

# Session #18

## Public Service Loan Forgiveness and Temporary Expanded Public Service Loan Forgiveness

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U.S. Department of Education

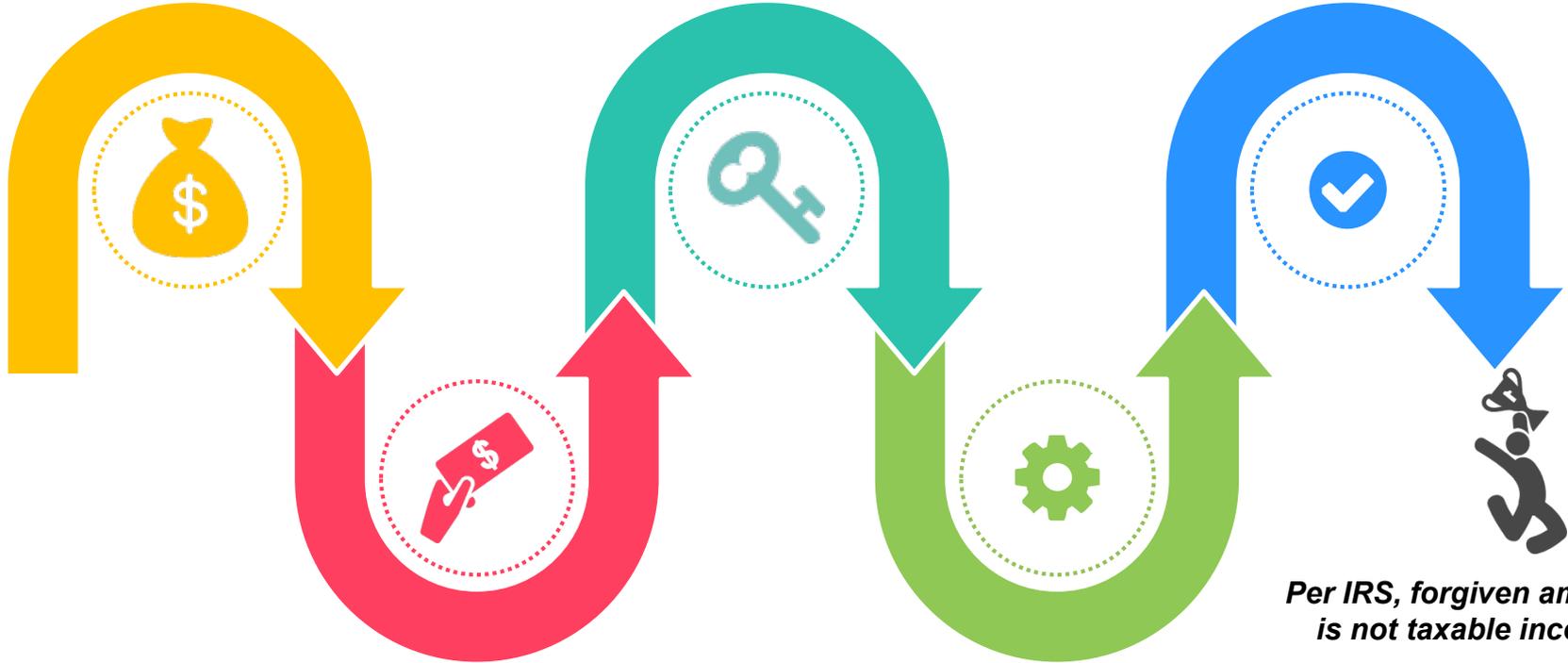
2019 FSA Training Conference *for Financial Aid Professionals*

# PSLF Basics

120 Qualifying Payments

In Qualifying Repayment Plans

...When Applying For & Receiving PSLF

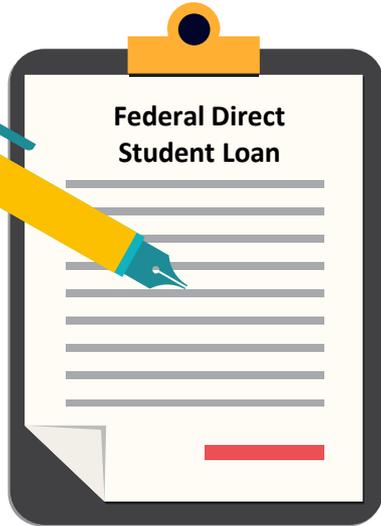


On Direct Loans

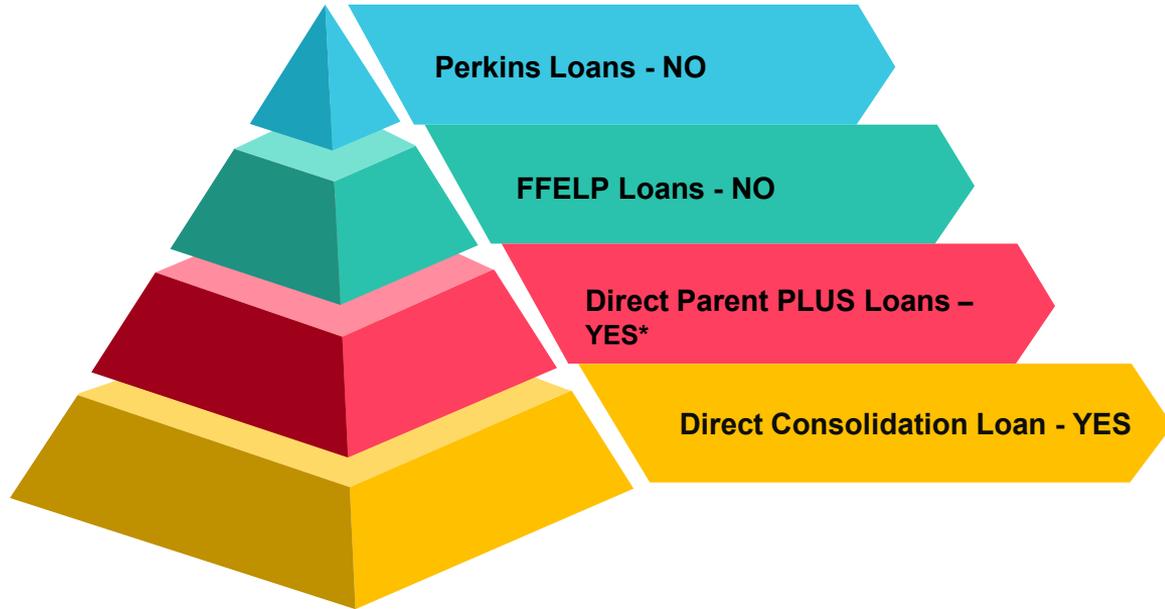
While Working For A Qualifying Employer...

*Per IRS, forgiven amount  
is not taxable income*

# PSLF Eligible Loans



**\*PSLF is only for Direct Loans,  
but all Direct Loans qualify**



# PSLF Qualifying Employment

It doesn't matter what your job title is, it matters who employs you...



# PSLF Full-Time Employment

- Full-time is the greater of:
  - Employer's definition of full-time
  - 30 hours per week
- May work multiple qualifying part-time jobs that equal full-time
- For borrowers at a non-profit organization, hours spent in religious instruction, worship services, or proselytizing do not count



# PSLF Qualifying Repayment Plans



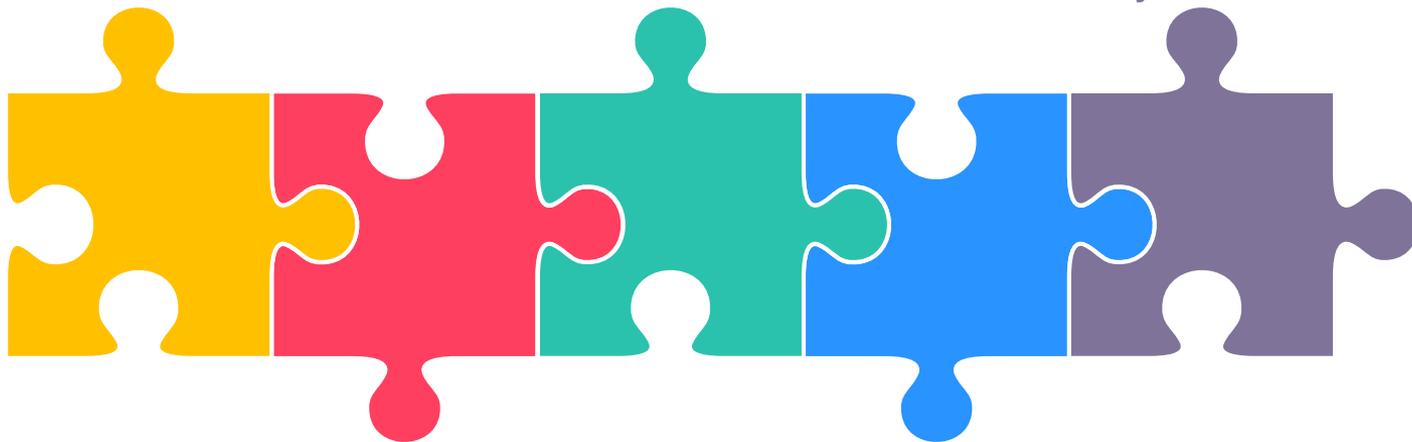
- 10-Year Standard
- IBR
- ICR
- Pay As You Earn
- REPAYE
- Others if payment  $\geq$  10 Year Standard
- Income-driven plans are most likely to yield a balance for forgiveness

# PSLF Qualifying Payments

120 separate monthly payments\*

Do not need to be consecutive

Must be made within 15 days of due date



After Oct. 1, 2007

Must be for full amount due under plan

*\*Exception for AmeriCorps, Peace Corp, and Department of Defense*

# PSLF Payment Amount

- Multiple partial payments
  - Count as one payment
  - All must be received within 15 days of due date
- Payments made when not required
  - Do not qualify
- Lump sum payments
  - Count as one payment
  - Exceptions for AmeriCorps, Peace Corp, and Department of Defense borrowers



# Modeling PSLF - Billy Borrower



- Is single with no dependents and lives in Georgia
- Has an AGI of \$35,000 that rises at 5% per year
- Has \$50,000 in Direct Loan debt (\$23,000 of which is subsidized), all of which has a 6% interest rate
- Borrowed for graduate school

# Modeling PSLF

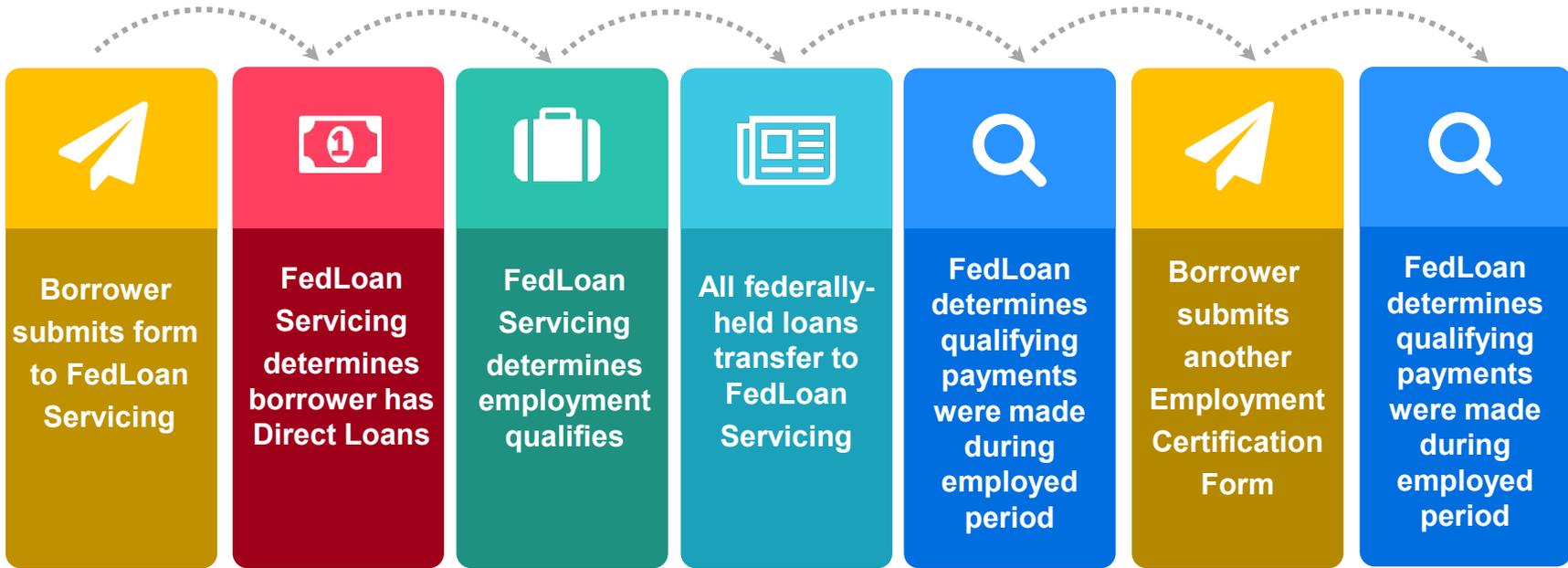
## Without PSLF

	ICR	IBR	PAYE	REPAYE
Time in Repayment	~ 15 years	~ 19 years	20 years	25 years
Total Paid	\$95,852	\$116,181	\$85,596	\$130,021
Total Forgiven	\$0	\$0	\$49,021	\$7,834

## With PSLF

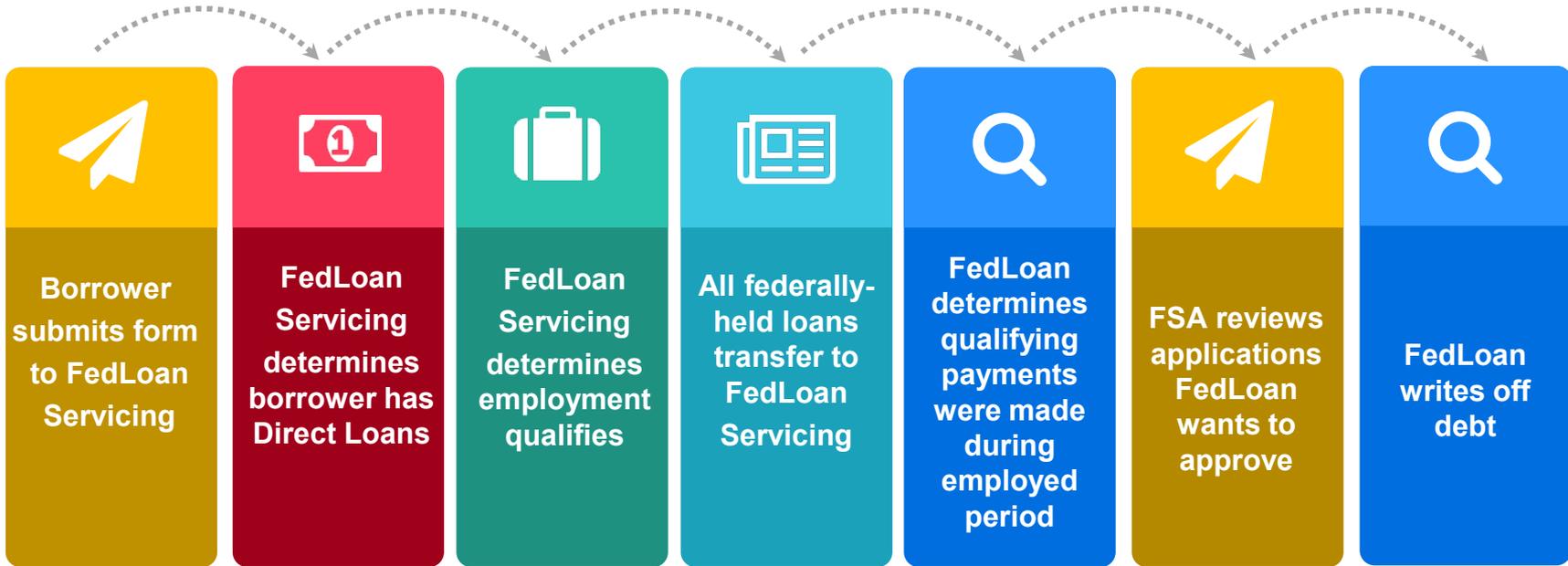
	ICR	IBR	PAYE	REPAYE
Time in Repayment	10 years	10 years	10 years	10 years
Total Paid	\$65,869	\$45,252	\$30,168	\$30,168
Total Forgiven	\$26,789	\$54,922	\$71,357	\$67,523

# PSLF Employment Certification



Borrowers who want confirmation that employment and payments qualify should submit the Employment Certification Form (ECF) to FedLoan Servicing.

# PSLF Application



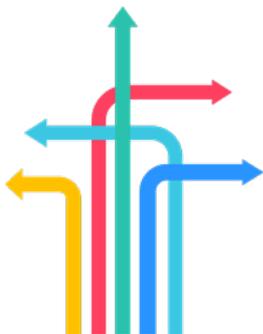
Application process is very similar to employment certification process because borrower must be employed by full-time qualifying employer when applying for and receiving forgiveness.

# Common Issues



## Inaccurate or Missing End Date on ECF Form

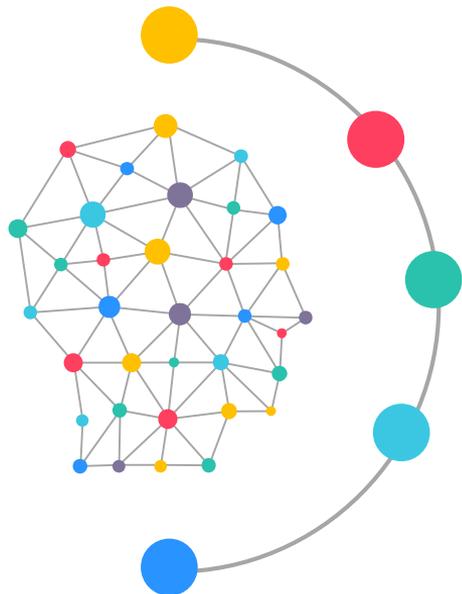
- Blank end date when the borrower is still employed vs. checking “still employed”
- Missing required fields (such as EIN number)



## Payment Tracking

- Must submit an ECF for an updated qualifying payment count
- Payments made to other servicers (not just FedLoan) can be counted toward PSLF

# Debunking Common Program Misconceptions



## Eligible Loan Types

All Federal loans can be eligible through Direct Loan Consolidation.

## Employer Eligibility

Qualifying employment for the PSLF Program is not about the specific job a borrower does, but rather, who the employer is.

## Qualifying Payment Plans

Qualifying repayment plans include all income-driven repayment plans and the 10-year Standard Repayment Plan.

## Consolidation and PSLF

Consolidating Direct Loans will erase any qualifying payments made.

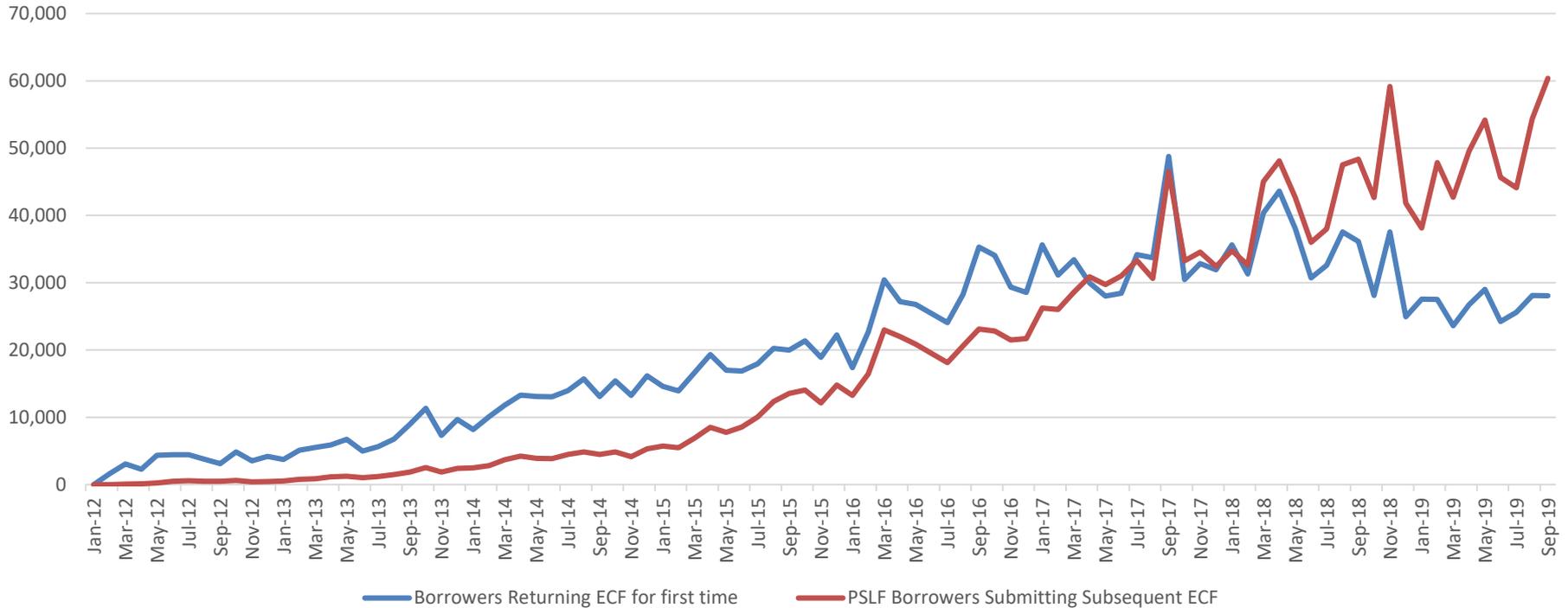
## Appropriate Time to Begin Tracking for PSLF

Borrowers shouldn't wait to submit an ECF until after they have made 10 years of qualifying payments.

# DATA



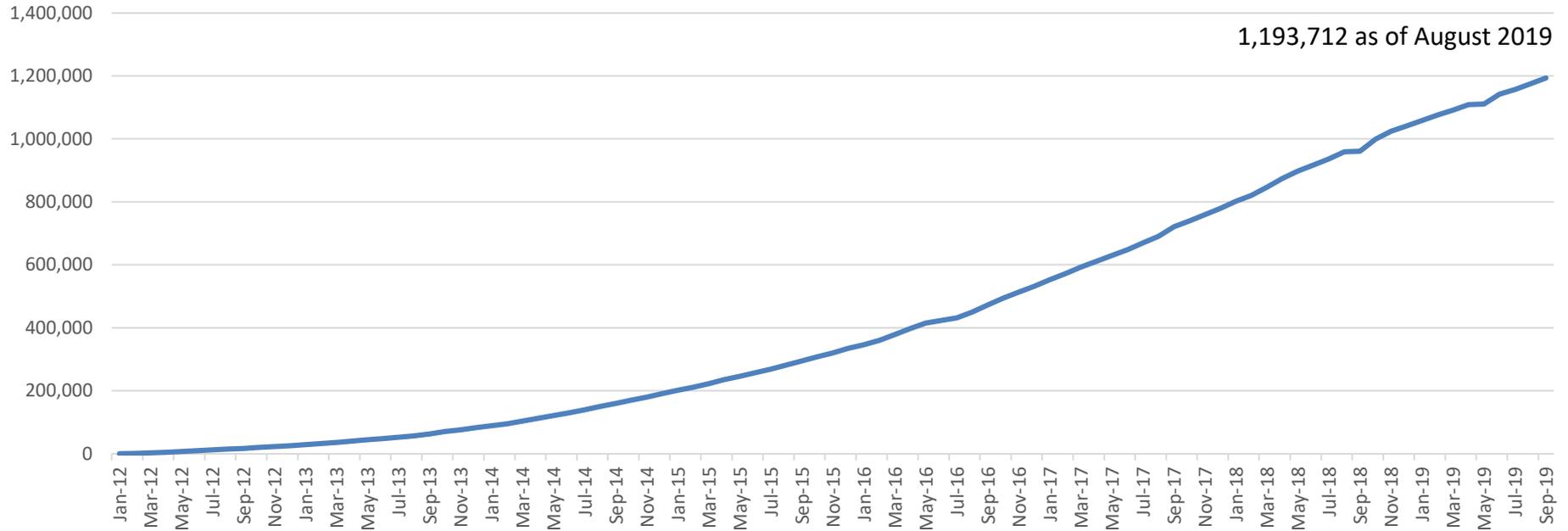
# PSLF Portfolio



Source: FedLoan Servicing as of August 2019

# PSLF Portfolio

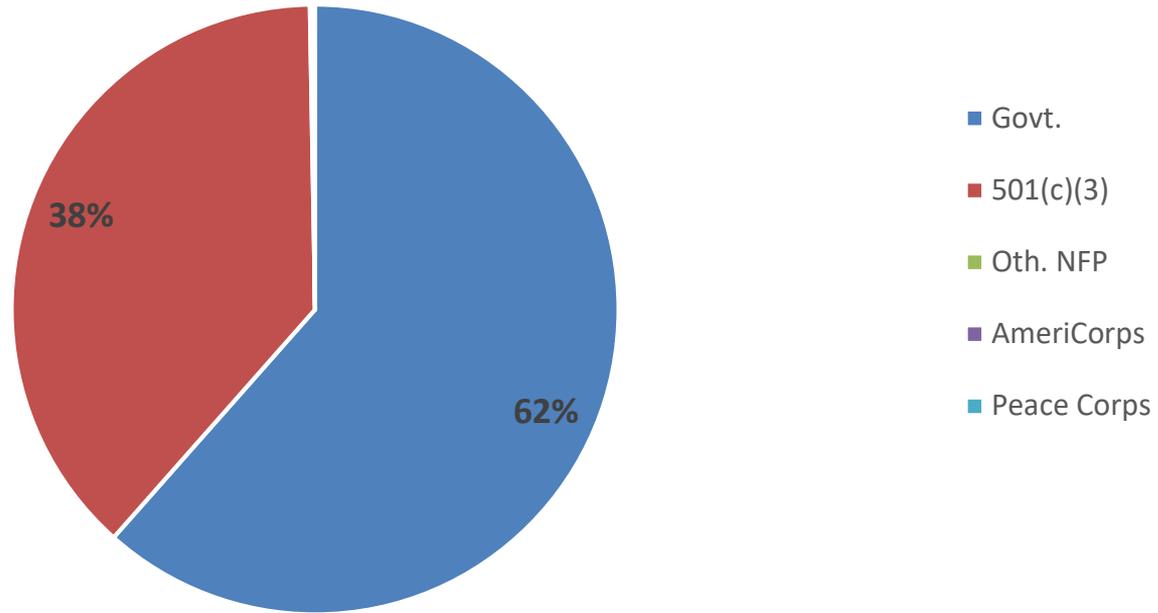
## Borrowers with Approved ECFs



Source: FedLoan Servicing as of August 2019

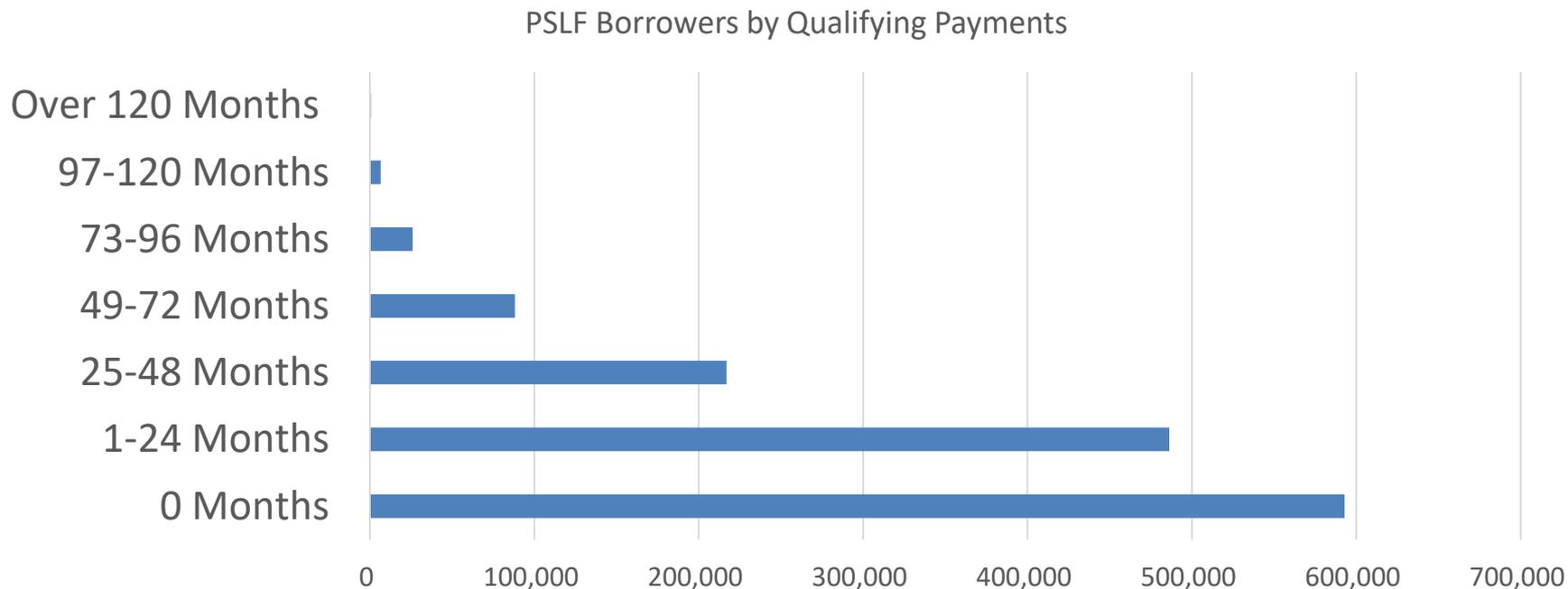
# PSLF Qualifying Employment

PSLF Borrowers by Employer Type



Source: FedLoan Servicing as of August 2019

# PSLF Qualifying Payments



Source: FedLoan Servicing as of August 2019

# Other Interesting Facts

- Of borrowers who have at least one Direct Loan and documented qualifying employment:
  - As of September 2019, about 53% of borrowers have submitted certified employment only once
  - That's down from nearly 68% in January 2017

*Source: NSLDS as of January 2017 and September 2019. Includes only borrowers with a Direct Loan and documented qualifying employment.*

# Other Interesting Facts

- About 12% are actively repaying their Direct Loans under a non-qualifying repayment plan
- 4% are in an income-driven repayment plan, but are nevertheless in a deferment or forbearance related to financial hardship on a majority of their Direct Loans

*Source: NSLDS as of September 2019. Includes only borrowers with a Direct Loan and documented qualifying employment.*

# PSLF Forgiveness So Far

- So far, 90,962 borrowers have applied for PSLF
  - 845 borrowers have been approved to receive \$52 million in loan forgiveness
  - Remainder have been denied or are pending
- Of Direct Loan borrowers who were rejected for PSLF after applying, about 80% didn't have a loan that entered repayment 10 or more years ago
- Of all borrowers who were rejected for PSLF after applying, about 15% of borrowers didn't have Direct Loans

*Source: FSA Data Center, as of June 2019, NSLDS, as of September 2019*

**TEMPORARY,  
EXPANDED PSLF**



# TEPSLF Basics

- A temporary program to provide loan forgiveness to those who do not qualify for PSLF **only** because some or all their qualifying payments were made on non-qualifying plans
- Congress appropriated \$700 million (subsidy cost) to provide loan forgiveness
- We cannot forgive more than \$1 billion
- Program to be administered on a first come, first served basis
- TEPSLF was created by the:
  - Consolidation Appropriations Act, 2018 (Public Law 115-141) and
  - Department of Education Appropriations Act, 2019 (Public Law 115-245)
- Law required us to implement an application process within 60 days of enactment

# TEPSLF Requirements

- A borrower is eligible if he/she:
  - Doesn't qualify for PSLF **only** because some or all payments were made on a non-qualifying plan,
  - Funds are available to expend,
  - Aggregate forgiveness caps have not been hit, and
  - The following payments were at least as much as the borrower would have paid under an income-driven plan\*:
    - The payment made immediately prior to applying for TEPSLF, and
    - The payment made 12 months prior to applying for TEPSLF

\* An exception is made if the borrower had an unusual fluctuation in income over the prior five years

# TEPSLF Application Process

- To receive TEPSLF, a borrower must:
  - Have applied for and been denied PSLF or have a PSLF application pending review,
  - Email FedLoan Servicing ([TEPSLF@myfedloan.org](mailto:TEPSLF@myfedloan.org)) a request for TEPSLF (this holds the borrower's spot in line),
  - Be denied PSLF only because of non-qualifying repayment plans, and
  - Provide any necessary income documentation to determine what the borrower's payment would have been under an income-driven plan.

# TEPSLF So Far...

- Of processed TEPSLF requests:
  - 726 have been approved
    - \$28.1 million has been forgiven
    - Average amount discharged is \$41,368
  - 16,740 have been rejected
    - 35% haven't been in repayment for 10 years
    - 20% didn't pay as much as would have been required under an IDR plan for prior 12 months
    - 15% borrower didn't have any Direct Loans

*Source: FSA Data Center, as of June 2019*



# PSLF Help Tool

- In December 2018, we launched a PSLF Help Tool
- The help tool:
  - Helps borrowers understand PSLF
  - Specifically tells them if there are actions they need to or should consider taking to receive PSLF: consolidation and income-driven repayment
  - Solicits information from the borrower about his or her employer to help self-assess eligibility
  - Asks the borrower to enter information about his or her employer to pre-populate a PSLF form
  - Allows the borrower to provide information about multiple employers
  - Helps the borrower decide which PSLF form to submit
- The PSLF tool will not, at this time, help a borrower or employer sign or submit the form
- We plan to enhance the PSLF help tool in spring/summer 2020 to allow for digital signatures, combine employment certification, PSLF applications, and TEPSLF requests, and link to a database of qualifying employers

# PSLF Help Tool: First Step

## Employment Eligibility

First, we'll start by helping you determine whether you work or worked for an employer that qualifies for PSLF.

Select the type of employer you work or worked for.

Remember, eligibility for PSLF is not based on the job that you do for your employer. Instead, it's based on who your employer is.

Be sure that you answer this question about your legal employer, which is the organization that issues your [Wage and Tax Statement \(W-2\)](#) each year. If you do not receive a W-2 from an organization, but instead receive another type of tax form, such as a 1099, we do not consider you an employee of the organization for the purposes of PSLF.

If you don't know what type of employer you work or worked for, ask your employer before proceeding.

- A government organization
- A 501(c)(3), not-for-profit organization
- A not-for-profit organization that is not a 501(c)(3) organization
- AmeriCorps or Peace Corps
- None of the above

 **BASED ON YOUR ANSWERS, YOUR EMPLOYMENT APPEARS TO BE ELIGIBLE FOR THE PSLF PROGRAM.**

Continue to the next page to check your federal student loan eligibility information.

# PSLF Help Tool: Loan Eligibility

## Loan Eligibility

Now, let's see if your loans are eligible for PSLF and if you are on a qualifying repayment plan.

✔ **SOME OF YOUR LOANS APPEAR TO QUALIFY FOR THE PSLF PROGRAM, AND YOU SHOULD PROCEED WITH THIS PROCESS.**

- ✔ Some of your federal student loans are Direct Loans.
- ✔ Some of your Direct Loans are on an income-driven repayment plan.

As long as your payments have been or will be made on-time and for the full amount due as shown on your bill, you should be moving toward forgiveness on those Direct Loans.

⚠ **SOME OF YOUR LOANS DO NOT QUALIFY FOR THE PSLF PROGRAM, BUT THERE ARE ACTIONS YOU COULD CONSIDER TAKING.**

There are certain actions you could take to get a greater benefit out of the PSLF Program. Review the information below for more detail and then continue to the next page. We'll remind you of this information when you print your form.

Things you should know or do to get the greatest benefit out of the PSLF Program:

[Consolidate Some Of Your Loans](#)



# PSLF Help Tool: Adding Another Employer

## Employment Details

Employers		
Employer Name	Employment Start Date	Employment End Date
Government Example #1	04/01/2012	09/15/2018  

We're ready to collect information about your additional employer.

### Add an Employer

Select the type of employer you work or worked for. \*

- A government organization 
- A 501(c)(3), not-for-profit organization 
- A not-for-profit organization that is not a 501(c)(3) organization 
- AmeriCorps or Peace Corps
- None of the above 

 CANCEL     SAVE EMPLOYER

# PSLF Help Tool: Form Selection

## Form Selection

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Almost there...here's the form we'll generate for you.

We plan to generate a **PSLF EMPLOYMENT CERTIFICATION FORM** for you.

Based on the information you've provided in this tool, you are not yet eligible for PSLF. Therefore, this tool will generate a PSLF Employment Certification Form (ECF).

The ECF allows you to receive confirmation that your loans, employment, and payments all qualify for PSLF. We recommend that you submit one of these forms each year to get updates about whether you're making qualifying payments towards PSLF.

Understand that this tool does not have access to previous employment documentation you may have already submitted to FedLoan Servicing. If you have previously submitted ECFs, and are certain you have met all the qualifications for forgiveness, you may want to submit an Application for Forgiveness instead.

What would you like to do?

- Proceed with generating an Employment Certification Form
- I think I qualify for forgiveness now, generate an Application for Forgiveness instead

# Resources

- [StudentAid.gov/publicservice](https://studentaid.gov/publicservice) – PSLF Info & Forms
- [StudentAid.gov/TEPSLF](https://studentaid.gov/TEPSLF) – TEPSLF Info
- [TEPSLF@myfedloan.org](mailto:TEPSLF@myfedloan.org) – TEPSLF email address
- [StudentLoans.gov/repay](https://studentloans.gov/repay) – Find a student loan solution in five steps or less
- <https://go.usa.gov/xnCQx> – Blog on PSLF

# Questions?

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