Public Service Loan Forgiveness
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
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
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
Polling Question
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.
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.
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
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
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
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
### 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

<table>
<thead>
<tr>
<th></th>
<th>Pay As You Earn Repayment Plan</th>
<th>Income Based Repayment Plan (IBR)</th>
<th>Income Contingent Repayment Plan (ICR)</th>
<th>Standard Repayment Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>First Monthly Payment</strong></td>
<td>$68.71</td>
<td>$103.06</td>
<td>$229.54</td>
<td>$356.75</td>
</tr>
<tr>
<td><strong>Maximum Monthly Payment</strong></td>
<td>$114.34</td>
<td>$171.52</td>
<td>$242.51</td>
<td>$356.75</td>
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<tr>
<td><strong>Total Interest Paid</strong></td>
<td>$10,807.54</td>
<td>$16,211.31</td>
<td>$18,423.50</td>
<td>$11,809.83</td>
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<tr>
<td><strong>Total Principal Paid</strong></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$9,889.70</td>
<td>$31,000.00</td>
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<tr>
<td><strong>Total Amount Paid</strong></td>
<td><strong>$10,807.54</strong></td>
<td><strong>$16,211.31</strong></td>
<td><strong>$28,313.20</strong></td>
<td><strong>$42,809.83</strong></td>
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<tr>
<td><strong>Remaining Principal Balance and Unpaid Interest</strong></td>
<td>$41,272.46</td>
<td>$35,868.69</td>
<td>$21,110.30</td>
<td>$0.00</td>
</tr>
<tr>
<td><strong>PSLF Total Loan Forgiveness</strong></td>
<td><strong>$41,272.46</strong></td>
<td><strong>$35,868.69</strong></td>
<td><strong>$21,110.30</strong></td>
<td><strong>$0.00</strong></td>
</tr>
</tbody>
</table>
Examples

<table>
<thead>
<tr>
<th>Eligible Loan Debt - <strong>$75,000</strong> (6.8% interest rate/unsubsidized)</th>
<th>Pay As You Earn Repayment Plan</th>
<th>Income Based Repayment Plan (IBR)</th>
<th>Income Contingent Repayment Plan (ICR)</th>
<th>Standard Repayment Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting AGI - <strong>$50,000</strong> (AGI increasing 4% annually, Poverty Level Change Rate 3%) Family Size = 1</td>
<td>First Monthly Payment</td>
<td>$277.04</td>
<td>$415.56</td>
<td>$652.83</td>
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<tr>
<td></td>
<td>Maximum Monthly Payment</td>
<td>$410.87</td>
<td>$616.30</td>
<td>$766.30</td>
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<tr>
<td></td>
<td>Total Interest Paid</td>
<td>$40,822.81</td>
<td>$48,525.50</td>
<td>$36,769.87</td>
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<tr>
<td></td>
<td>Total Principal Paid</td>
<td>$0.00</td>
<td>$12,708.71</td>
<td>$51,806.45</td>
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<tr>
<td></td>
<td><strong>Total Amount Paid</strong></td>
<td><strong>$40,822.81</strong></td>
<td><strong>$61,234.21</strong></td>
<td><strong>$88,576.31</strong></td>
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<tr>
<td>Remaining Principal Balance and Unpaid Interest</td>
<td>$85,177.19</td>
<td>$62,404.54</td>
<td>$23,193.55</td>
<td>$0.00</td>
</tr>
<tr>
<td>PSLF Total Loan Forgiveness</td>
<td><strong>$85,177.19</strong></td>
<td><strong>$62,404.54</strong></td>
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<td><strong>$0.00</strong></td>
</tr>
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</table>
To support the PSLF program, FedLoan Servicing has:

- Trained a specialized customer service and processing team
- Established a dedicated, toll-free number, 1.855.265.4038
- Provided customer service representatives available from Monday through Thursday 8:00 AM – 11:00 PM (ET). Friday 8:00 AM – 9:00 PM (ET)
- Added a dedicated site, MyFedLoan.org/pslf, and form for PSLF
- Updated our borrower portal to assist in tracking eligible payments
What Actions Can I Take Now?

Submit employment certification and continue to do so every year for any period of time you want your employment to be considered under the program eligibility requirements.

If you submit an Employment Certification Form from a qualifying organization for the Public Service Loan Forgiveness Program, and your loans are not already serviced by FedLoan Servicing, all of your U.S. Department of Education owned student loans will be transferred to us. Having all of your loans with FedLoan Servicing will make it easier for you to track your progression in the Public Service Loan Forgiveness Program.

Since the Public Service Loan Forgiveness Program requires 120 separate on-time monthly payments and was just established in 2007, no borrower will be eligible for forgiveness until 2017. Forgiveness applications will be available closer to that time.
### Public Service Loan Forgiveness

#### About Public Service Loan Forgiveness
- The purpose of the Public Service Loan Forgiveness Program is to encourage public service jobs.
- You may qualify if you work full-time in a public service position.
- This program is for Direct Loans only.

View full details of the Public Service Loan Forgiveness Program.

#### How to apply

Since the Public Service Loan Forgiveness Program requires you to work in public service, it is not available to all borrowers. However, we do recommend that you submit an application to have your loans forgiven. If you are not employed with a public service organization and believe you might qualify, you should submit an application.

<table>
<thead>
<tr>
<th>Step</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step 1</td>
<td>Download and print the Employment Certification Form.</td>
</tr>
</tbody>
</table>
| Step 2 | - Read the instructions
- Complete sections 1 and 2
- Provide your employer with the form to complete section 3 |
| Step 3 | Mail or fax your completed form (borrower AND employer section completed) to: FedLoan Servicing Attn: Loan Forgiveness P.O. Box 65184 Harrisburg, PA 17106-9184 Fax: (717) 720-1628 If you need help completing the form, call: 855-265-4038 |

#### Loan Forgiveness and Discharge Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>Who it's for</th>
<th>What it does</th>
</tr>
</thead>
</table>
| Public Service Loan Forgiveness | You may qualify if you:
  - Work full-time in a public service position (and meet other eligibility requirements). |
| Total & Permanent Disability | Forgives part of your educational loan debt, provided you fulfill certain work-related requirements. |
Within Forms

Forgiveness and Discharge Forms

Find out if you are eligible to have your loan debt reduced or eliminated.

<table>
<thead>
<tr>
<th>Form Type</th>
<th>Form Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Certification for Public Service Loan Forgiveness (PSLF)</td>
<td>Direct Loans</td>
</tr>
<tr>
<td>Teacher Loan Forgiveness Application</td>
<td>All Loan Types</td>
</tr>
<tr>
<td>False Certification Ability to Benefit Discharge Application</td>
<td>All Loan Types</td>
</tr>
</tbody>
</table>
Borrow Process Flow

- 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.
Polling Question
Within Account Access

Account Home

Alerts & Messages

- Want to ensure that you receive notification when tax is available to view online? Simply verify that we have a valid email address on file for you in your Account Profile.
- If you can’t afford your student loan payments, there are other directions you can take! Consider lower monthly payments, a different due date, or a temporary suspension of payments.
- Save yourself time and money! Sign up for Direct Debit, our automatic payment service, and get an instant interest rate reduction of .25%.

Payment Summary

- Last Payment: $112.85 on 01/23/2012
- Current Payment Due: $0.00

Loan Summary

- View Payment History
- View Billing Details
- I cannot afford this payment

Do you work in public service? You may qualify for the Public Service Loan Forgiveness program.

Account Profile

- Address: 1200 NORTH SEVENTH STREET MISSOULA, MT 59801-2281
- Phone: (406) 555-0022 primary (406) 555-7474 alternate
- Email: jdoe@example.com

Update Information
Change Password

Learn More
Payment Tracking for Eligible Borrowers

<table>
<thead>
<tr>
<th>Public Service Loan Forgiveness Details:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Qualifying Payments Made:</td>
</tr>
<tr>
<td>6</td>
</tr>
</tbody>
</table>

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[Image of loan details and payment tracking interface]
Payment Tracking for Eligible Borrowers

Public Service Loan Forgiveness Details:

<table>
<thead>
<tr>
<th>Qualifying Payments Made</th>
<th>Qualifying Payments Remaining</th>
<th>Estimated Eligibility Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>114</td>
<td>07/05/2021</td>
</tr>
</tbody>
</table>

Learn more about this program

What do these terms mean?

Qualifying Payments Made

Qualifying payments are on-time, full payments that have been made after October 1, 2007 under an eligible repayment schedule while being employed full-time by a qualifying public service organization.

Qualifying Payments Remaining

This is the remaining number of qualifying payments that are required to meet the minimum of 120 payments to be considered eligible to apply for forgiveness.

Estimated Eligibility Date

This is the estimated date that you will make your last qualifying payment and be considered eligible to apply for loan forgiveness. Several factors can change this date during the course of repayment.
Identifying Qualifying Employers

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

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Website Link</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td><a href="http://www.usa.gov/Agencies.shtml">http://www.usa.gov/Agencies.shtml</a></td>
</tr>
<tr>
<td>Tribal College/University</td>
<td><a href="http://www2.ed.gov/about/init/list/whtc/edlite-tclist.html">http://www2.ed.gov/about/init/list/whtc/edlite-tclist.html</a></td>
</tr>
</tbody>
</table>
Polling Question
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.

• Will the borrower’s commercially-held loan volume be transferred to FedLoan Servicing?
  No, they will remain with their commercial servicer.
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.

• Why should borrowers interested in PSLF use Income-Based Repayment (IBR), Income-Contingent Repayment (ICR) or Pay As You Earn?
  These repayment plans are the most likely to leave an outstanding balance to forgive after 120 payments.

• 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.
Frequently Asked Questions

• Will the information provided from each of the federal servicers on this program be consistent?
  All federal servicers use the same form packet.

• Are the 120 full, monthly payments required to be consecutive?
  No, they do not need to be consecutive.

• 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.
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
Partnering with Schools

- Borrower Toolkits for outreach to current and past student borrowers
- Portfolio-level and student detail reporting
- Training resources and personalized support
Current Student Toolkit
Considering a career in Public Service?

Contains:
- Student Handout
- Various Web and Print Ads
- Sample Student Email
- Sample Social Media Posts
Alumni Toolkit
Are you working in Public Service?

Contains:

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

- 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 download, Take 5 video overview
  - Sector-based, personalized support
School and Borrower Resources

- PSLF Fact Sheet and Q&As: [www.studentaid.ed.gov/publicservice](http://www.studentaid.ed.gov/publicservice)
- FedLoan Servicing toll-free number for borrowers:
  1.855.265.4038, Monday through Thursday 8:00 AM – 11:00 PM (ET).
  Friday 8:00 AM – 9:00 PM (ET)
- IBR, ICR and Pay As You Earn Calculators: [http://www.finaid.org/calculators/ibr.phtml](http://www.finaid.org/calculators/ibr.phtml)
Questions?

Want to learn more? Contact your sector representative!

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facebook.com/fedloanprivate

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Will Lindsey
Phone: 717.720.1529
Email: wllindsey@phea.org
facebook.com/fedloanproprietary

Lisa Ciritella
Phone: 717.720.2309
Email: lciritel@phea.org
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.