

2014

SASFAA

Annual Conference

*Hitting Our Stride by
Celebrating Our Strengths*



Public Service Loan Forgiveness

Presented by Lisa Ciritella
Graduate & Professional Sector
Representative at FedLoan
Servicing



Agenda

- Program Overview
- Eligibility/Qualification
- Implementation at FedLoan Servicing
 - Borrower Experience
 - School Support





Overview

The Public Service Loan Forgiveness Program (PSLF) was created to encourage individuals to enter and continue to work full-time in public service jobs.

- Enacted as part of College Cost Reduction and Access Act (CCRAA) of 2007
- Public Law 110-84, 9/27/2007
- Final Rule published 10/23/2008

<http://ifap.ed.gov/fregisters/FR10232008.html>



What is Public Service Loan Forgiveness?

The Public Service Loan Forgiveness Program allows eligible borrowers to cancel the remaining balance of their Direct loans after serving full time at a public service organization for at least 10 years while making 120 qualifying monthly payments after October 1, 2007.



Public Service Loan Forgiveness



Qualified Employment

- Full-time employment in any position with a public service organization
 - Not including staff of for-profit contractors working for public service organizations
- Full-time AmeriCorps or Peace Corps position



Definition of “Full-time” Employment

For purposes of eligibility for PSLF, full-time employment is defined as:

Working in qualifying employment in one or more jobs for the greater of:

- An annual average of at least 30 hours per week (or for a contractual or employment period of at least 8 months, an average of 30 hours per week); **or**
- Unless the employment is with two or more employers, the number of hours the employer considers full-time

Employer-provided vacation or leave time is equivalent to hours worked in determining whether you meet the full-time employment requirement. This includes leave taken for a qualifying condition under the Family and Medical Leave Act of 1993.

Note: When determining full-time public service employment at a not-for-profit organization you may not include time spent participating in religious instruction, worship services, or any form of proselytizing.



Definition of Public Service Organization

- A federal, state, local, or Tribal government organization, agency, or entity (includes most public schools, colleges and universities);
- A public child or family service agency;
- A non-profit organization under section 501(c)(3) of the Internal Revenue Code that is exempt from taxation under section 501(a) of the Internal Revenue Code (includes most not-for-profit private schools, colleges, and universities);
- A Tribal college or university; or
- A private non-profit organization (that is not a labor union or a partisan political organization) that provides a specific public service.



Eligible Loans

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct PLUS Loans (for parents and graduate or professional students)
- Direct Consolidation Loans
- Special Direct Consolidation Loans
- Other federal loans eligible if consolidated into a Direct Consolidation Loan, including:
 - FFEL Subsidized/Unsubsidized Stafford Loans
 - FFEL PLUS Loans for parents and graduate or professional students
 - FFEL Consolidation Loans (excluding joint spousal consolidation loans)
 - Federal Perkins Loans
 - Title VII Health Professions and Nursing Loans



Eligible Repayment Plans

Income-Based Repayment (IBR) Plan

- not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent

Income-Contingent Repayment (ICR) Plan

- not available on Direct PLUS Loans for parents or Direct PLUS Consolidation Loans

Pay As You Earn Repayment Plan

- not available on Direct PLUS Loans for parents or Direct Consolidation Loans that paid a PLUS Loan for a parent

Standard Repayment Plan

- with a 10-year repayment period

Any other Direct Loan Program Repayment Plan

- with payments that are at least equal to the monthly payment amount that would have been required under the Standard Repayment Plan with a 10-year repayment period



Qualifying Payments

**Must have been made after
October 1, 2007**

Must be on-time
(no later than 15 days after the
scheduled due date)

Must be made each month
(satisfying the monthly
installment amount that was
due for that month)

**Must be made when the loan
is not in a default status**



Forgiveness

Eligibility for forgiveness of an outstanding balance on an eligible Direct Loan occurs if the borrower:

- Is not in default
- Makes 120 separate, full monthly payments (after 10/1/07), within 15 days of due date
- Makes payments under one or more PSLF-specified repayment plans
- Is full-time employee of public service organization while making required payments and at time forgiveness is requested and granted



Eligible Loan Debt - \$31,000 (6.8% interest rate/unsubsidized) Starting AGI - \$25,000 (AGI increasing 4% annually, Poverty Level Change Rate 3%) Family Size = 1	Pay As You Earn Repayment Plan	Income Based Repayment Plan (IBR)	Income Contingent Repayment Plan (ICR)	Standard Repayment Plan
First Monthly Payment	\$68.71	\$103.06	\$229.54	\$356.75
Maximum Monthly Payment	\$114.34	\$171.52	\$242.51	\$356.75
Total Interest Paid	\$10,807.54	\$16,211.31	\$18,423.50	\$11,809.83
Total Principal Paid	\$0.00	\$0.00	\$9,889.70	\$31,000.00
Total Amount Paid	\$10,807.54	\$16,211.31	\$28,313.20	\$42,809.83
Remaining Principal Balance and Unpaid Interest	\$41,272.46	\$35,868.69	\$21,110.30	\$0.00
PSLF Total Loan Forgiveness	\$41,272.46	\$35,868.69	\$21,110.30	\$0.00

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Eligible Loan Debt - \$75,000 (6.8% interest rate/unsubsidized) Starting AGI - \$50,000 (AGI increasing 4% annually, Poverty Level Change Rate 3%) Family Size = 1	Pay As You Earn Repayment Plan	Income Based Repayment Plan (IBR)	Income Contingent Repayment Plan (ICR)	Standard Repayment Plan
First Monthly Payment	\$277.04	\$415.56	\$652.83	\$863.10
Maximum Monthly Payment	\$410.87	\$616.30	\$766.30	\$863.10
Total Interest Paid	\$40,822.81	\$48,525.50	\$36,769.87	\$28,572.43
Total Principal Paid	\$0.00	\$12,708.71	\$51,806.45	\$75,000.00
Total Amount Paid	\$40,822.81	\$61,234.21	\$88,576.31	\$103,572.43
Remaining Principal Balance and Unpaid Interest	\$85,177.19	\$62,404.54	\$23,193.55	\$0.00
PSLF Total Loan Forgiveness	\$85,177.19	\$62,404.54	\$23,193.55	\$0.00



Implementation at FedLoan Servicing

In November 2011, FedLoan Servicing was awarded the contract to service borrowers eligible for Public Service Loan Forgiveness (PSLF).

FedLoan Servicing responsibilities include:

- Customer Support
- Processing applications and forms related to PSLF eligibility
- Tracking qualifying payments for PSLF

Customer Support

- Trained a specialized customer service and processing team
- Established a dedicated, toll-free number, **1.855.265.4038**
- Provided customer service representatives available from Monday through Thursday 8:00 AM – 11:00 PM (ET). Friday 8:00 AM – 9:00 PM (ET)
- Added a dedicated site, MyFedLoan.org/pslf, and form for PSLF
- Updated our borrower portal to assist in tracking eligible payments



Borrow Process Flow



- Borrower receives form packet, which is standard with all servicers, and includes a cover letter, Employment Certification Form and instructions.

- Borrower submits Employment Certification Form.

- Employer is approved public service organization.
 - Borrower receives approval notification.
 - Eligible loans are transferred to FedLoan Servicing, if applicable.
 - Borrower receives notification of qualifying payments made with all prior servicers.

- The borrower will be reminded annually, via email, to submit a new ECF if employed with a qualifying public service organization since the last ECF was submitted.



PSLF Awareness

MyFedLoan.org/PSLF

fedloan™ A Department of Education Servicer
SERVICING

Search Site:

FOR BORROWERS | **FOR SCHOOLS** | FOR PARTNERS

Account Access | Make a Payment | Manage Account | Billing & Payment Plans | Help Center

Public Service Loan Forgiveness

Information for Borrowers | Information for Employers

Are you currently employed with or planning to pursue a career with a PUBLIC SERVICE organization?

Are you currently a full-time AmeriCorps or Peace Corps volunteer?

If you answered "yes" to either of these questions, then you may qualify for forgiveness of any remaining eligible federal student loans thanks to the Public Service Loan Forgiveness (PSLF) Program.

What are the Eligibility Requirements for PSLF?

You must...

- ▶ **Have Eligible Loan Type(s)**
- ▶ **Make 120 Qualifying Payments**
- ▶ **Make Payments Under an Eligible Repayment Plan**
- ▶ **Maintain a Full-Time Employment Status**
- ▶ **Work for a Qualifying Public Service Organization**

What Actions Can I Take Now?

Submit **employment certification** and continue to do so every year for any period of time you want your employment to be considered under the program eligibility requirements.

If you submit an Employment Certification Form from a qualifying organization for the Public Service Loan Forgiveness Program, and your loans are not already serviced by FedLoan Servicing, **all of your U.S. Department of Education owned student loans will be transferred to us.** Having all of your loans with FedLoan Servicing will make it easier for you to track your progression in the Public Service Loan Forgiveness Program.

Since the Public Service Loan Forgiveness Program requires 120 separate on-time monthly payments and was just established in 2007, no borrower will be eligible for forgiveness until 2017. Forgiveness applications will be available closer to that time.

DOWNLOAD EMPLOYMENT CERTIFICATION FORM ▶

Still Have Questions?
We are here to help you with every step of the process. Contact one of our loan specialists at 855-285-4038 for more information.

field, you may qualify for Teacher Loan Forgiveness. The purpose of this program is to encourage individuals to enter and continue in the teaching profession. Take our interactive eligibility quiz to see if you qualify.

NOTE: Any payments that are made during a period that is approved for Teacher Loan Forgiveness will not count toward Public Service Loan

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FOR BORROWERS FOR SCHOOLS

Account Access Make a Payment Manage Account

public service loan forgive

08/12/2005 Direct Unsub Stafford Loan Repayment \$9,511.09 [Hide Details](#)

Loan Status:	REPAYMENT	Original Balance:	\$7,815.00
		Late Fees:	\$0.00
Disbursement Date:	08/12/05	Unpaid Interest:	\$16.06
Loan Program:	DIRECT UNSUB STAFFORD LOAN	Current Balance:	\$9,511.09
Owner:	DEPT OF EDUCATION	Monthly Payment:	\$15.86
Guarantor:	FEDERAL	Repayment Term:	133 Months
School:	UNIVERSITY OF MONTAN	Expected Payoff Date:	07/28/22
Out of School Date:	08/04/06	Next Due Date:	01/28/12
		Days Delinquent:	0

Interest Rate: 2.260%

Payment Tracking for Eligible Borrowers

Welcome BOB BORROWER Account # 999999999

View Loan Details

Loan Details

Balance Overview

Current Principal Balance:	\$67,761.48	What is Principal Balance?
Late Fees:	\$0.00	How do I avoid Late Fees?
Unpaid Interest:	\$158.93	Accrued Interest
Total Current Balance:	\$67,920.41	How do I Pay Off my loan(s)?

[Print All Loan Details](#)

Date	Loan Type	Status	Balance	Action
08/28/2009	Federal Unsub Stafford Loan	Repayment	\$3,414.95	View Details
08/28/2009	Federal Stafford Loan	Repayment	\$5,477.05	View Details
08/12/2005	Direct Unsub Stafford Loan	Repayment	\$9,511.09	View Details
08/12/2005	Direct Sub Stafford Loan	Repayment	\$9,481.69	View Details
09/03/2004	Direct Sub Stafford Loan	Repayment	\$9,481.67	View Details
09/03/2004	Direct Unsub Stafford Loan	Repayment	\$9,638.12	View Details
08/29/2003	Direct Unsub Stafford Loan	Repayment	\$6,953.54	View Details
10/22/2002	Direct Unsub Stafford Loan	Repayment	\$6,955.59	View Details
08/17/2001	Direct Unsub Stafford Loan	Repayment	\$4,426.34	View Details
09/17/1999	Direct Unsub Stafford Loan	Repayment	\$2,421.44	View Details

Payments Until Active

Payments Remaining Estimated Eligibility Date

07/05/2021

[What do these terms mean?](#)

Interest	Late Fee
\$15.86	\$0.00

[Make a Payment on this Loan](#)

Need Help?

We're here to assist you.

Do you work in public service?
You may qualify for the Public Service Loan Forgiveness program.

[Learn More](#)





Identifying Qualifying Employers

- Check with the employer regarding their classification (government, non-profit, etc.)
- Depending on employer type, public websites are available:

Government	http://www.usa.gov/Agencies.shtml
Tribal College/University	http://www.ed.gov/edblogs/whiaiane/tribes-tcus/tribal-colleges-and-universities/
Non-Profit 501(c)(3)	http://www.irs.gov/charities/index.html
Private Non-Profit	http://www.irs.gov/Charities-%26-Non-Profits/Charitable-Organizations/Private-Foundations

- Contact FedLoan Servicing if unsure



Frequently Asked Questions

- Why will all of the federally-owned loans be transferred to FedLoan Servicing before the student reaches the required 120 payments?
As the sole servicer for PSLF, FedLoan Servicing is responsible for tracking a borrower's progress toward meeting the requirement of 120 separate, on-time monthly payments while working full-time for a qualifying public service employer.
- Are all federally-owned loans eligible for PSLF?
No, it is important to note that, while the federally-owned FFELP PUT loans will be moved to FedLoan Servicing for a borrower with qualifying employment, only Direct Loans, including Direct Consolidation Loans, are eligible for forgiveness. Payments made to FedLoan Servicing on non-eligible loan types will not be tracked.
- Will the borrower's commercially-held loan volume be transferred to FedLoan Servicing?
No, they will remain with their commercial servicer.



Frequently Asked Questions

- Are borrowers of PLUS Loans for parents eligible for PSLF?
Parents with PLUS loans may consolidate their Federal PLUS Loans and/or Direct PLUS loans and pay under Income-Contingent Repayment (ICR). Parents must qualify based on their own public service, not the student for whom they borrowed.
- Why should borrowers interested in PSLF use Income-Based Repayment (IBR), Income-Contingent Repayment (ICR) or Pay As You Earn?
These repayment plans are the most likely to leave an outstanding balance to forgive after 120 payments.
- Under IBR, ICR and Pay As You Earn the scheduled payment for a borrower could be \$0. Does this payment count as towards PSLF?
Yes, this is considered a qualifying payment under that repayment plan.



Frequently Asked Questions

- Will the information provided from each of the federal servicers on this program be consistent?
All federal servicers use the same form packet.
- Are the 120 full, monthly payments required to be consecutive?
No, they do not need to be consecutive.
- How do overpayments impact a borrower's qualifying payments?
If a borrower pays more than the installment amount on any payment, it will only count towards one qualifying payment based on program requirements.
- Are loan amounts forgiven for PSLF considered income for tax purposes?
No, they are not considered income.



Partnering with Schools

- [Borrower Toolkits](#) for outreach to current and past student borrowers
- Reporting Available
 - Customized email communications showing the number of borrowers for your institution who have submitted an Employment Certification Form
 - Student detail information through the FedLoan Servicing School Portal
- [Training resources](#) and personalized support
 - Presentation available for download, Take 5 video overview
 - Sector-based, personalized support



Counseling Eligible Borrowers

- The first step is to determine what the student is doing after school.
- If a career in public service is being pursued, PSLF eligibility should be explored.
- If PSLF is being considered, the borrower should:
 - Determine eligibility for income-driven repayment plans (IBR, ICR and Pay As You Earn)
 - Consolidate any FFELP loans under Direct Consolidation
 - Make payments on time



Current Student Toolkit

Considering a career in Public Service? 

You may qualify for loan forgiveness. Learn more - Visit MyFedLoan.org/PSLF

Contains:

- Student Handout
- Various Web and Print Ads
- Sample Student Email
- Sample Social Media Posts

CONSIDERING A CAREER IN PUBLIC SERVICE?

You may qualify for forgiveness of any remaining balance on your eligible federal student loans thanks to the Public Service Loan Forgiveness (PSLF) Program.

visit MyFedLoan.org/PSLF TODAY!

PROGRAM REQUIREMENTS:

- BORROW** - Have Eligible Loan Type(s)
ANY Direct Loan - Subsidized/Unsubsidized Stafford, PLUS, Consolidation
NOTE: If your federal loans are not Direct Loans, you may be able to consolidate and qualify. However, only payments made on the Direct Consolidation Loan count toward your required 120 monthly payments.
- WORK** - Maintain a Full-Time Employment Status While Working for a Qualifying Public Service Organization

For more details on identifying qualifying public service organizations, visit MyFedLoan.org/PSLF. Unsure if your employer qualifies? Contact them to find out.
- REPAY** - Make 120 Qualifying Payments Under an Eligible Repayment Plan

This program was created by Congress to encourage individuals to enter and continue to work full-time in public service jobs. Under PSLF, borrowers may qualify for forgiveness of the remaining balance due on their eligible federal student loans after they have made 120 payments on those loans under certain repayment plans while employed full-time by certain public service employers.

U.S. Department of Education
Information about your federal student loan

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I'D LIKE MY PAYMENTS TO COUNT TOWARD PSLF. WHAT SHOULD I DO TO BE CONSIDERED?

- Consolidate any non-Direct Loans, if necessary.
- Get on an eligible repayment plan, preferably Income-Based Repayment (IBR).
- Make on-time, monthly payments - not exceeding your installment amount, preferably through Direct Debit.
- Work for a qualifying employer while you make your payments.
- SUBMIT THE EMPLOYER CERTIFICATION FORM, found at MyFedLoan.org/PSLF.

FedLoan Servicing was established by the Pennsylvania Higher Education Assistance Agency (PHEAA) to support the U.S. Department of Education's ability to service student loans owned by the federal government. PHEAA conducts its student loan servicing activities nationally as FedLoan Servicing and American Education Services (AES).
FedLoan Servicing is one of a limited number of organizations approved by the Department of Education to service these loans and is dedicated to supporting borrowers with easy and convenient ways to manage their student loans. Additionally, the Department has chosen FedLoan Servicing as the sole federal service provider for monitoring and tracking the eligibility for all Public Service Loan Forgiveness (PSLF) borrowers.

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U.S. Department of Education
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Considering a career in Public Service?

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Learn more - Visit MyFedLoan.org/PSLF

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Alumni Toolkit

Are you working in Public Service?

You may qualify for loan forgiveness.

Learn more - Visit MyFedLoan.org/PSLF

ARE YOU WORKING IN PUBLIC SERVICE?

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U.S. Department of Education
Information about your federal student loan

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FLS-PSLFDIAL 02/12

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U.S. Department of Education
Information about your federal student loan

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School and Borrower Resources

- PSLF Fact Sheet and Q&As: www.studentaid.ed.gov/publicservice
- Borrower Information and Employment Certification Form from FedLoan Servicing: www.MyFedLoan.org/PSLF
- PSLF Borrower Toolkits: <http://www.myfedloan.org/schools/products-tools/public-service-loan-forgiveness-toolkit.shtml>
- IBR, ICR and Pay As You Earn Calculators:
<http://www.finaid.org/calculators/ibr.phtml>
- CFBP Public Service Toolkit:
http://files.consumerfinance.gov/f/201308_cfpb_public-service-toolkit.pdf
- CFBP Action Guide for Employees:
http://files.consumerfinance.gov/f/201308_cfpb_pledge-action-guide-for-employees.pdf



Questions?

PRIVATE



Scott Orris

Phone: 717.720.1505
Email: sorris@pheaa.org
[facebook.com/fedloanprivate](https://www.facebook.com/fedloanprivate)

PUBLIC



Lauren Swett

Phone: 717.720.3693
Email: lszett@pheaa.org
[facebook.com/fedloanpublic](https://www.facebook.com/fedloanpublic)

PROPRIETARY



Will Lindsey

Phone: 717.720.1529
Email: wilindsey@pheaa.org
[facebook.com/fedloanproprietary](https://www.facebook.com/fedloanproprietary)

GRADUATE & PROFESSIONAL



Lisa Ciritella

Phone: 717.720.2309
Email: lciritel@pheaa.org

Want to learn more? Contact your sector representative!