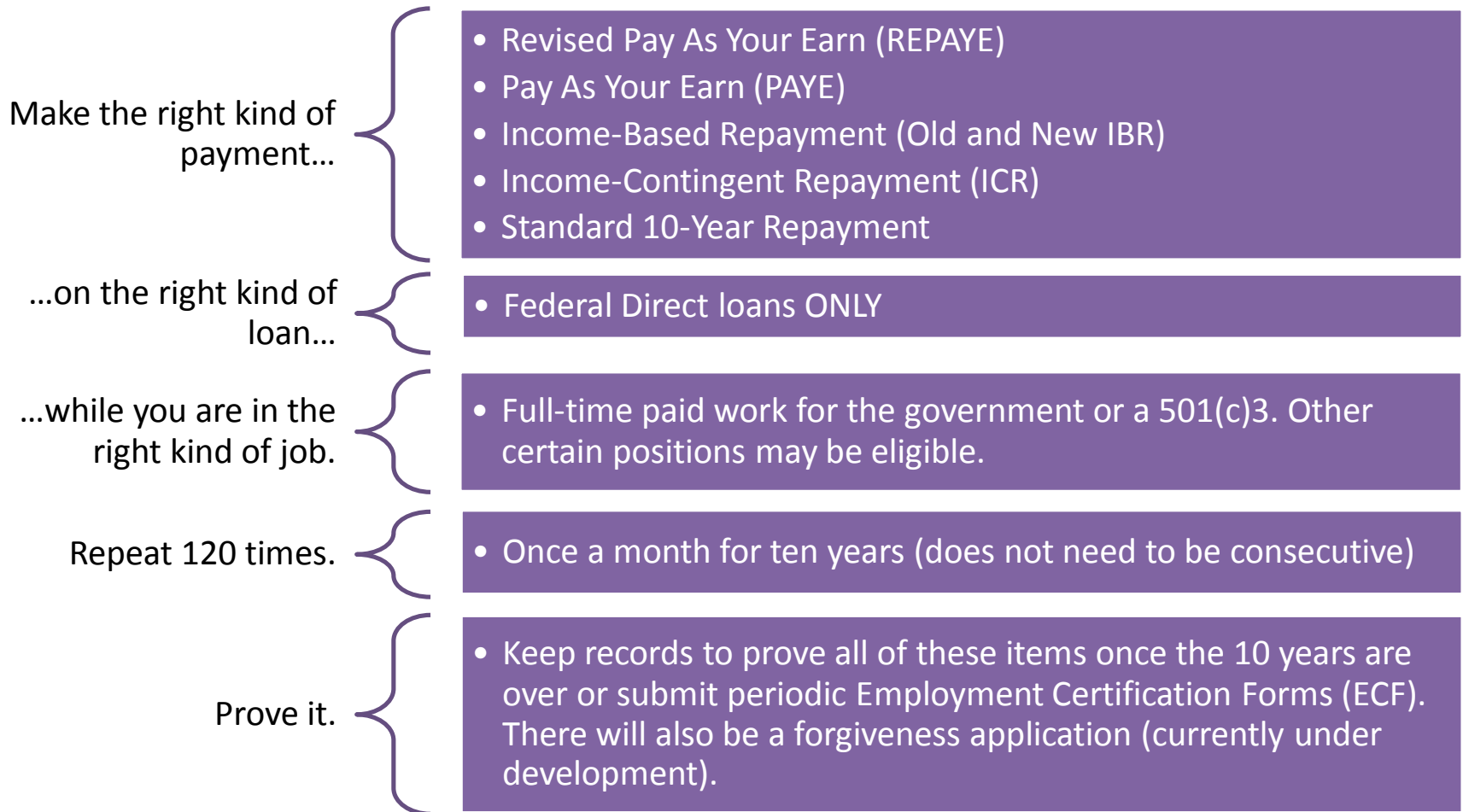
This presentation assumes you attended either our “Reality of Repaying Your Student Loans” presentation or the Access Group Repayment presentation, both offered on 2/7/17

What is Public Service Loan Forgiveness?

Public Service Loan Forgiveness (PSLF) is not a repayment plan

Created in 2007 to encourage individuals to enter and continue to work full-time in public service careers by offering forgiveness of their student loan debt after a certain timeframe

Five Steps to Attain PSLF



Taken from: Heather Jarvis, Student Loan Expert; <http://askheatherjarvis.com/uploads/images/Five%20Easy%20Steps%20for%20PSLF.pdf>

What's the right kind of payment?

- Payments that you make:
 - ✓ After October 1, 2007
 - ✓ Under a qualifying repayment plan
 - ✓ For the full amount due on your bill
 - ✓ No later than 15 days after your due date
 - ✓ While you are employed full-time by a qualifying employer
- Only payments made during periods when you are required to make payments qualify
- Payments do not need to be consecutive!!

What happens if I make more than the required monthly payment?

The excess will not count as multiple payments for the purposes of PSLF!

- If you're pursuing PSLF, then excess payments must either be "targeted" towards accrued interest or principal balances, or else saved to be applied towards future required payments

Which repayment plans qualify?

- Income-Based Repayment Plan (IBR)
 - Original IBR
 - **NEW** IBR
- Pay As You Earn Repayment Plan (PAYE)
- Revised Pay As You Earn Repayment Plan (REPAYE)
- Income-Contingent Repayment Plan (ICR)

- Standard 10-year Repayment Plan

- Any other plan with payments that are at least equal to the monthly payment amount you would be required to pay under the Standard 10-Year Repayment Plan

Which are the right kinds of loans?

- Only federal Direct Loans are eligible for PSLF
- FFEL and Perkins loan(s) must be consolidated into a federal Direct Consolidation loan to be eligible
 - What about payments you've already made on those loans?

Should I consolidate my Perkins loan(s)?

Depends on what your job will be after graduation

- Perkins Loan Deferment and Cancellation

- If you're working as either a:

- Full-time lawyer with a public defender organization
 - Full-time Prosecuting Attorney for a federal, state, or local office

- ... then your Perkins Loan(s) could be cancelled as follows:

- 1st year of service: 15% of the loan balance
 - 2nd year of service: 15% of the loan balance
 - 3rd year of service: 20% of the loan balance
 - 4th year of service: 20% of the loan balance
 - 5th year of service: 30% of the loan balance

- ... and deferment of your Perkins payment is available for all 5 years

- Contact the Northwestern Student Loan Office for more details/eligibility info: (847) 491-3125 or studentloans@northwestern.edu

What is the right kind of job?

It's not about the job title or the job duties.
It's about who your employer is.

- Government organizations at any level (federal, state, local, or tribal)
- Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code
- Other types of not-for-profit organizations (not including labor unions or partisan political organizations) that provide certain types of qualifying public services

Qualifying Public Services

- Emergency management
- Military service
- Public safety
- Law enforcement
- **Public interest law services**
- Early childhood education (including licensed or regulated child care, Head Start, and state funded pre-kindergarten)
- Public service for individuals with disabilities
- Public service for the elderly
- Public health
- Public education
- Public library services
- Other school-based services

What is considered full-time employment?

- Must meet your employer's definition of full-time
OR
 - Work at least 30 hours per week, **whichever is greater**
- ✓ Can work part-time for multiple qualifying employers at the same time, as long as you work a total of at least 30 hours per week

To review...

PSLF forgives the remaining balance on your federal Direct loans after:

- ✓ You've made 120 qualifying on-time, separate monthly payments...
 - ✓ Under a qualifying repayment plan...
 - ✓ While working full-time for a qualifying employer
- 👍 Amount forgiven under PSLF is NOT considered taxable income by the IRS at the time of forgiveness
- ! Must be a full-time employee of a qualifying employer when forgiveness is both requested and granted

What will repayment and forgiveness under PSLF look like?

	STANDARD	IBR	PAYE	REPAYE
First Month's Payment	\$1,761	\$402	\$268	\$268
Final Payment	\$1,761	\$695	\$464	\$464
Total Amount Paid	\$211,356	\$64,606	\$43,071	\$43,071
Total Forgiveness	\$0	\$191,239	\$212,677	\$184,227
Repayment Period	120 months	120 months	120 months	120 months

Assumptions: Average 2015 JD debt (\$155,777), \$50,000 starting salary, single, no dependents
 Taken from the PSLF Forgiveness Estimator at studentloanhero.com

How do I know I'm on the right track to receive PSLF?

Complete the PSLF Employment Certification Form (ECF)!

- Department of Education form that can track your eligible payments towards PSLF
- Processed and maintained by FedLoan Servicing, the sole PSLF federal servicer
- Form available at studentaid.gov/publicservice

How is the PSLF ECF processed?

Submit the form to FedLoan Servicing

Form is reviewed for employer approval or denial

If Employer is Approved:

Borrower notified, all federal loans not serviced by FedLoan Servicing transferred to FedLoan Servicing

If Employer is Denied:

Borrower notified, no further steps taken

Once loans are transferred:

Payments reviewed, borrower notified of number of qualifying PSLF payments previously made and the number remaining

Borrower will receive annual reminders to submit a new ECF



Search Site:

FOR BORROWERS

FOR SCHOOLS

FOR PARTNERS

Account Access | Make a Payment | Manage Account | Billing & Payment Plans | Help Center

public service loan forgiveness



- Account Items
- View Loan Details**
- Payments & Billing
- Account Profile
- Tax Information
- Payment History

View Loan Details

Account# 155585555

Need Help? Write here to send us your question.

Loan Details

Balance Overview

Current Principal Balance: \$57,161.49 [View Details](#)

Late Fees: \$0.00 [View Details](#)

Unpaid Interest: \$158.93 [View Details](#)

Total Current Balance: \$57,320.41 [View Details](#)

Date	Loan Type	Status	Balance	Action
08/23/00	Federal Unsub Stafford Loan	Repayment	\$3,414.95	View Details
08/23/00	Federal Stafford Loan	Repayment	\$5,477.05	View Details
08/13/03	Direct Unsub Stafford Loan	Repayment	\$9,511.09	View Details
08/12/05	Direct Sub Stafford Loan	Repayment	\$9,461.59	View Details
09/03/04	Direct Sub Stafford Loan	Repayment	\$9,461.67	View Details
08/03/04	Direct Unsub Stafford Loan	Repayment	\$9,838.12	View Details
08/20/00	Direct Unsub Stafford Loan	Repayment	\$5,953.54	View Details
10/22/00	Direct Unsub Stafford Loan	Repayment	\$9,955.50	View Details
08/17/00	Direct Unsub Stafford Loan	Repayment	\$4,426.34	View Details
08/17/99	Direct Unsub Stafford Loan	Repayment	\$2,421.44	View Details

Do you work in public service?
 You may qualify for the Public Service Loan Forgiveness program.
[Learn More](#)

08/12/2005 Direct Unsub Stafford Loan Repayment \$9,511.09 [View Details](#)

Loan Status:	REPAYMENT	Original Balance:	\$7,815.00
Disbursement Date:	08/12/05	Late Fees:	\$0.00
Loan Program:	DIRECT UNSUB STAFFORD LOAN	Unpaid Interest:	\$158.08
Owner:	DEPT OF EDUCATION	Current Balance:	\$9,511.09
Guarantor:	FEDERAL	Monthly Payment:	\$15.86
School:	UNIVERSITY OF MONTAN	Repayment Term:	133 Months
Out of School Date:	08/04/06	Expected Payoff Date:	07/28/22
Interest Rate:	2.380%	Next Due Date:	01/28/12
Interest Rate Type:	VARIABLE	Days Delinquent:	0
Subsidy:	NON SUB		

Loan Benefits:

Description	Status	Payments Until Active
Rabats	Credited	—

Public Service Loan Forgiveness Details:

Qualifying Payments Made	Qualifying Payments Remaining	Estimated Eligibility Date
0	114	07/05/2021

[Learn more about this program](#) [What do these terms mean?](#)

Last Payment on this Loan:

Date	Payment	Principal	Interest	Late Fee
01/23/12	\$15.86	\$0.00	\$15.86	\$0.00

[View Full Payment History](#) [Make a Payment on this Loan](#)

Will I automatically receive PSLF once I've made 120 qualifying payments?

No, you must apply for PSLF

- The application is currently being finalized
- Remember:
 - ! Must be a full-time employee of a qualifying employer when forgiveness is both requested and granted
 - 👍 Amount forgiven under PSLF is NOT considered taxable income by the IRS at the time of forgiveness

FAQs

1. Why will all of my federally-owned loans be transferred to FedLoan Servicing?
2. Are defaulted Direct Loans eligible for PSLF?
3. Do scheduled IDR payments of \$0 count towards PSLF?
4. Are borrowers of Parent PLUS loans eligible for PSLF?
5. If I consolidate my loans, will payments made before consolidation still count towards PSLF?
6. Who can complete section 4 (employer authorized official) of the PSLF Employment Certification Form?

FAQs

7. I'm employed full-time by a company that is doing work for a qualifying PSLF employer under a contract. However, the company that I work for is not a qualifying PSLF employer. Does this employment qualify for PSLF?
8. If I'm employed overseas or by a foreign organization, would the employment qualify under the PSLF program?
9. Does full-time volunteer service or a fellowship for a public service organization qualify for PSLF?
10. If I don't make 120 qualifying payments because I switched to non-qualifying employer, is partial forgiveness available?

What's the future hold for PSLF?

We just don't know

- Originally passed in 2007 with bipartisan support
- What does the Master Promissory Note (MPN) say?
- Proposals have been put forth to cap benefits and even eliminate the program
 - But would current borrowers be grandfathered in?

Resources

Federal Student Aid's PSLF website:

- studentaid.gov/publicservice

National Student Loan Data System (NSLDS):

- nslds.ed.gov

Federal Repayment Estimator:

- studentloans.gov (lower right)

Student Loan Hero's PSLF Calculator:

- studentloanhero.com/calculators/public-service-loan-forgiveness-calculator/

The “Ultimate Resource”

Your federally-assigned loan servicer!

For PSLF specific questions, contact FedLoan Servicing:

myfedloan.org/PSLF

PSLF Specialists at FedLoan Servicing:

(855) 265-4038

Monday through Friday 8am to 9pm (EST)

Bar Study Loans

Things to think about and plan for:

- ✓ Fixed and variable rate loan options are available
- ✓ Maximum loan amount is typically \$15,000
- ! Co-signer release is not always available
- ! Repayment period varies greatly
- ! Most lenders set aggregate lifetime borrowing limits that may impact your eligibility for a Bar Study Loan

Northwestern Offices

Chicago Office of Financial Aid

- Abbott Hall, 6th floor
- Open Monday through Friday, 8:30am to 5pm
- Phone: (312) 503-8722
- Email: financial-aid-chicago@northwestern.edu

Office of Student Loans (Perkins questions)

- 555 Clark St, 3rd floor, Evanston
- Open Monday through Friday, 8:30am to 5pm
- Phone: (847) 491-3125
- Email: studentloans@northwestern.edu

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