



# If You Can't Pay Your Student Loan Because of Your Disability

## What if I can't pay my student loan debt?

If you get behind on making your student loan payments, the amount of money you owe will keep increasing. The debt does not go away if you ignore it. The federal government can get the money back by taking tax refunds or garnishing a portion of your income, even social security income. See our fact sheet [Student Loan Problems](#).

**If you are disabled and will never be able to earn enough money to pay back the loan amount, you may qualify for a Total and Permanent Disability (TPD) Discharge.**



## Discharge of Student Loan because of Disability

- Your total and permanent disability (TPD) is grounds for a student loan discharge. This counts if you have federal student loan debt or if you co-signed for a student loan.
- FFEL, Direct and Perkins loans can be discharged because of disability. Parents with PLUS loans may apply for discharge based on their own disabilities, not those of their children. If 2 parents have a PLUS loan and one becomes disabled, the other parent still has to repay the loan.

**Note:** Private student loans do not qualify for TPD discharge. But some may have their own programs that are similar to this one. Contact your lender.

## How do I apply for a TPD discharge?

- Let the loan holder's TPD Servicer know that you want to apply. You can apply by phone, email or the mail. If you want to start your application online, visit the TPD Discharge website at [www.disabilitydischarge.com](http://www.disabilitydischarge.com) and click on Apply Now.
- The loan servicer helps the Department of Education (DE) in the TPD discharge process. The servicer manages the TPD discharge website and communicates with borrowers on behalf of the DE concerning TPD discharge requests.

- When you let the TPD Servicer know that you want to apply for a TPD discharge, they will:
  - give you the information you need to apply for a TPD discharge.
  - review records and find your federal student loans and/or TEACH Grant service obligation that may qualify for a TPD discharge.
  - contact your loan holders and tell them to stop collection activity on your loans for a period of up to 120 days. This means that during the 120-day period you won't have to make payments on your loans.
- Stopping collection activity gives you time to complete the TPD discharge application and return it to the TPD Servicer for processing. If the loan servicer does not get your application within the 120-day period, your loan holders will start collection activity on your loans. You have to start making payments again.

### **How do I show that I am totally and permanently disabled?**

- If you are a veteran, submit documentation from the U.S. Department of Veterans Affairs (VA) showing that the VA has determined that you are unemployable due to a service-connected disability.
- If you get Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits, send in a Social Security Administration (SSA) notice of award for benefits. To show your disability is permanent, the notice should state that your next scheduled disability review is in 5 to 7 years from the date of your most recent SSA disability determination.



If you don't have your disability notice of award for benefits, or if you do but you're not sure it says your disability is permanent, ask SSA for a Benefits Planning Query or BPQY. Ask for this by going to your local SSA office and getting Form SSA-2459. Or you can call the main SSA number and have it mailed to you. That number is: 1-800-722-1213.

- You can submit certification from a doctor that you are totally and permanently disabled. Your doctor must certify that you are not able to take part in any significant gainful activity because of a medically diagnosed physical or mental impairment that:
  - Can be expected to result in death,
  - Has lasted for a continuous period of not less than 60 months, or
  - Can be expected to last for a continuous period of not less than 60 months.

## What to Expect after Applying

- The loan servicer reviews your application. Applications that are approved get sent to the Department of Education for final approval. If the Department of Education approves the application, you get a notice stating that your loan is discharged.
- If you are approved, the discharge is effective starting from the date the doctor signed the form or starting from the date the Department of Education got the Social Security Administration's notice of award. Any payments you made after those dates must be returned to you.
- After giving a final discharge, the Department of Education continues to evaluate you for 3 years. They can reinstate the loan in certain circumstances. The 3-year period begins on the date the discharge was granted.



Your loan will not be reinstated as long as you do not take out any new federal student loans during the 3 years. You also can't have earnings from work that are more than 100% of the federal poverty guidelines for a family of 2, even if you have more than 2 people in your family.

- This means that you are allowed to try to work, but if you earn more than this amount, the Department of Education assumes you are not really permanently disabled.
- You will be reinstated if you applied using a Social Security Award notice and you get another notice from Social Security Administration saying you are no longer disabled or that your disability review will no longer be the 5-7 year period.
- This reinstatement period does not apply to veterans applying through the separate veteran's process.

**ALERT:** The amounts discharged due to disability may be taxable income on your federal taxes if they were discharged before January 1, 2018. You have to report to the I.R.S. the discharge of any debt greater than \$600 as income in the year that the loan was discharged if your loan discharge is based on the VA's documentation. If your loan was discharged based on SSA's documentation or a physician's certificate, your loan is discharged at the end of the 3-year monitoring period. But you may not have to pay taxes. It is a good idea to consult a tax professional for more information.

The amounts discharged due to disability are not taxable income on your federal taxes if they were discharged on January 1, 2018 or later (up until December 31, 2025).

## What happens if they say no?

- Your loan servicer lets you know about the denial by U.S. Mail.
- Your loan servicer starts collection activity on your student loan account.
- The letter you get says why you were denied. It also has information on how you can ask for instructions on what to do if you have questions about the decision or if you think there is other information that the DE should consider.
- If you asked for the discharge because of a service-connected disability, then you can ask for a re-evaluation of your application by submitting additional documentation from the VA
- If your application is denied you may appeal the denial in federal court. You should talk to a lawyer to learn how to do this.

## Where do I find more information about TPD discharge?

For complete information about TPD discharge, including an application, visit the Total and Permanent Disability (TPD) Discharge website at [www.disabilitydischarge.com](http://www.disabilitydischarge.com).



**Fact Sheets are legal information NOT legal advice. See a lawyer for advice.**

*Don't use this fact sheet if it is more than 1 year old. Ask us for updates, a fact sheet list, or alternate formats.*

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