Public Service Loan Forgiveness (PSLF)

What is the Program?
Borrowers may qualify for forgiveness of the remaining balance of their Federal Direct Loans after they have made 120 qualifying payments on those loans while employed full time by public service employers.

Steps to Take:
1. **Determine if your loans are eligible for forgiveness.**
2. **Figure out if your job is a full time qualifying public service job.**
   - See examples of qualifying employers below.
3. **Make payments under a qualifying repayment plan.**
   - Only Income Based Repayment, Income Contingent Repayment and Pay as You Earn qualify for PSLF. More detail regarding these repayment plans is discussed on the reverse side.
4. **Make 120 separate, on-time, full, monthly payments under a qualified plan.**
5. **Keep track and keep copies of everything you send.**
   - Submit an employment certification form annually to FedLoan Servicing (see below “Enrolling in PSLF”).


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**PSLF Employers**
- Military, public safety, emergency management
- School districts and organizations that provide early childhood education
- Public service agencies supporting the disabled and/or elderly
- Public health service providers
- Public or non profit child – or family-service agencies providing services
- Federal public or community defender organizations
- Prekindergarten or child care programs licensed by the state


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**Enrolling in PSLF**

1. **Complete the Form**
   - Employment Certification for Public Service Loan Forgiveness Form
   - [http://www.myfedloan.org/forms/pdf/discharge/pslf_instructions_ECF.pdf](http://www.myfedloan.org/forms/pdf/discharge/pslf_instructions_ECF.pdf)

2. **Submit the Form**
   - FedLoan Servicing (PHEAA)

3. **FedLoan Servicing Will Notify You**
   - Whether your employment qualifies
   - How many payments during the certification period were qualifying payments
   - Total number of qualifying payments made
   - How many you still have to go

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**Trusted Resources**

- Northern Illinois Student Financial Aid Office: [http://www.niu.edu/fa/](http://www.niu.edu/fa/)
- Federal Student Aid: [www.studentaid.gov](http://www.studentaid.gov)
- Student Loan Borrowers Assistance: [www.studentloanborrowerassistance.org](http://www.studentloanborrowerassistance.org)
- Consumer Financial Protection Bureau: [www.consumerfinance.gov/paying-for-college/repay-student-debt](http://www.consumerfinance.gov/paying-for-college/repay-student-debt)
Repaying Federal Student Loans
Income-Driven Repayment Options

Use an Income-Driven Repayment plan to get Public Service Loan Forgiveness. If you use the Standard 10-Year Repayment Plan, there will be nothing left to forgive after 10 years. Extended Repayment Plans also do not count toward Public Service Loan Forgiveness.

1. Pay as You Earn (PAYE): This is the plan with the cheapest monthly payments; payments are 10% of your discretionary income. Discretionary income is the difference between your gross income and 150% of the poverty guidelines for your family size. To see if you apply go to http://studentaid.ed.gov/repay-loans/understand/plans/pay-as-you-earn/calculator. To qualify for this program you must have begun taking out loans after October 1, 2007 and must have taken out at least one loan since October 1, 2011. After 20 years of payments (or 10 years if you work in public service) your loan balance will be forgiven. Under this plan you may pay more interest, and annual documentation is required. The amount of your payments also changes as your income changes. For recent graduates, Pay As You Earn is usually the best repayment plan available for Public Service Loan Forgiveness.


2. Income Based Repayment (IBR): This plan also features low monthly payments. If you are a new borrower after July 1, 2014, your payment will be 10% of your discretionary income. If you have loans before July 1, 2014, your payment will be 15% of your discretionary income. To qualify for this program you must have a partial financial hardship. To find out what you would have to pay under a standard repayment plan use this calculator: http://studentaid.ed.gov/repay-loans/understand/plans/standard/comparison-calculator. If that amount is more than what you would have to pay under Income-Based Repayment using this calculator http://studentaid.ed.gov/repay-loans/understand/plans/income-based/calculator, then you qualify for Income-Based Repayment. Under this plan you may pay more interest, and annual documentation is required. After 25 years of qualifying payments (or 10 years if you work in public service) your loan balance will be forgiven. If you have older loans, Income-Based Repayment is usually the best option for Public Service Loan Forgiveness.


3. Income Contingent Repayment (ICR): This plan also features low monthly payments, 20% of your discretionary income. There is a calculator to figure it out: http://studentaid.ed.gov/repay-loans/understand/plans/income-contingent/calculator. You do not need any financial hardship to qualify for this program- anybody with student loans can select this repayment method. After 25 years of qualifying payments (or 10 years if you work in public service) your loan balance will be forgiven. Under this program you may pay more interest however; once your loan balance is 10% larger than the original amount interest will no longer capitalize. This will reduce the amount of interest you have to pay overall.


Consolidating Your Loans
In order to qualify for Public Service Loan Forgiveness and most of these repayment plans, you need to have Direct Loans. Most Federal loans can be consolidated into a new Direct Consolidation Loan. You can do this for free at https://studentloans.gov/myDirectLoan/whatYouNeed.action?page=loanConsol. Do not pay a company to consolidate your loans for you when you can do it for free! Before deciding whether consolidating your loans is the right choice for you, consider the Pros and Cons of consolidation. For more information visit http://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/information-sheet.pdf.

**Pros**

1. Your loans would qualify for Income-Driven Repayment and Public Service Loan Forgiveness
2. One way to get out of default and into repayment
3. Might help you if you need to reduce payments
4. You may get an interest rate break
5. No origination fees

**Cons**

1. Consolidation extends repayment, so not a good idea if you are close to paying off your loans
2. You may lose some rights by consolidating
3. If you consolidate a Parent Plus loan, you cannot use Income-Based Repayment
4. You may not qualify for Public Service Loan forgiveness without consolidation
5. Fees of up to 18.5% may be added to the balance if in collection
Sample Payment Amounts

The tables below provide repayment estimates under the traditional and income-driven repayment plans. These figures are estimates based on an interest rate of 6%, the average Direct Loan interest rate for undergraduate and graduate borrowers. The figures also assume a family size of 1, that you live in the continental U.S., and that your income increases 5% each year. Various factors, including your interest rate, your loan debt, your income, and if and how quickly your income rises, may cause your repayment to differ from the estimates shown in these tables. These figures use the 2016 Poverty Guidelines issued by the U.S. Department of Health and Human Services and Income Percentage Factors issued by the U.S. Department of Education.

Undergraduate Loan Debt* of $30,000 in Direct Unsubsidized Loans and Starting Income of $25,000

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Initial Payment</th>
<th>Final Payment</th>
<th>Time in Repayment</th>
<th>Total Paid</th>
<th>Loan Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$333</td>
<td>$333</td>
<td>10 years</td>
<td>$39,967</td>
<td>N/A</td>
</tr>
<tr>
<td>Graduated</td>
<td>$190</td>
<td>$571</td>
<td>10 years</td>
<td>$42,636</td>
<td>N/A</td>
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<tr>
<td>Extended-Fixed</td>
<td>Ineligible</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Extended-Graduated</td>
<td>Ineligible</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$60</td>
<td>$296</td>
<td>20 years</td>
<td>$32,358</td>
<td>$24,253</td>
</tr>
<tr>
<td>PAYE &amp; IBR (new borrowers)</td>
<td>$60</td>
<td>$296</td>
<td>20 years</td>
<td>$39,517</td>
<td>$27,823</td>
</tr>
<tr>
<td>IBR (not new borrowers)</td>
<td>$90</td>
<td>$333</td>
<td>21 years, 10 months</td>
<td>$61,006</td>
<td>$0</td>
</tr>
<tr>
<td>ICR</td>
<td>$195</td>
<td>$253</td>
<td>19 years, 6 months</td>
<td>$52,233</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Initial Payment</th>
<th>Final Payment</th>
<th>Repayment Period</th>
<th>Total Paid</th>
<th>Loan Forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard</td>
<td>$666</td>
<td>$666</td>
<td>10 years</td>
<td>$79,935</td>
<td>N/A</td>
</tr>
<tr>
<td>Graduated</td>
<td>$381</td>
<td>$1,143</td>
<td>10 years</td>
<td>$85,272</td>
<td>N/A</td>
</tr>
<tr>
<td>Extended-Fixed</td>
<td>$387</td>
<td>$387</td>
<td>25 years</td>
<td>$115,974</td>
<td>N/A</td>
</tr>
<tr>
<td>Extended-Graduated</td>
<td>$300</td>
<td>$582</td>
<td>25 years</td>
<td>$126,173</td>
<td>N/A</td>
</tr>
<tr>
<td>REPAYE</td>
<td>$185</td>
<td>$612</td>
<td>25 years</td>
<td>$131,444</td>
<td>$0</td>
</tr>
<tr>
<td>PAYE &amp; IBR (new borrowers)</td>
<td>$185</td>
<td>$612</td>
<td>20 years</td>
<td>$97,705</td>
<td>$41,814</td>
</tr>
<tr>
<td>IBR (not new borrowers)</td>
<td>$277</td>
<td>$666</td>
<td>18 years, 3 months</td>
<td>$107,905</td>
<td>$0</td>
</tr>
<tr>
<td>ICR</td>
<td>$469</td>
<td>$588</td>
<td>13 years, 9 months</td>
<td>$89,468</td>
<td>$0</td>
</tr>
</tbody>
</table>

* Loan debt does not include any consolidation loans.
How long will I be in repayment under each plan?

Under all four plans, any remaining loan balance is forgiven if your federal student loans aren’t fully repaid at the end of the repayment period. For any income-driven repayment plan, periods of economic hardship deferment and periods of repayment under certain other repayment plans will count toward your total repayment period. Whether you will have a balance left to be forgiven at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt. Because of these factors, you may fully repay your loan before the end of your repayment period.

<table>
<thead>
<tr>
<th>Repayment Plan</th>
<th>Repayment Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>REPAYE Plan</td>
<td>20 years if all loans you are repaying under the plan were for undergraduate study</td>
</tr>
<tr>
<td></td>
<td>25 years if any loans you are repaying under the plan were for graduate or professional study</td>
</tr>
<tr>
<td>PAYE Plan</td>
<td>20 years</td>
</tr>
<tr>
<td>IBR Plan</td>
<td>20 years if you are a new borrower on or after July 1, 2014</td>
</tr>
<tr>
<td></td>
<td>25 years if you are not a new borrower on or after July 1, 2014</td>
</tr>
<tr>
<td>ICR Plan</td>
<td>25 years</td>
</tr>
</tbody>
</table>

Note: If you’re paying under an income-driven repayment plan and are eligible for Public Service Loan Forgiveness, you may qualify for forgiveness of any remaining Direct Loan balance after you have made 10 years of qualifying payments.

Visit StudentAid.gov/publicservice to learn more.

Who is eligible for income-driven repayment?

REPAYE Plan

Any borrower with eligible federal student loans may make payments under this plan.

PAYE and IBR Plans

Each of these plans has an eligibility requirement you must meet to qualify for the plan. To qualify, the payment you would be required to make under the PAYE or IBR plan (based on your income and family size) must be less than what you would pay under the Standard Repayment Plan with a 10-year repayment period.

If the amount you would have to pay under the PAYE or IBR plan (based on your income and family size) is more than what you would have to pay under the 10-year Standard Repayment Plan, you wouldn’t benefit from having your monthly payment amount based on your income, so you don’t qualify. Generally, you’ll meet this requirement if your federal student loan debt is higher than your discretionary income or represents a significant portion of your annual income.

In addition to meeting the requirement described above, to qualify for the PAYE Plan you must also be a new borrower as of Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. You’re a new borrower if you had no outstanding balance on a Direct Loan or FFEL Program loan when you received a Direct Loan or FFEL Program loan on or after Oct. 1, 2007.