

Direct Loan Public Service Loan Forgiveness

Ian Foss, Federal Student Aid

Basics



- Borrower must also be employed by a qualifying organization at the time that the borrower applies for and receives PSLF
- According to the IRS, the forgiven amount is not treated as taxable income

Qualifying Employment

Doesn't matter what you do, it matters where you work.

- 1
 - Any government organization
- 2
 - 501(c)(3) not-for-profit organization
- 3
 - Other not-for-profit organizations providing specific qualifying services

Qualifying Payments

After October
1, 2007

Do not need to
be consecutive

Must be for full
amount due
under plan

Must be made
with 15 days of
due date

Qualifying
payment

Repeat 120
times

Qualifying Repayment Plan



Payments made under 10-year Standard Repayment Plan count toward forgiveness, but borrower needs to get in an income-driven plan to benefit.

Eligible Loans

Yes

Direct
Loans

No

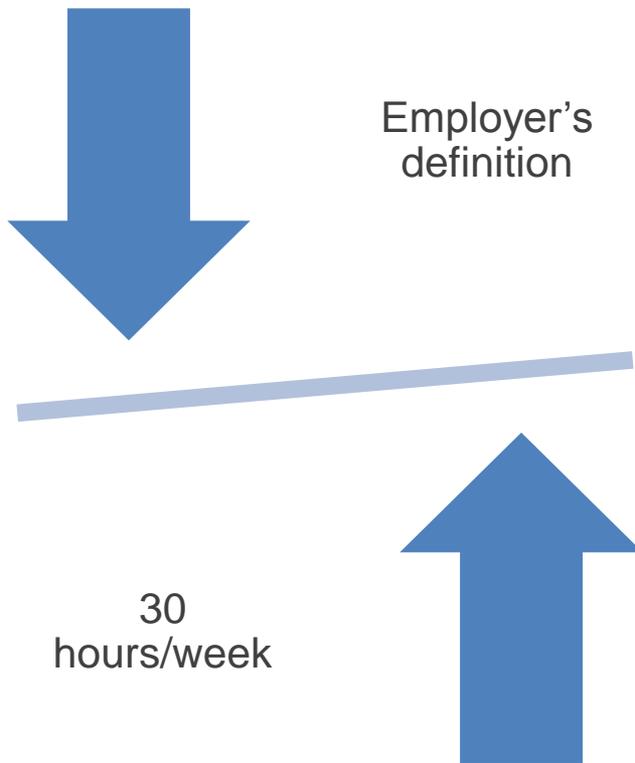
FFEL
Program
Loans

Perkins
Loans

Loan consolidation can convert ineligible loans to eligible loans, but only payments on eligible loans count.

Full-Time Employment

Full-time is the greater of:



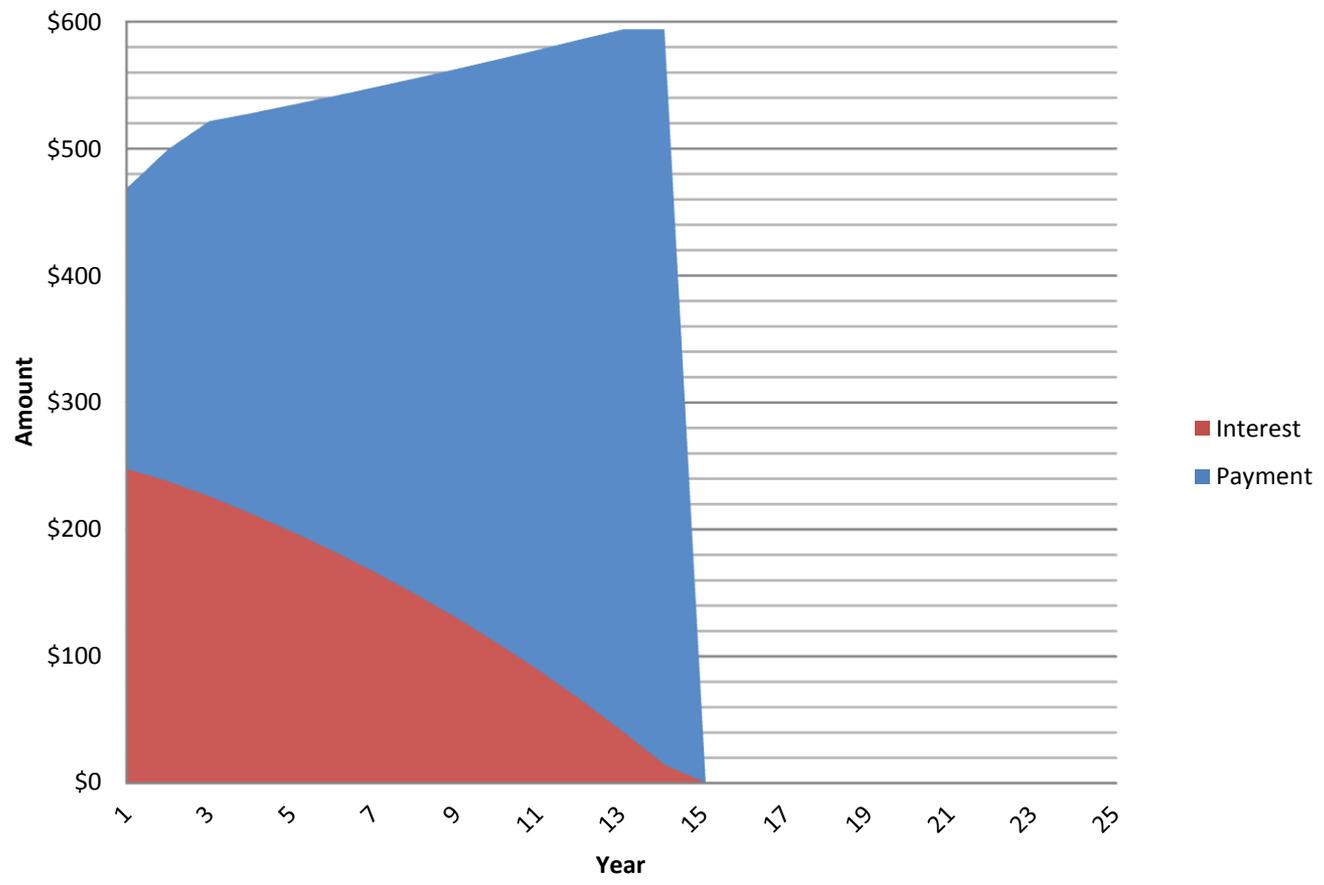
- Must be a full-time employee or work multiple part-time jobs that equal full time
- For borrowers at a not-for-profit organization hours spent on religious instruction, worship services, or proselytizing cannot be factored into meeting the full-time employee requirement

BILLY BORROWER

Billy Borrower

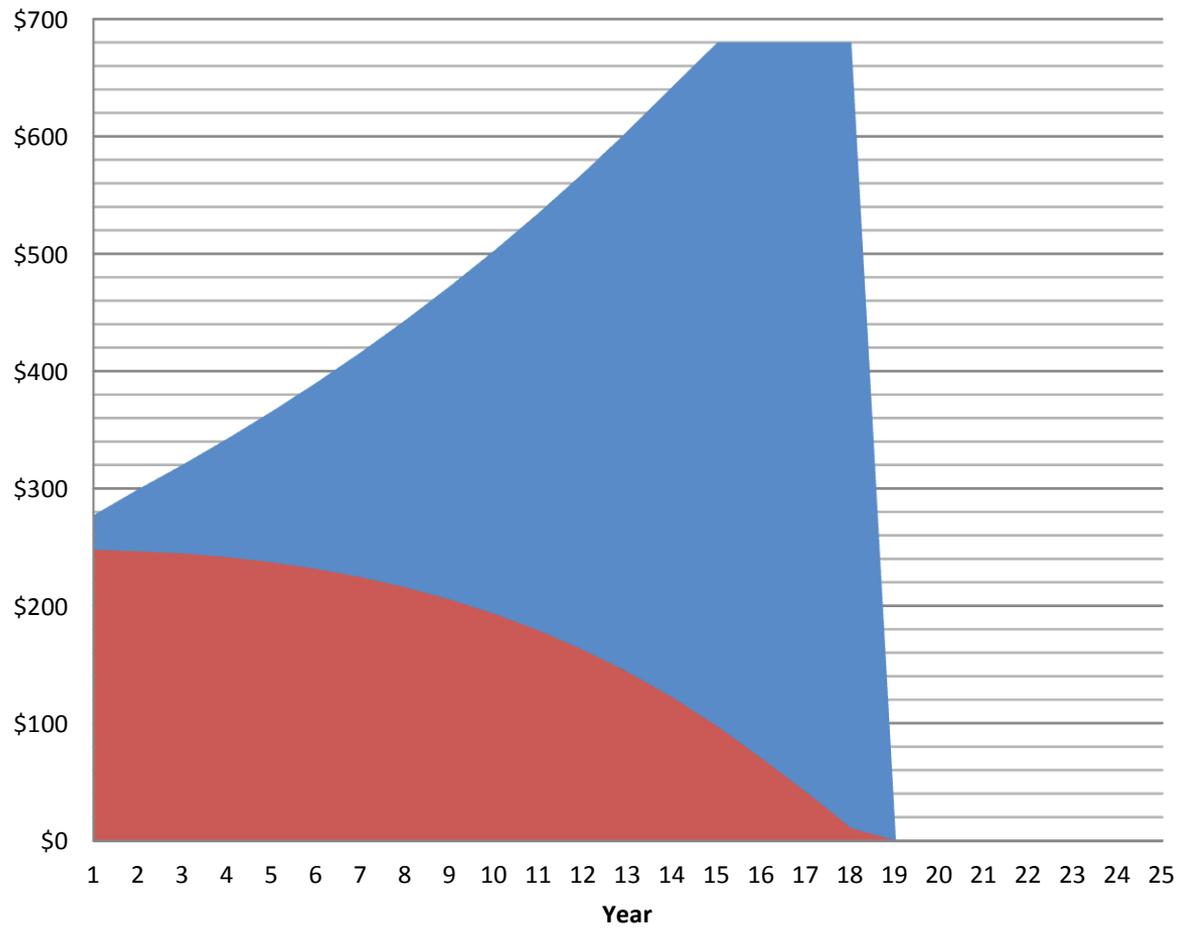
- Is single with no dependents and lives in DC
- Has \$65,500 in Direct Loan debt (\$23,000 of which is subsidized), which has a weighted average interest rate of 4.5%
- Borrowed for graduate school to get an MSW
- Has an AGI of \$40,000 that rises at 5% per year

ICR



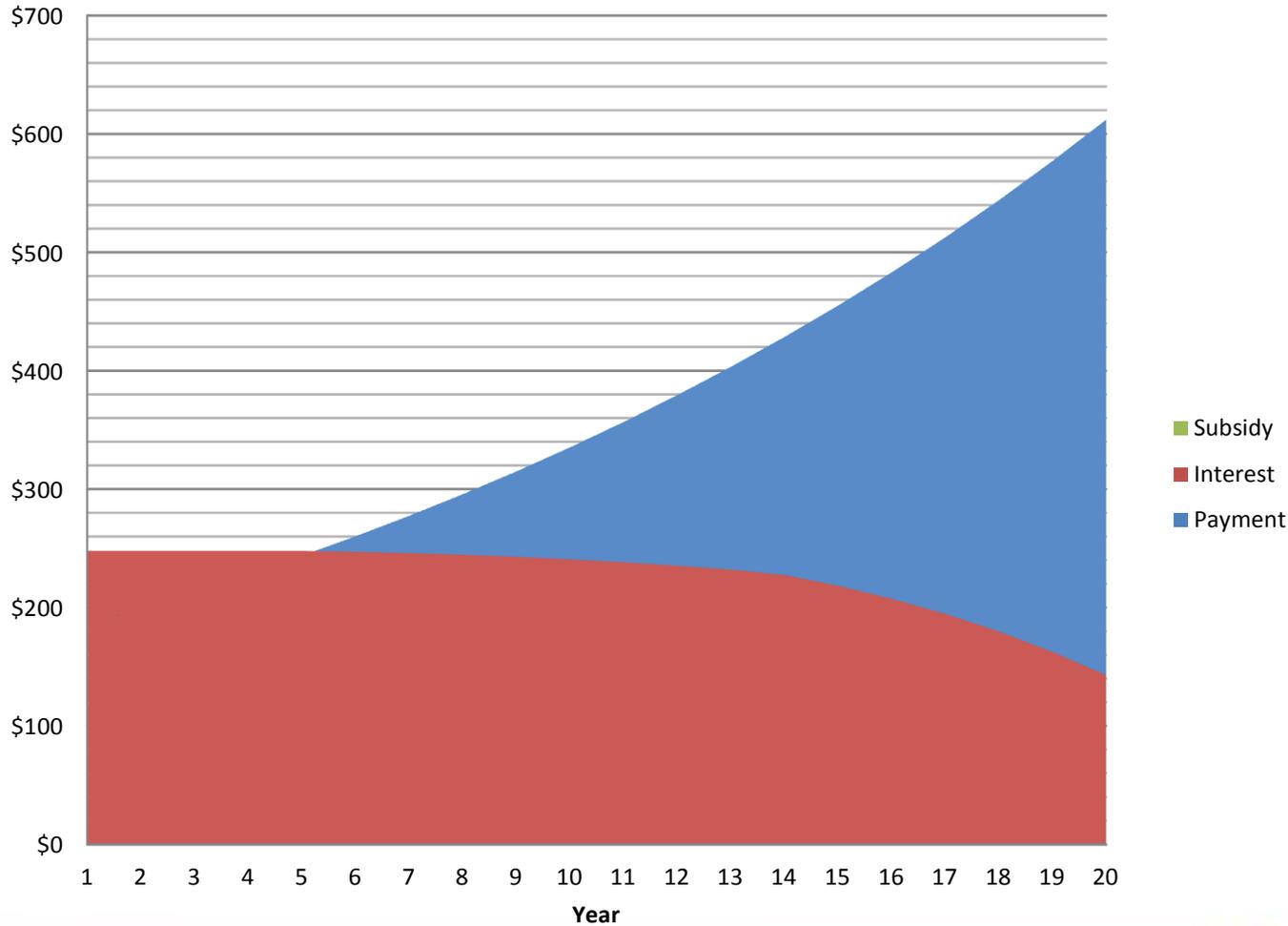
Year Interest Payment		
1	\$248	\$469
2	\$238	\$499
3	\$226	\$522
4	\$213	\$528
5	\$198	\$535
6	\$183	\$541
7	\$166	\$548
8	\$149	\$556
9	\$130	\$563
10	\$110	\$571
11	\$88	\$578
12	\$65	\$586
13	\$41	\$594
14	\$15	\$594

IBR



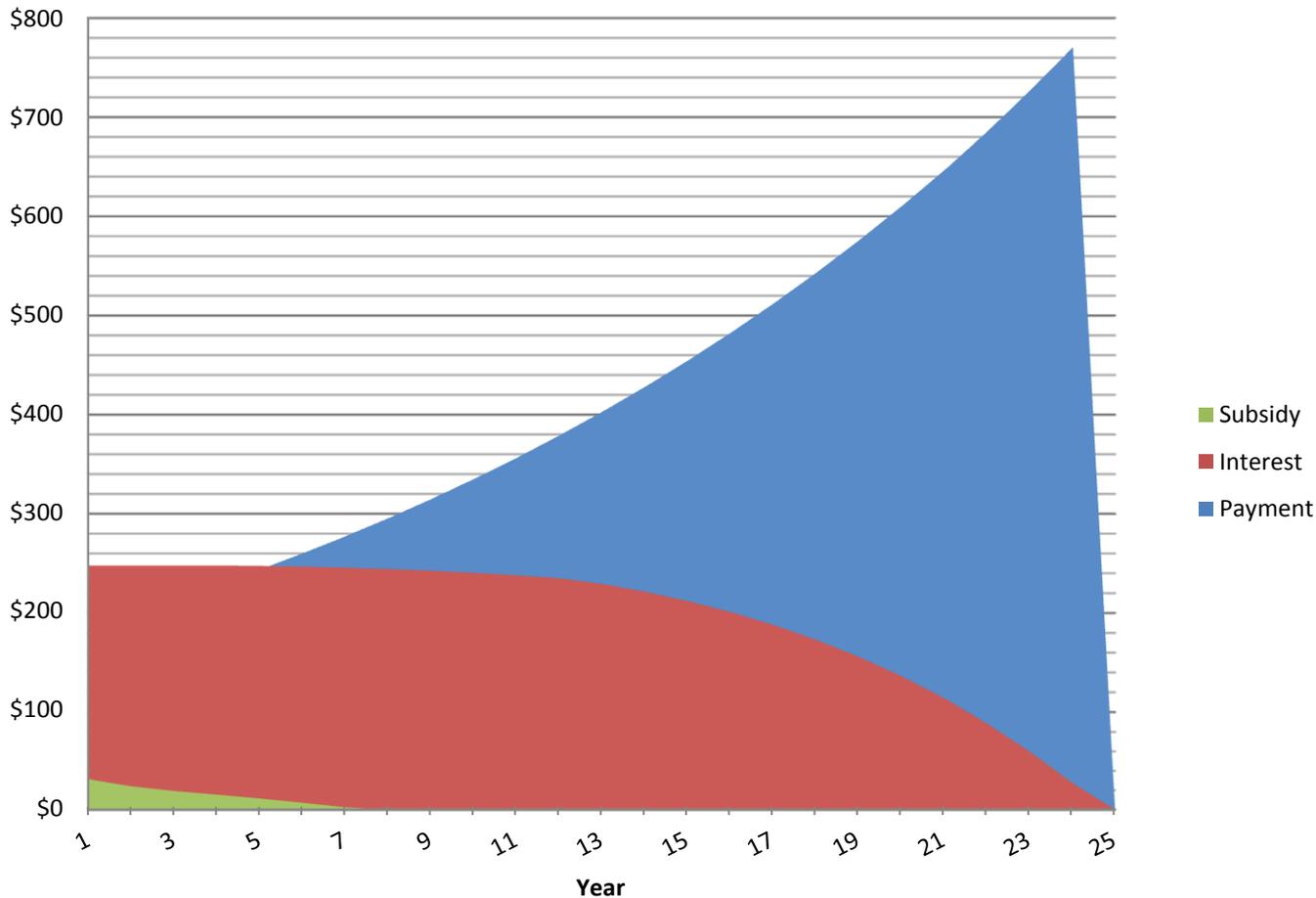
Year	Int.	Pmt.	Sub.
1	\$248	\$277	\$0
2	\$247	\$299	\$0
3	\$245	\$320	\$0
4	\$242	\$342	
5	\$237	\$366	
6	\$231	\$390	
7	\$224	\$416	
8	\$216	\$444	
9	\$205	\$473	
10	\$193	\$503	
11	\$179	\$535	
12	\$162	\$569	
13	\$143	\$605	
14	\$122	\$643	
15	\$97	\$680	
16	\$70	\$680	
17	\$41	\$680	
18	\$11	\$680	

PAYE/“new” IBR



Year	Int.	Pmt.	Sub.
1	\$248	\$185	\$0
2	\$248	\$200	\$0
3	\$248	\$214	\$0
4	\$248	\$228	
5	\$248	\$244	
6	\$247	\$260	
7	\$246	\$278	
8	\$245	\$296	
9	\$243	\$315	
10	\$241	\$335	
11	\$238	\$357	
12	\$235	\$380	
13	\$232	\$404	
14	\$227	\$429	
15	\$218	\$455	
16	\$207	\$484	
17	\$194	\$513	
18	\$180	\$544	
19	\$163	\$577	
20	\$143	\$612	

REPAYE



Year	Int.	Pmt.	Sub.
1	\$248	\$185	\$32
2	\$248	\$200	\$24
3	\$248	\$214	\$19
4	\$248	\$228	\$16
5	\$248	\$244	\$12
6	\$247	\$260	\$7
7	\$246	\$278	\$2
8	\$244	\$296	\$0
9	\$243	\$315	\$0
10	\$240	\$335	\$0
11	\$238	\$357	\$0
12	\$235	\$380	\$0
13	\$229	\$404	\$0
14	\$221	\$429	\$0
15	\$212	\$455	\$0
16	\$201	\$484	\$0
17	\$187	\$513	\$0
18	\$172	\$544	\$0
19	\$155	\$577	\$0
20	\$135	\$612	\$0
21	\$113	\$649	\$0
22	\$87	\$687	\$0
23	\$59	\$728	\$0
24	\$27	\$771	\$0

The bigger picture

Payment Type	Repayment Plan	Payments	Total Paid	Time in Repayment	Forgiven Amount
Income	IBR	\$277 → \$680	\$101,452	17 yrs., 5 mos.	\$0
Income	PAYE	\$185 → \$612	\$87,705	20 years	\$31,086
Income	REPAYE	\$185 → \$771	\$119,535	23 yrs., 10 mos.	\$0
Income	ICR	\$469 → \$594	\$88,944	13 yrs., 7 mos.	\$0
Fixed	Standard	\$680	\$81,615	10 years	N/A
Fixed	Extended	\$416	\$124,678	25 years	N/A
Fixed	Consolidation Standard	\$333	\$120,050	30 years	N/A
Graduated	Graduated	\$383 → \$1,148	\$85,699	10 years	N/A
Graduated	Extended-Graduated	\$248 → \$620	\$119,910	25 years	N/A
Graduated	Consolidation Graduated	\$248 → \$507	\$127,641	30 years	N/A

Payment Type	Repayment Plan	Payments	Total Paid	Time in Repayment	PSLF
Income	IBR	\$277 → \$503	\$45,972	10 years	\$46,605
Income	PAYE	\$185 → \$335	\$30,649	10 years	\$64,323
Income	REPAYE	\$185 → \$335	\$30,649	10 years	\$62,967
Income	ICR	\$469 → \$571	\$63,970	10 years	\$22,986

StudentAid.gov/Repayment-Estimator

Repayment Plan	Repayment Period	Monthly Payment Initial to Final Amounts	Projected Loan Forgiveness ⓘ	Total Interest Paid ⓘ	Total Amount Paid
Standard ⓘ	120 months	\$555 to \$555 	\$0	\$16,612	\$66,612
Graduated ⓘ	120 months	\$317 to \$952 	\$0	\$21,060	\$71,060
Extended Fixed ⓘ	300 months	\$322 to \$322 	\$0	\$46,645	\$96,645
Extended Graduated ⓘ	300 months	\$250 to \$485 	\$0	\$55,144	\$105,144
Income-Based Repayment (IBR) ⓘ	227 months	\$217 to \$555 	\$0	\$42,040	\$92,040
IBR for New Borrowers ⓘ	240 months	\$145 to \$508 	\$37,029	\$58,475	\$71,446
Pay As You Earn ⓘ	240 months	\$145 to \$508 	\$37,029	\$58,475	\$71,446
Income-Contingent Repayment (ICR) ⓘ	178 months	\$387 to \$471 	\$0	\$26,660	\$76,660

EMPLOYMENT CERTIFICATION

Employment Certification

Borrower submits form to FedLoan Servicing



FedLoan Servicing determines whether borrower has Direct Loans



FedLoan Servicing determines whether employment qualifies



All federally held loans transferred to FedLoan Servicing



FLS determines whether borrower made qualifying payments during period of employment on form



Borrower submits another Employment Certification Form



FedLoan Servicing updates count of qualifying payments to account for new period of employment

Portfolio

595,109: number of
borrowers
submitting form

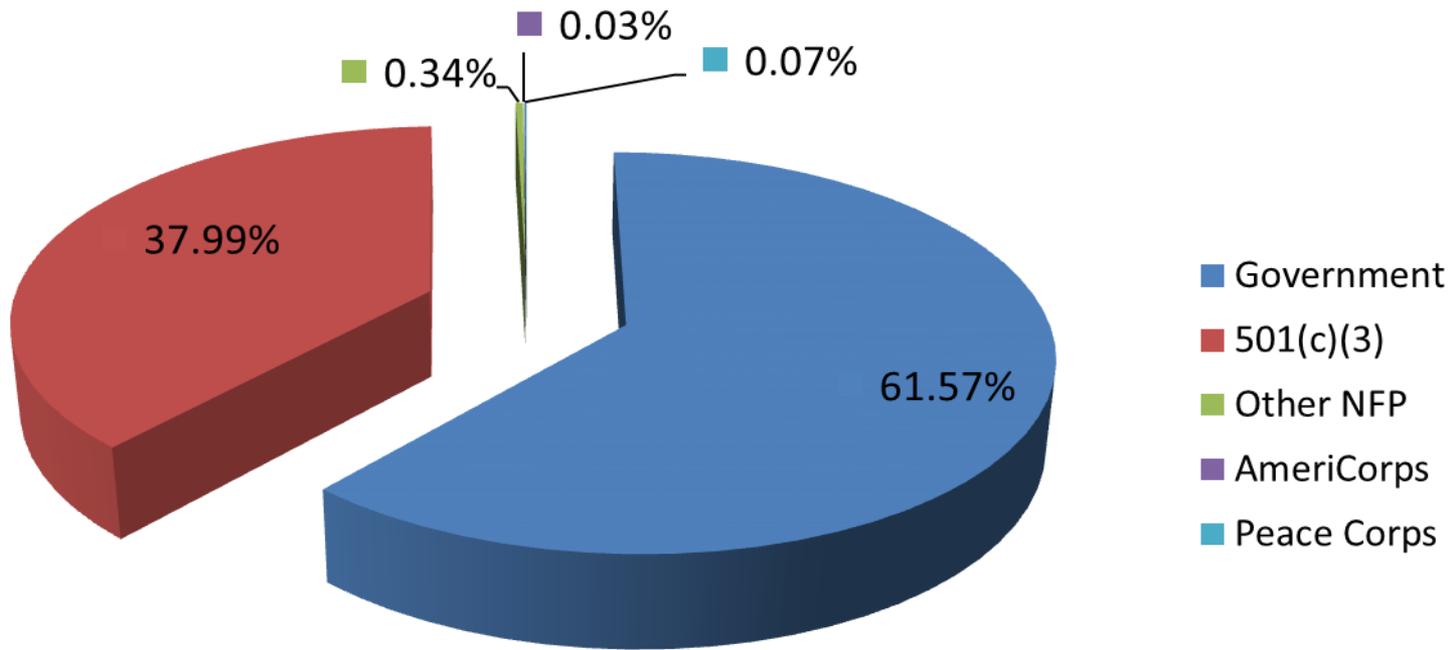


397,340: number
of borrowers with
DL & qualifying
employment

Through April 2016

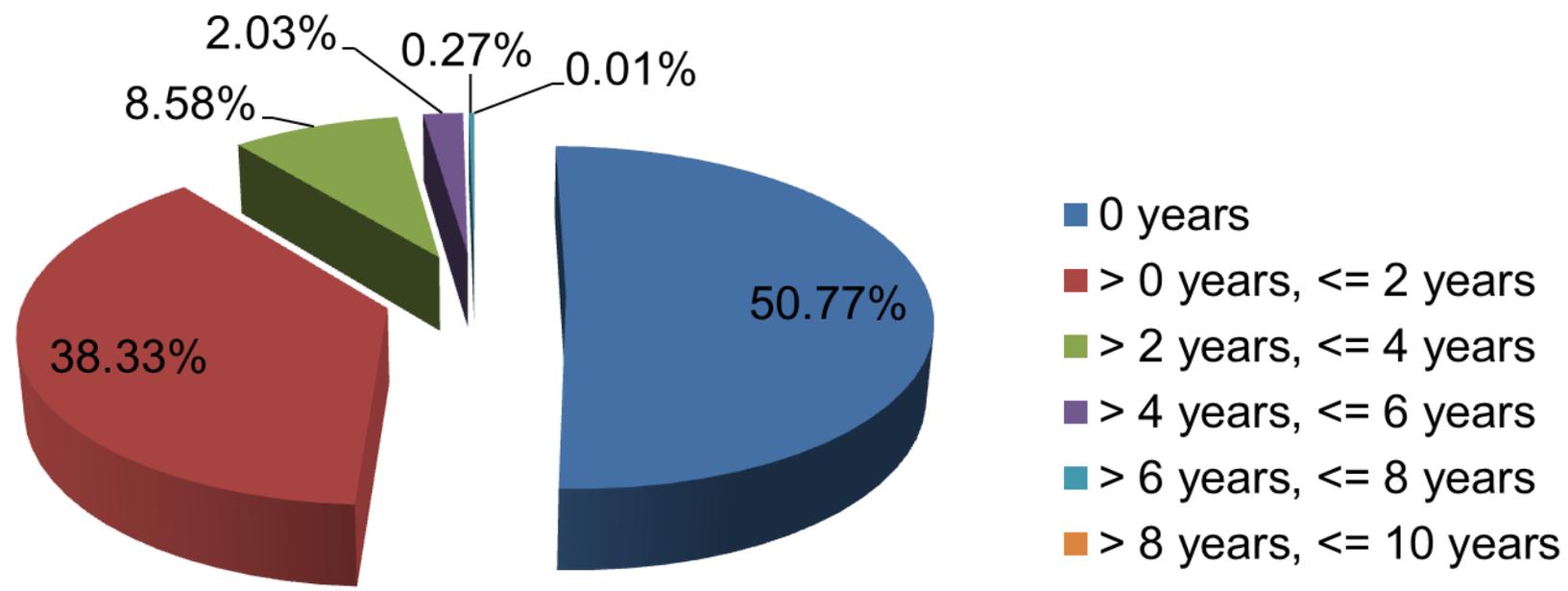
Qualifying Employment

Approved ECFs by Employer Type



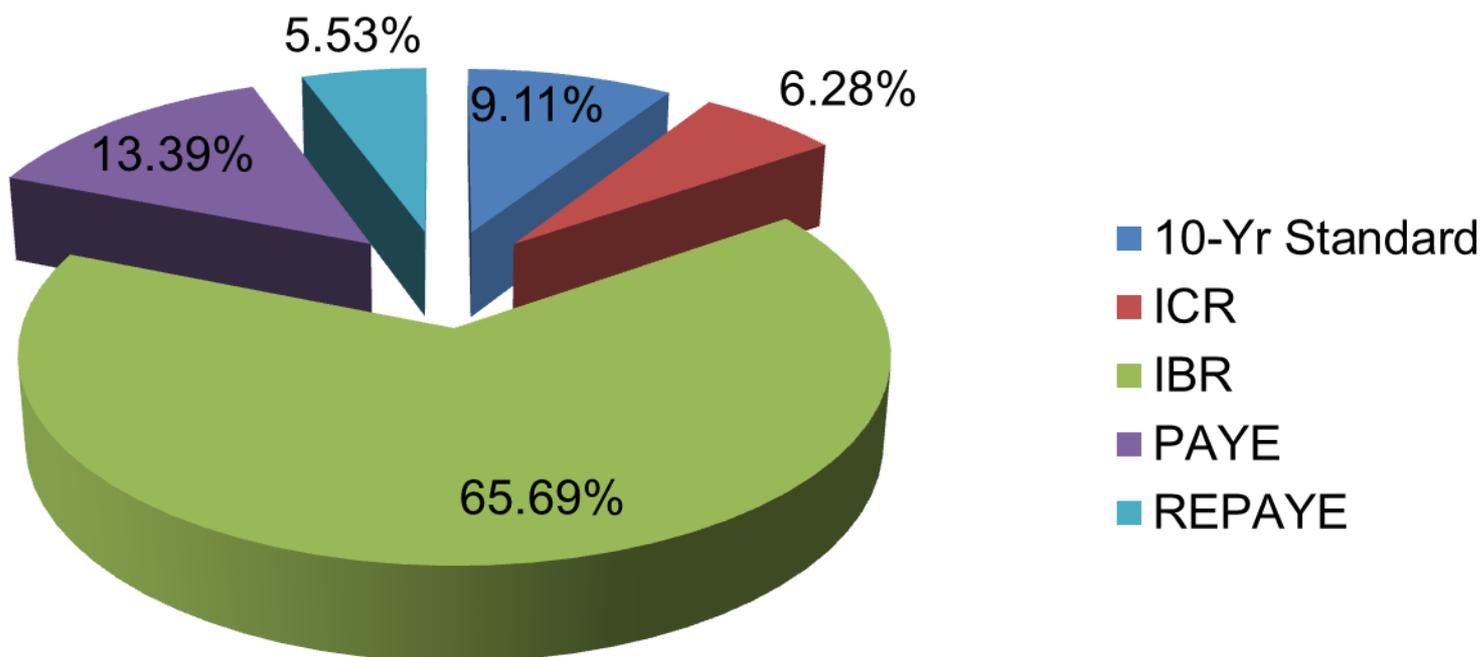
Through May 2016

Qualifying Payments



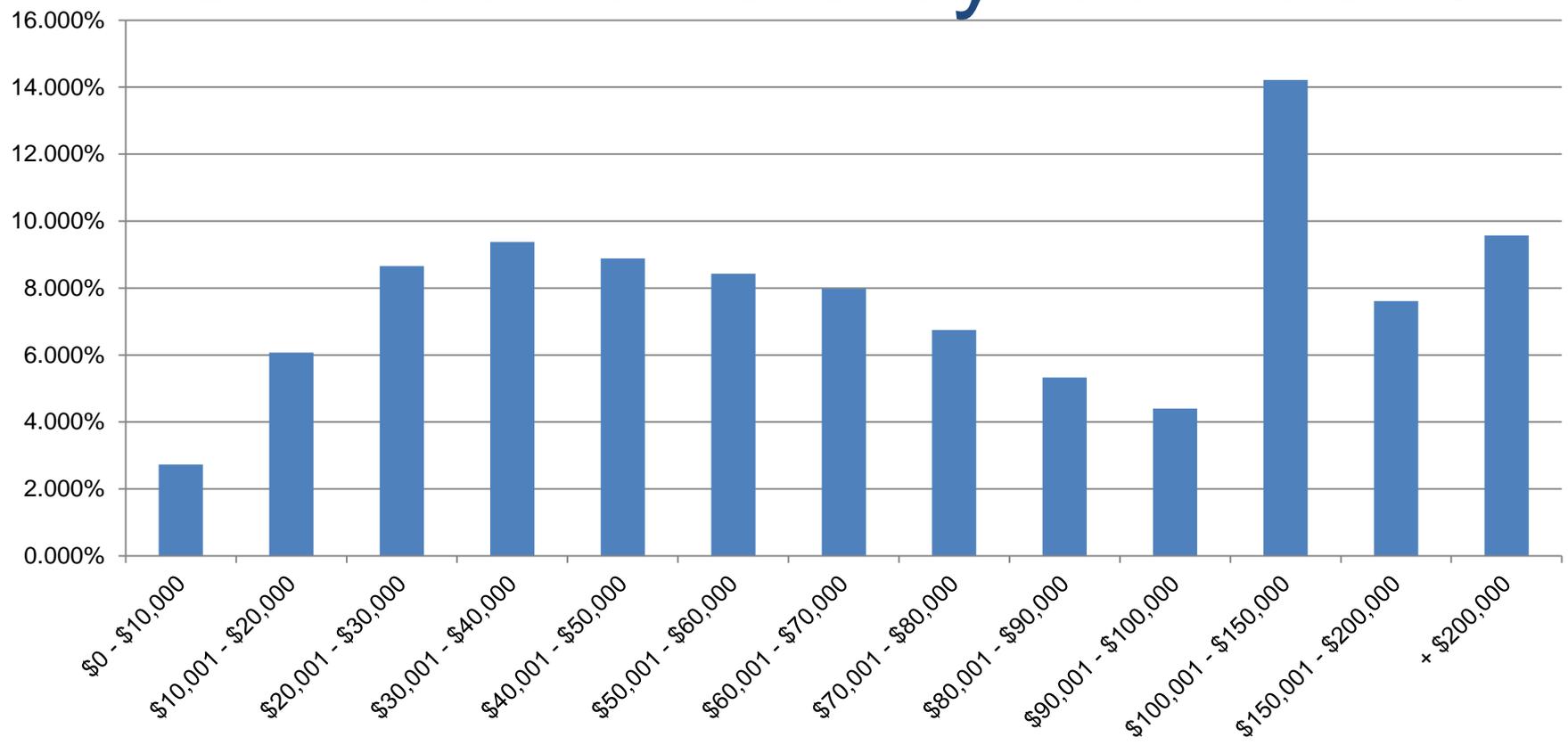
Through May 2016

Qualifying Repayment Plans



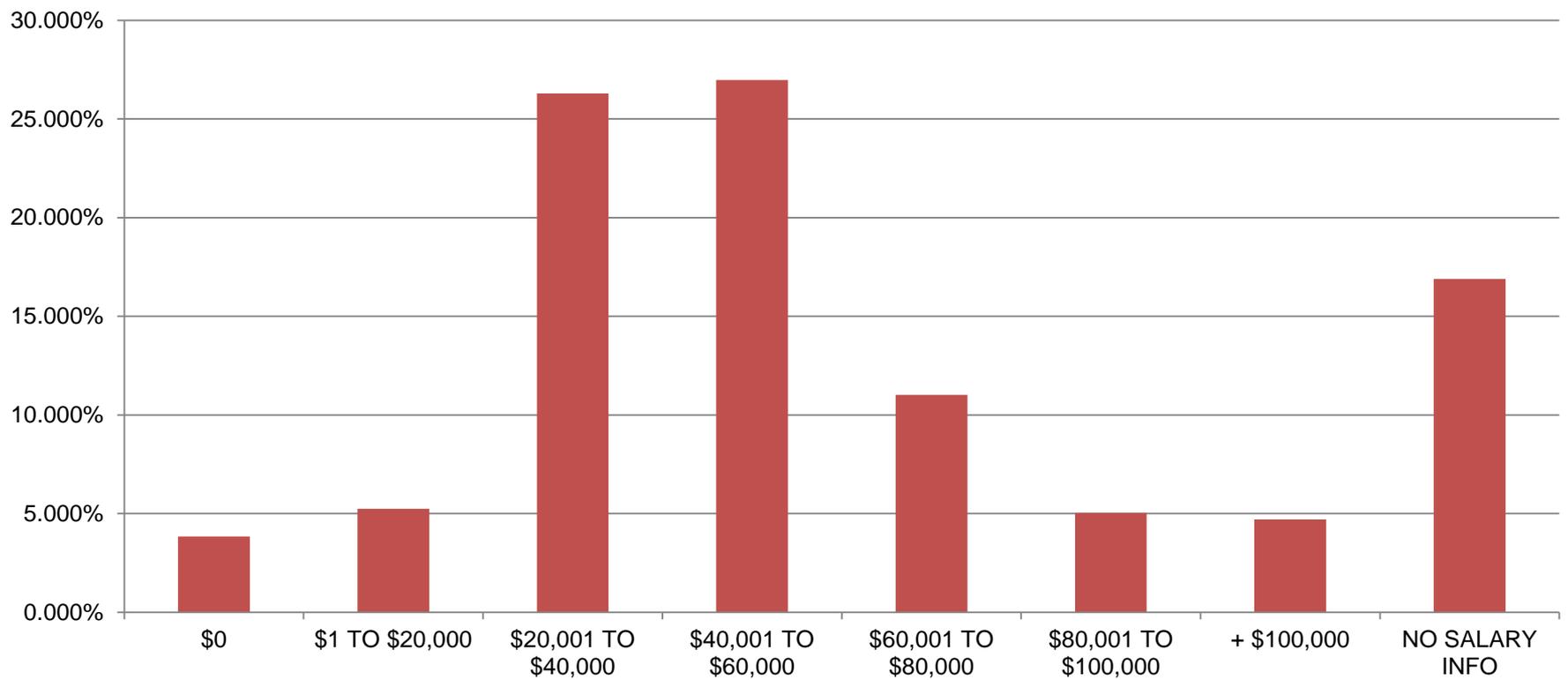
Through April 2016

PSLF borrowers by loan debt



Source: FedLoan Servicing. As of June 2016. Includes only DL borrowers with approved ECF on file and who have made qualifying payments toward PSLF.

PSLF borrowers by income



Source: FedLoan Servicing. As of June 2016. Includes only DL borrowers with approved ECF on file and who have made qualifying payments toward PSLF.

OUTREACH EFFORTS

E-mail campaigns

- Timing: June to September
- Cohort:
 - Currently in an IDR plan;
 - Have not submitted PSLF form;
 - Owe more than \$5,000;
 - Not in unemployment deferment;
 - Not serviced by FedLoan Servicing; and
 - If a FFEL borrower, in repayment less than 3 years

E-mail campaigns

- Timing: June to September
- Targeting within cohort:
 - Borrower indicated employed likely PSLF qualifying in online IDR application
 - In an in-school deferment
 - In a hardship forbearance or economic hardship deferment
 - Has FFEL Program loans
 - Everyone else in cohort

RESOURCES

Resources

- StudentAid.gov/publicservice – Information
- <http://go.usa.gov/cStaw> – PSLF form
- StudentAid.gov/repayment-estimator – Calculator
- StudentLoans.gov/repay – 5 steps or less to a student loan solution
- <http://go.usa.gov/cu8xB> – Blog on consolidation

StudentLoans.gov/repay

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Pick a student loan repayment option in 5 steps or less:

I have federal loans. 

I took out loans before 2011. 

I work for the government or a non-profit. 

You should consider:

**LOAN CONSOLIDATION, INCOME-DRIVEN REPAYMENT,
and PUBLIC SERVICE LOAN FORGIVENESS**

This plan is designed to forgive the remaining balance on your loans after 10 years. [\(show more...\)](#)

QUESTIONS?



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