

# PUBLIC SERVICE (STUDENT) LOAN FORGIVENESS (PSLF)

The Public Service Loan Forgiveness program allows federal student loan borrowers an opportunity to achieve loan forgiveness after committing ten years to public service work. PSLF is not a program that you sign up for but rather a program that you qualify for. After 10 years you can apply for forgiveness.

## Think you qualify? Let's find out!

(1)

**Do you work for a government agency or a 501c3 for 30 hours a week or more?**

**Yes!** → Next Question.

**No.** → If you do not work for this type of organization, PSLF doesn't apply to you. If you work less than 30 hours a week then you cannot qualify either.

**Direct Loans** from the Federal Government are the **ONLY** loans that count toward PSLF. These loans include:

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans for Graduate Students and Parents\*
- Direct Consolidation Loans

**I do not have Federal Government loan. I have a private loan.** →  
Unfortunately, PSLF does not apply to you.

**I have a government loan but it is not a direct loan.** →

That is ok! You might have options. Loans that are not eligible for forgiveness may become eligible if consolidated into a Direct Consolidation Loan.

These loans include:

The following FFEL Loans:

- Subsidized Federal Stafford loans
- Unsubsidized Federal Stafford Loans
- FFEL PLUS Loans for Graduate Students and Parents\*
- FFEL Consolidation Loans (joint spousal consolidation loans excluded)
- Perkins Loans
- Certain Health Professions and Nursing Loans

\* For Parent PLUS loans, the parent must work at a qualifying public service job.

Keep in mind that it doesn't matter how long you have worked for the government or 501c3 if you do not have the right kind of loan. Your qualifying time only starts once you have a direct loan (after the date of October 1, 2007).



If you would like to consolidate your loan, speak to your **loan servicer** and ask about how to get a Direct Loan.

**BEWARE** of consolidation companies. They are scams. They often charge you to get access to the same Federal Consolidation that you are already entitled to.

**I don't know what kind of student loan I have.** →

Let's find out! Go to <https://www.nsls.ed.gov/npas/index.htm>

You will need to create an account or plug in your Username & Password.  
This site will list all of your Federal Government student loans.

(2)  
**What kind of student loan do you have?**

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(3)  
**Are you using a qualified repayment plan?**

## **Yes! I am on one of these repayment plans →**

- Income-Based Repayment Plan (IBR)
- Income-Contingent Repayment Plan (ICR)
- Pay As You Earn Repayment Plan
- Standard 10-Year Repayment Plan
- Any repayment plan where the payment amount is greater than or equal to what the payment would be on the Standard 10-Year Repayment Plan.

To maximize forgiveness potential, borrowers should enroll in one of the income-driven repayment plans. If a borrower remains on a Standard 10-Year Repayment Plan, the loan will likely be paid off in ten years, and there will be no balance remaining to forgive. Therefore, while the Standard Repayment Plan is considered an eligible repayment plan for PSLF, this is essentially to allow borrowers credit for payments made on the Standard Repayment Plan before they switched to an income-driven plan.

## **No. I am not on one of those plans →**

Talk to your servicer to see if you can qualify for an income based repayment. Remember, your 10 year clock only starts ticking when you have a Direct Loan and are making payments under a qualifying repayment plan.

After you have a Direct Loan and are on an approved repayment plan, you can start counting your service time. For some of you, this could mean that you have months or years that don't count toward the loan forgiveness. We recommend that you get the right loan and payment plan as soon as possible to start your forgiveness clock.

## **Let's talk repayment.**

You need **120** qualifying payments after the date of **October 1<sup>st</sup>, 2007**. As stated above, the clock might have started later for folks who did not have qualifying loans.

### **What is a qualifying payment?**

- Payments must be full, separate, and on-time (within 15 days of the due date).
- To be eligible for PSLF, the loan must not be considered "paid ahead." If the borrower chooses to make extra payments, they must advise their loan servicer not to apply the funds to future scheduled payments. This will advance the due date, and the loan will be considered "paid ahead." Payments made while the loan is paid ahead will not count towards forgiveness under PSLF.
- The borrower must accumulate 120 payments to qualify for PSLF *while* working for a 501c3 or for the government. Payments do not need to be consecutive. Time spent in deferment or forbearance does not count toward forgiveness.

## **The Nitty Gritty**

**How do I apply for forgiveness?** → The first applications won't start until the end of 2017. Student loan experts recommend that you keep all paycheck stubs that show your employment, record of all qualifying student loan payments, and make sure your employer has filled out the Employment Certification Form. Available here: <https://studentaid.ed.gov/sa/sites/default/files/public-service-employment-certification-form.pdf>

**Will I get taxed on the forgiven loan amount?** → No! The PSLF will not be taxable forgiveness.

## **More questions?**

Go to: <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service#receiving-forgiveness>  
And if you haven't already, talk to Boulder County Housing & Financial Counselor at [HCinfo@bouldercounty.org](mailto:HCinfo@bouldercounty.org).