Public Service Loan Forgiveness (PSLF) Program Fact Sheet

What is the Public Service Loan Forgiveness Program?

Congress created the Public Service Loan Forgiveness Program (PSLF) in 2007 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 due on their eligible federal student loans after they have made 120 payments on those loans under certain repayment plans while employed full time for at least 10 years by certain public service employers.

What loans qualify for forgiveness?

Only loans received under the William D. Ford Federal Direct Loan (Direct Loan) Program are eligible for PSLF. Loans received under the Federal Family Education Loan (FFEL) Program, the Perkins Loan Program, or any other student loan programs are not eligible for PSLF.

If you have FFEL and/or Perkins loans, you may consolidate them into a Direct Consolidation Loan to take advantage of PSLF. However, only payments made on the new Direct Consolidation Loan will count toward the 120-month payment requirement for PSLF. Payments made on your FFEL or Perkins loans, even if made under a qualifying repayment plan, do not count as qualifying PSLF payments.

What payment plans qualify for forgiveness?

Payments made under one or more of the following Direct Loan Program repayment plans count toward the 120-month payment requirement provided all other criteria are met:

- Income Based Repayment (IBR) Plan
- Income Contingent Repayment (ICR) Plan
- 10-Year Standard Repayment Plan
- Any other repayment plan where the monthly payment amount equals or exceeds what would be paid under a 10-Year Standard Repayment Plan.

You must have made 120 separate monthly payments after October 1, 2007, on the Direct Loan Program loans for which forgiveness is requested. Earlier payments do not

count toward meeting this requirement. Each of the 120 monthly payments must be made for the full scheduled installment amount within 15 days of the due date.

IMPORTANT NOTE: The PSLF Program provides for forgiveness of the remaining balance of a borrower's eligible loans after the borrower has made 120 qualifying payments on those loans. In general, only borrowers who are making reduced monthly payments through the Direct Loan Income Contingent or Income Based repayment plans will have a remaining balance after making 120 payments on a loan. Since the 10-Year Standard Repayment Plan requires you to fully pay off your loan within ten years (120 monthly payments), you will not have any remaining loan balance to be forgiven if you make all of your 120 required payments under a 10-Year Standard Repayment Plan. The 10-year Standard Plan is included as an eligible repayment plan for PSLF purposes so that borrowers may receive credit toward the required 120 PSLF payments for payments they may have made under this plan before switching to either IBR or ICR plans or after leaving IBR or ICR plans.

What kinds of employment qualify?

Qualifying employment is any full time employment (generally, as determined by the employer) with a federal, state, or local government agency, entity, or organization or a non-profit organization that has been designated as tax-exempt by the Internal Revenue Service. The type or nature of employment with the organization does not matter for PSLF purposes. Additionally, the type of services that these public service organizations provide does not matter for PSLF purposes.

When may I apply?

Borrowers may not apply for loan forgiveness until after they have made 120 separate monthly qualifying loan payments while being employed full time at a qualifying public service organization, and only payments made after October 1, 2007, count toward the required 120 separate, monthly payments. The earliest date that any borrower will be eligible to apply for PSLF is October 2017.

What are the application requirements?

Prospective applicants must meet and maintain the following requirements for loan forgiveness under the PSLF Program:

- You must not be in default on the loans for which forgiveness is requested.

- You must be employed full time by a public service organization when making each of the required 120 monthly loan payments at the time you apply for loan forgiveness; and at the time the remaining balance on your eligible loans is forgiven.

How can I track my progress?

The U.S. Department of Education has created the Employment Certification for Public Service Loan Forgiveness form www.studentaid.ed.gov/publicservice and a process to help you monitor your progress toward making the 120 qualifying payments necessary to apply for PSLF. You should complete the form, including your employer's certification of employment, and submit it to FedLoan Servicing, the PSLF servicer, at the address listed in Section 6 of the Employment Certification form.

The form allows you to get your employer's certification of employment while you are still employed at that organization or shortly after leaving. The process allows you to receive confirmation of qualifying employment and Direct Loan payment eligibility. You may also submit the form less frequently than annually to cover more than one year's employment or for more than one employer.

Is the Employment Certification for Public Service Loan Forgiveness form required?

While use of the form and process is not required, it will help you keep track of your progress toward meeting the PSLF eligibility requirements. If you do not periodically submit the form, you will still be required to submit a form for each qualifying employer at the time you apply for forgiveness and when forgiveness is granted.

Frequently Asked Questions

Q1: If an individual has been making payments since 'before' 2007 (e.g. 2005) can she/he count those payments toward the 120 required payments?

A1: No. Only payments made on or after October 1, 2007, when the program began may be counted towards the required 120 payments.

Scenario 1: Bob started making payments on his student loan in October 2005 while working for Metropolitan Life Insurance Company. Bob was hired by FSIS in October 2009. He made 48 payments while employed with Metropolitan but none of those

payments will count toward the PSLF. Bob's payments toward the 120 required payments will start in October 2009 when his employment with FSIS, a public service agency, began.

Q2: If an individual, previously employed by a non-qualifying employer has been making monthly payments since October 2007 and started working for FSIS in January 2008, can she/he get credit for those payments made before employment with FSIS?
A2: No. The PSLF requires that the individual be employed with a public service agency in order to apply and qualify for PSLF. However, if the employee transferred from another federal agency, then the payments would qualify for PSLF.

Scenario 2: Jane started making her required monthly payments in October 2007 while directly employed at Perdue Farms. In January 2008 she began her employment with FSIS. Jane's payments toward the 120 required payments will start in January 2008 when her employment with FSIS, a public service agency, began.

Q3: Must the 120 separate, monthly required payments for PSLF be consecutive?
A3: No. The payments do not have to be consecutive payments; but you must be employed by a qualifying public service organization at the time you make each of the 120 qualifying payments.

Scenario 3: Paul made monthly payments from January 2009 to December 2009 while working at FSIS. He resigned for one year but continued making monthly payments. In January 2011, he was re-employed by FSIS. Although Paul made payments during 2010, they do not count toward PSLF because he was not employed by a qualified public service employer.

For more information on the Public Student Loan Forgiveness Program, please visit:
http://studentaid.ed.gov/PORTALSWebApp/students/english/PSF.jsp