



Public Service Loan Forgiveness



FedLoan Servicing was established by the Pennsylvania Higher Education Assistance Agency (PHEAA) to support the U.S. Department of Education's ability to service student loans owned by the federal government.

Agenda

- Program Overview
- Eligibility/Qualification
- Implementation at FedLoan Servicing
 - Borrower Experience
 - School Support



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
<http://ifap.ed.gov/fregisters/FR10232008.html>

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What is Public Service Loan Forgiveness?



The Public Service Loan Forgiveness 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.

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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
- Full-time AmeriCorps or Peace Corps position



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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.

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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.

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Eligible Loans

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans (for parents and graduate or professional students)
- Direct Consolidation Loans
- Special Direct Consolidation Loans
- Other federal loans eligible if consolidated into a Direct Consolidation Loan, including:
 - FFEL Subsidized/Unsubsidized Stafford Loans
 - FFEL PLUS Loans for parents and graduate or professional students
 - FFEL Consolidation Loans (excluding joint spousal consolidation loans)
 - Federal Perkins Loans
 - Title VII Health Professions and Nursing Loans

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Eligible Repayment Plans

Income-Based Repayment (IBR) Plan

- not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent

Income-Contingent Repayment (ICR) Plan

- not available on Direct PLUS Loans for parents or Direct PLUS Consolidation Loans

Pay As You Earn Repayment Plan

- not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent

Standard Repayment Plan

- with a 10-year repayment period

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

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Qualifying Payments

**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 monthly
installment amount that was
due for that month)

**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 PSLF-specified repayment plans
- Is full-time employee of public service organization while making required payments and at time forgiveness is requested and granted

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Examples

Eligible Loan Debt - \$31,000 (6.8% interest rate/unsubsidized) Starting AGI - \$25,000 (AGI increasing 4% annually, Poverty Level Change Rate 3%) Family Size = 1	Pay As You Earn Repayment Plan	Income Based Repayment Plan (IBR)	Income Contingent Repayment Plan (ICR)	Standard Repayment Plan
First Monthly Payment	\$68.71	\$103.06	\$229.54	\$356.75
Maximum Monthly Payment	\$114.34	\$171.52	\$242.51	\$356.75
Total Interest Paid	\$10,807.54	\$16,211.31	\$18,423.50	\$11,809.83
Total Principal Paid	\$0.00	\$0.00	\$9,889.70	\$31,000.00
Total Amount Paid	\$10,807.54	\$16,211.31	\$28,313.20	\$42,809.83
Remaining Principal Balance and Unpaid Interest	\$41,272.46	\$35,868.69	\$21,110.30	\$0.00
PSLF Total Loan Forgiveness	\$41,272.46	\$35,868.69	\$21,110.30	\$0.00

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Examples

Eligible Loan Debt - \$75,000 (6.8% interest rate/unsubsidized) Starting AGI - \$50,000 (AGI increasing 4% annually, Poverty Level Change Rate 3%) Family Size = 1	Pay As You Earn Repayment Plan	Income Based Repayment Plan (IBR)	Income Contingent Repayment Plan (ICR)	Standard Repayment Plan
First Monthly Payment	\$277.04	\$415.56	\$652.83	\$863.10
Maximum Monthly Payment	\$410.87	\$616.30	\$766.30	\$863.10
Total Interest Paid	\$40,822.81	\$48,525.50	\$36,769.87	\$28,572.43
Total Principal Paid	\$0.00	\$12,708.71	\$51,806.45	\$75,000.00
Total Amount Paid	\$40,822.81	\$61,234.21	\$88,576.31	\$103,572.43
Remaining Principal Balance and Unpaid Interest	\$85,177.19	\$62,404.54	\$23,193.55	\$0.00
PSLF Total Loan Forgiveness	\$85,177.19	\$62,404.54	\$23,193.55	\$0.00

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Implementation at FedLoan Servicing

In November 2011, FedLoan Servicing was awarded the contract to service borrowers eligible for Public Service Loan Forgiveness (PSLF).

FedLoan Servicing responsibilities include:

- Customer Support
- Processing applications and forms related to PSLF eligibility
- Tracking qualifying payments for PSLF

Customer Support

- Trained a 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)
- With a dedicated site, MyFedLoan.org/pslf, with ECF form
- Borrower portal to assist in tracking eligible payments

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Borrow Process Flow

View the PSLF Borrower Communication Timeline

- Borrower receives form packet, which is standard with all servicers, and includes a cover letter, Employment Certification Form and instructions.
- 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.



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PSLF Awareness

The screenshot shows the MyFedLoan.org/PSLF website. At the top, there is a search bar and navigation tabs for 'FOR BORROWERS', 'FOR SCHOOLS', and 'FOR PARTNERS'. Below these are links for 'Account Access', 'Make a Payment', 'Manage Account', 'Billing & Payment Plans', and 'Help Center'. The main heading is 'Public Service Loan Forgiveness'. There are two tabs: 'Information for Borrowers' (highlighted with a red box) and 'Information for Employers'. The 'Information for Borrowers' section contains the following text: 'Are you currently employed with or planning to pursue a career with a PUBLIC SERVICE organization? Are you currently a full-time AmeriCorps or Peace Corps volunteer? If you answered "yes" to either of these questions, then you may qualify for forgiveness of an eligible federal student loans thanks to the Public Service Loan Forgiveness (PSLF) Program'. Below this is a section titled 'What are the Eligibility Requirements for PSLF?' with a list of requirements: 'Have Eligible Loan Type(s)', 'Make 120 Qualifying Payments', 'Make Payments Under an Eligible Repayment Plan', 'Maintain a Full-Time Employment Status', and 'Work for a Qualifying Public Service Organization'. To the right, there is a 'What Actions Can I Take Now?' section with a 'DOWNLOAD EMPLOYMENT CERTIFICATION FORM' button. At the bottom right, there is a 'Still Have Questions?' section with a contact number: 855-265-4036. The Five Star Training logo is in the bottom right corner.

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Payment Tracking for Eligible Borrowers

The screenshot displays the FedLoan Servicing website interface. At the top, there are navigation links for 'FOR BORROWERS', 'FOR SCHOOLS', and 'FOR PARTNERS'. A search bar is located in the upper right. Below the navigation, there are tabs for 'Account Access', 'Make a Payment', 'Manage Account', 'Billing & Payment Plans', and 'Help Center'. A prominent green banner reads 'public service loan forgiveness' with a star icon. The main content area shows 'View Loan Details' for a specific loan, including a 'Balance Overview' and a table of loan disbursements. A red box highlights the 'Public Service Loan Forgiveness Details' section, which shows 'Qualifying Payments Made' as 6 and 'Estimated Eligibility Date' as 07/05/2021. A red arrow points from the 'View Details' link in the disbursement table to this highlighted section.

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Identifying Qualifying Employers

- Check with the employer regarding their classification (government, non-profit, etc.)
- Depending on employer type, public websites are available:

Government	http://www.usa.gov/Agencies.shtml
Tribal College/University	http://www.ed.gov/edblogs/whiaiane/tribes-tcus/tribal-colleges-and-universities/
Non-Profit 501(c)(3)	http://www.irs.gov/charities/index.html
Private Non-Profit	http://www.irs.gov/Charities-%26-Non-Profits/Charitable-Organizations/Private-Foundations

- Contact FedLoan Servicing if unsure



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Frequently Asked Questions

- Why will all of the federally-owned loans be transferred to FedLoan Servicing before the student reaches the required 120 payments?
As the sole servicer for PSLF, FedLoan Servicing is responsible for tracking a borrower's progress toward meeting the requirement of 120 separate, on-time monthly payments while working full-time for a qualifying public service employer.
- Are all federally-owned loans eligible for PSLF?
No, it is important to note that, while the federally-owned FFELP PUT loans will be moved to FedLoan Servicing for a borrower with qualifying employment, only Direct Loans, including Direct Consolidation Loans, are eligible for forgiveness. Payments made to FedLoan Servicing on non-eligible loan types will not be tracked.
- Are Direct Loans that are in default eligible for PSLF?
No. Defaulted Direct Loans are not eligible for PSLF. However, a defaulted loan may become eligible for PSLF if you consolidate or rehabilitate the loan, and then make qualifying PSLF payments on the new Direct Consolidation Loan or the rehabilitated loan.

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Frequently Asked Questions

- Are borrowers of PLUS Loans for parents eligible for PSLF?
Parents with PLUS loans may consolidate their Federal PLUS Loans and/or Direct PLUS loans and pay under Income-Contingent Repayment (ICR). Parents must qualify based on their own public service, not the student for whom they borrowed.
- If I have Federal Family Education Loan (FFEL) Program loans, Federal Perkins Loan (Perkins Loan) Program loans, or Health Professions Student Loans, can I take advantage of PSLF?
PSLF is available only for Direct Loans. However, borrowers with FFEL Program loans, Perkins Loan Program loans, or Health Professions Student Loans who are interested in PSLF may consolidate those ineligible loans into a Direct Consolidation Loan and then make 120 qualifying payments on the Direct Consolidation Loan while employed by a qualifying public service organization to receive PSLF.
*Note that payments you made on the FFEL Program loans, Perkins Loans, or Health Professions Student Loans before they were consolidated into the Direct Loan Program do not count toward the required 120 qualifying payments.

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Frequently Asked Questions

- Under IBR, ICR and Pay As You Earn the scheduled payment for a borrower could be \$0. Does this payment count as towards PSLF?
 - Yes, this is considered a qualifying payment under that repayment plan.
- How do overpayments impact a borrower's qualifying payments?
 - If a borrower pays more than the installment amount on any payment, it will only count towards one qualifying payment based on program requirements.
- Are loan amounts forgiven for PSLF considered income for tax purposes?
 - No, they are not considered income.
- I consolidated my Direct Loans after I made qualifying monthly payments on those loans while working in a qualifying public service organization. Do the payments made prior to the consolidation count toward the 120 payments required for PSLF?
 - No. You will need to make 120 qualifying payments on the new Direct Consolidation Loan. Qualifying payments that you made on Direct Loans prior to consolidation do not count toward the 120 required payments for PSLF.

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Partnering with Schools

- [Borrower Toolkits](#) for outreach to current and past student borrowers
- Reporting Available
 - Customized email communications showing the number of borrowers for your institution who have submitted an Employment Certification Form
 - Student detail information through the FedLoan Servicing School Portal
- [Training resources](#) and personalized support
 - Presentation available for
 - Sector-based, personalized support



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Counseling Eligible Borrowers

- 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 and Pay As You Earn)
 - Consolidate any FFELP loans under Direct Consolidation
 - Make payments on time

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Current Student Toolkit Considering a career in Public Service?

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Contains:

- Student Handout
- Various Web and Print Ads
- Sample Student Email
- Sample Social Media Posts



Alumni Toolkit

Are you working in Public Service?

The toolkit contains several items:

- Handout:** A large poster titled "Are you working in Public Service?" with a star icon and the text "You may qualify for loan forgiveness." It includes the URL "Learn more - Visit MyFedLoan.org/PSLF".
- Web and Print Ads:** A central graphic titled "ARE YOU WORKING IN PUBLIC SERVICE?" with a star icon and the text "You may qualify for forgiveness of any remaining balance on your eligible federal student loans thanks to the Public Service Loan Forgiveness (PSLF) Program." It lists program requirements and provides the URL "visit MyFedLoan.org/PSLF today!".
- Social Media Posts:** A smaller graphic titled "ARE YOU WORKING IN PUBLIC SERVICE?" with a star icon and the text "You may qualify for forgiveness of any remaining balance on your eligible federal student loans thanks to the Public Service Loan Forgiveness (PSLF) Program." It includes the URL "visit MyFedLoan.org/PSLF TODAY TO LEARN MORE!".

Contains:

- Alumni Handout
- Various Web and Print Ads
- Sample Alumni Email
- Sample Social Media Posts

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School and Borrower Resources

- **PSLF Fact Sheet and Q&As:** www.studentaid.ed.gov/publicservice
- **Borrower Information and Employment Certification Form from FedLoan Servicing:** www.MyFedLoan.org/PSLF
- **PSLF Borrower Toolkits:** <http://www.myfedloan.org/schools/products-tools/public-service-loan-forgiveness-toolkit.shtml>
- **PSLF Fact Sheet for Financial Aid Professionals:** <http://www.myfedloan.org/schools/docs/student-toolkit/fact-sheet.pdf>
- **IBR, ICR and Pay As You Earn Calculators:** <http://www.finaid.org/calculators/ibr.phtml>
- **CFPB Public Service Toolkit:** http://files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf
- **CFPB Action Guide for Employees:** http://files.consumerfinance.gov/f/201308_cfpb_pledge-action-guide-for-employees.pdf

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Your Dedicated Sector Representatives

Public & Proprietary



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A Department of
Education Servicer



FedLoan Servicing was established by the Pennsylvania Higher Education Assistance Agency (PHEAA) to support the U.S. Department of Education's ability to service student loans owned by the federal government.