Public Service Loan Forgiveness (PSLF) and Temporary Expanded PSLF (TEPSLF)

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U.S. Department of Education
2020 Virtual FSA Training Conference for Financial Aid Professionals
PSLF BASICS

Loan, employment, repayment plan, and payment eligibility
PSLF BASICS

120 Qualifying Payments

In Qualifying Repayment Plans

On Direct Loans

While Working For A Qualifying Employer...

...When Applying For & Receiving PSLF

Per IRS, forgiven amount is not taxable income
*PSLF is only for Direct Loans, but all Direct Loans qualify
It doesn't matter what your job title is, it matters who employs you...

- 501(c)(3) not-for-profit organization
- Other not-for-profit organizations providing specific qualifying services
- Any government organization
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
  • Pending regulatory change – July 1, 2021
PSLF QUALIFYING REPAYMENT PLANS

- 10-Year Standard
- Income-Based Repayment (IBR)
- Income-Contingent Repayment (ICR)
- Pay As You Earn (PAYE)
- Revised PAYE (REPAYE)
- Others if payment ≥ 10 Year Standard

But—borrower must repay under an income-driven repayment plan to get PSLF!
PSLF QUALIFYING PAYMENTS

- 120 separate monthly payments*
- After Oct. 1, 2007
- Do not need to be consecutive
- Must be made within 15 days of due date
- Must be for full amount due under plan

*Exceptions
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 (change!)
  • With certain limits, no longer matters how much you pay, or how early—if you satisfy a payment that would have been due with money or a $0 income-driven plan, then borrower will get credit for a payment
  • Exceptions for AmeriCorps, Peace Corps, and DOD still apply
Is single with no dependents and lives in Minnesota

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
## Model PSLF

### Without PSLF

<table>
<thead>
<tr>
<th>Time in Repayment</th>
<th>Total Paid</th>
<th>Total Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>~ 15 years</td>
<td>$95,852</td>
<td>$0</td>
</tr>
<tr>
<td>~ 19 years</td>
<td>$116,181</td>
<td>$0</td>
</tr>
<tr>
<td>20 years</td>
<td>$85,596</td>
<td>$49,021</td>
</tr>
<tr>
<td>25 years</td>
<td>$130,021</td>
<td>$7,834</td>
</tr>
</tbody>
</table>

### With PSLF

<table>
<thead>
<tr>
<th>Time in Repayment</th>
<th>Total Paid</th>
<th>Total Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 years</td>
<td>$65,869</td>
<td>$26,789</td>
</tr>
<tr>
<td>10 years</td>
<td>$45,252</td>
<td>$54,922</td>
</tr>
<tr>
<td>10 years</td>
<td>$30,168</td>
<td>$71,357</td>
</tr>
<tr>
<td>10 years</td>
<td>$30,168</td>
<td>$67,523</td>
</tr>
</tbody>
</table>
TEMPORARY EXPANDED PSLF

For those who have not made 120 qualifying payments only because they were in the wrong repayment plan.
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 $750 million (subsidy cost) to provide loan forgiveness
- We cannot forgive more than $1.075 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
PSLF & TEPSLF PROCESSES

New and improved: one form, one-stop shopping.

Certify…

…early…

…and often.
OLD PSLF & TEPSLF PROCESSES

OLD (2012 – OCTOBER 2020)

Different PSLF forms:
• Employment Certification Form
• Application for Forgiveness

Separate TEPSLF process:
• Email request for TEPSLF
• Needed to have been denied PSLF before being processed for TEPSLF

NEW (NOVEMBER 2020 AND BEYOND)

For both programs:
• Single form
• Will automatically determine eligibility for forgiveness and provide it, if eligible
• If not eligible, will explain why and tell borrower how close to PSLF and TEPSLF
In December 2018, we launched a PSLF Help Tool version 1.0.

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
In June 2020, we added an Employer Eligibility Database to the Help Tool (version 1.5).

In November 2020, we launched version 2.0, which:

- rebuilt PSLF Help Tool with the new StudentAid.gov look and feel and user-centered design principles
- began providing the new combined form and
- began using Salesforce to determine employer eligibility and create internal efficiencies

The PSLF tool will still not help a borrower or employer sign or submit the form, but we’re working toward this functionality in the future.
HELP TOOL: EMPLOYER SEARCH THEN

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.
HELP TOOL: EMPLOYER SEARCH NOW

Public Service Loan Forgiveness (PSLF) Help Tool

My Employers
Add your past and current employers below to determine whether they qualify for PSLF during the time of your employment.

Note: Only add your employment history since your last approved PSLF application (if applicable).

You have not added any employers

Add Employer

Search for Employer

Employer Identification Number (EIN)

12-5211500

How do I find my EIN?

This is my current employer

Employment Start Date

02/24/2008

Employment End Date
HELP TOOL: EMPLOYER SEARCH NOW

Public Service Loan Forgiveness (PSLF) Help Tool

Employment History  |  Loan Eligibility  |  Application Details  |  Personal Information  |  Review & Save

Search for Employer

Employer Identification Number (EIN)
12-5213500

How do I find my EIN?
This is my current employer

Employment Start Date: 02/24/2008
Employment End Date: 07/24/2008

Search

Manually add employer instead

Search Results

1/5 of 10

These search results usually only include an organization's official name and its official address.

Department of Really Long Organizational Naming
MT 764 Washington Circle, Arlington, VA 22243

Office of Really Long Organizational Naming Standards
MT 764 Washington Circle, Arlington, VA 22243

Office of Really Long Organizational Naming
MT 764 Washington Circle, Arlington, VA 22243

Office of Really Long Organizational Naming
MT 764 Washington Circle, Arlington, VA 22243

Office of Organizational Naming
MT 764 Washington Circle, Arlington, VA 22243

Search

Prev Next
The borrower will provide additional information about their employment & employer certification.

Note: The Supporting Documentation Section will only appear for borrowers who have selected employers whose eligibility status is either not eligible or likely ineligible.

If a borrower selects an employer who does not have an address on file, they will input the address information in this step.
Instead of using the employer search feature, a borrower can choose to manually enter their employer’s information.
HELP TOOL: ADDING EMPLOYERS THEN

Employment Details

<table>
<thead>
<tr>
<th>Employer Name</th>
<th>Employment Start Date</th>
<th>Employment End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Example #1</td>
<td>04/01/2012</td>
<td>09/15/2018</td>
</tr>
</tbody>
</table>

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
HELP TOOL: ADDING EMPLOYERS NOW

• Any employer that a borrower has added and saved in the PSLF Help Tool Flow is shown here.

• On this screen the borrower can add another employer, edit employers they have already added, or select Next Section to move forward in the flow.
HELP TOOL: LOAN ELIGIBILITY THEN

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
Section 2 outlines which (if any) of the borrower's loans are eligible for PSLF or TEPSLF.

Without at least one eligible loan, the borrower will not be able to proceed in the PSLF Help Tool Flow.
HELP TOOL: LOAN ELIGIBILITY NOW

The borrower can scroll down to see which of their loans are eligible for PSLF/TEPSLF and which are not. The borrower is presented with recommended actions to make their ineligible loans eligible for PSLF/TEPSLF.

The borrower can also compare which of their loans are eligible for PSLF or TEPSLF by selecting the Compare Eligibility toggle.
By selecting the drop-down arrows in the Eligibility Breakdown section, a borrower can learn more about which loans fall into which category and identify next steps they can take to move forward.
Form Selection

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
- [x] I think I qualify for forgiveness now, generate an Application for Forgiveness instead
If the borrower indicates that they have made 120 qualifying payments, the screen will extend to give them the option of putting their loans on forbearance.

Depending on whether the borrower chooses to enter forbearance or not, different banners will display.
A borrower with ineligible loans will see recommended actions to make their loans eligible.

Selecting the tabs expands the screen and provides the borrower with additional information and relevant links to take action.
All borrowers will be presented with the required action of printing, signing, and submitting their PSLF application.
DATA
Source: FedLoan Servicing as of August 2020
## PSLF Qualifying Employment

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>ECFs Approved</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>1,771,256</td>
<td>61.56%</td>
</tr>
<tr>
<td>501(c)(3)</td>
<td>1,097,954</td>
<td>38.16%</td>
</tr>
<tr>
<td>Other Not-for-Profit</td>
<td>4,050</td>
<td>0.14%</td>
</tr>
<tr>
<td>AmeriCorps</td>
<td>940</td>
<td>0.03%</td>
</tr>
<tr>
<td>Peace Corps</td>
<td>2,954</td>
<td>0.10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,877,154</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

**Source:** FedLoan Servicing as of August 2020
PSLF QUALIFYING PAYMENTS

Percentage of PSLF Portfolio by Matched Month Range

Source: FedLoan Servicing as of August 2020
## HELP TOOL STATISTICS

Since implementing the PSLF employer database into the help tool.

<table>
<thead>
<tr>
<th>NUMBER OF HELP TOOL SESSION STARTS</th>
<th>NUMBER OF SESSIONS FOR BORROWERS WITHOUT DL</th>
<th>NUMBER OF SESSIONS THAT BORROWERS COMPLETED</th>
<th>NUMBER OF EMPLOYER SEARCHES THAT MATCHED DB</th>
</tr>
</thead>
<tbody>
<tr>
<td>244,158</td>
<td>14,144 (5.8%)</td>
<td>77,969 (31.3%)</td>
<td>77,550 (81%)</td>
</tr>
</tbody>
</table>

Source: Enterprise Data Warehouse & Analytics System, July 1, 2020 – September 12, 2020
## EMPLOYER DATABASE STATISTICS

<table>
<thead>
<tr>
<th>Employer Type</th>
<th>Status</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Eligible</td>
<td>33,297</td>
</tr>
<tr>
<td>501(c)(3)</td>
<td>Eligible</td>
<td>1,437,058</td>
</tr>
<tr>
<td>Other Not-for-Profit</td>
<td>Eligible</td>
<td>61</td>
</tr>
<tr>
<td>Labor Union</td>
<td>Ineligible</td>
<td>45,797</td>
</tr>
<tr>
<td>For-Profit Organization</td>
<td>Ineligible</td>
<td>187</td>
</tr>
<tr>
<td>Other Not-for-Profit</td>
<td>Ineligible</td>
<td>135</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>1,516,135</td>
</tr>
</tbody>
</table>

*Source: Common Origination and Disbursement System, August 2020*
PSLF & TEPSLF APPROVALS SO FAR

Of Direct Loan borrowers who have applied for PSLF and who were ineligible when they applied, more than 80% of those borrowers had not entered repayment 10 or more years ago.

Though there is no longer a specific application for PSLF or TEPSLF, the new application process allows users to indicate whether they believe they qualify for forgiveness.

We are using this data point as an educational opportunity for borrowers. PSLF Help Tool users who indicate that they qualify for forgiveness when completing the tool will be informed if they have been in repayment for less than 10 years and therefore do not currently qualify.
## PSLF & TEPSLF APPROVALS SO FAR

<table>
<thead>
<tr>
<th>BORROWERS RECEIVING PSLF</th>
<th>AMOUNT DISCHARGED FOR PSLF</th>
<th>BORROWERS RECEIVING TEPSLF</th>
<th>AMOUNT DISCHARGED FOR TEPSLF</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,233</td>
<td>$236.2m</td>
<td>2,031</td>
<td>$87.5m</td>
</tr>
</tbody>
</table>

*Source: FedLoan Servicing, August 2020*

Remember, borrowers who apply for PSLF or TEPSLF and who are not eligible can re-apply when they become eligible.
COVID-19, PSLF, AND TEPSLF
CARES ACT & EXECUTIVE ACTION

For payments that are or would have been due between on or after March 13, 2020 and on or before December 31, 2020:

• The borrower does not need to make payments to get credit for PSLF or TEPSLF so long as the borrower is employed full-time for a qualifying employer during the same period

• The borrower will automatically get credit for having paid as much as would have been due under an income-driven repayment plan 12 months prior to applying for TEPSLF and the month prior to applying for TEPSLF
RESOURCES
QUESTIONS?

IAN FOSS
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CHRISTINE ISETT
Email: christine.isett@ed.gov