

# FEDERAL STUDENT AID

## Loan Forgiveness for Public Service Employees

www.FederalStudentAid.ed.gov

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### What is the Public Service Loan Forgiveness Program?

Through the College Cost Reduction and Access Act of 2007, Congress created the Public Service Loan Forgiveness Program to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, 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. Since borrowers must make 120 monthly payments on their eligible federal student loans beginning after October 1, 2007 before they qualify for the loan forgiveness, the first cancellations of loan balances will not be granted until October 2017.

This fact sheet summarizes the terms and conditions of the Public Service Loan Forgiveness Program.

### What federal student loans are eligible for forgiveness under the Public Service Loan Forgiveness Program?

Any non-defaulted loan made under the William D. Ford Federal Direct Loan Program (Direct Loan Program) is eligible for loan forgiveness. (See below for information on how non-Direct Loans may be eligible.) The Direct Loan Program includes the following types of loans—

- Federal Direct Stafford/Ford Loans (Direct Subsidized Loans)
- Federal Direct Unsubsidized Stafford/Ford Loans (Direct Unsubsidized Loans)
- Federal Direct PLUS Loans (Direct PLUS Loans) – for parents and graduate or professional students
- Federal Direct Consolidation Loans (Direct Consolidation Loans)

### How can other federal student loans qualify for loan forgiveness?

Although loan forgiveness under this program is available only for loans made and repaid under the Direct Loan Program, loans made under other federal student loan programs may qualify for forgiveness if they are consolidated into a Direct Consolidation Loan. However, only payments made on the Direct Consolidation Loan will count toward the required 120 monthly payments.

The following types of loans may be consolidated into the Direct Loan Program –

- Federal Family Education Loan (FFEL) Program loans, which include –
  - Subsidized Stafford Loans
  - Unsubsidized Stafford Loans
  - Federal PLUS Loans – for parents and graduate or professional students
  - Federal Consolidation Loans (excluding joint spousal consolidation loans)
- Federal Perkins Loans
- Certain Health Professions and Nursing Loans

**NOTE:** To consolidate a Federal Perkins Loan or Health Professions/Nursing Loan into the Direct Loan Program, you must also consolidate at least one FFEL Program loan or Direct Loan. If you are unsure about what kind of loans you have, you can find information about your federal student loans in the U.S. Department of Education's National Student Loan Data System at <http://nslds.ed.gov>.

### What are the borrower eligibility requirements for loan forgiveness under the Public Service Loan Forgiveness Program?

- The borrower must not be in default on the loans for which forgiveness is requested.
- The borrower must be employed full time by a public service organization –
  - When making the required 120 monthly loan payments (certain repayment conditions apply – see below);
  - At the time the borrower applies for loan forgiveness; and
  - At the time the remaining balance on the borrower's eligible loans is forgiven.



### What are the specific loan repayment requirements for loan forgiveness under the this program?

- The borrower must have made 120 separate monthly payments beginning after October 1, 2007 on the Direct Loan Program loans for which forgiveness is requested. Earlier payments do not count toward meeting this requirement. Each of the 120 monthly payments must be made for the full scheduled installment amount within 15 days of the due date
- The 120 required payments must be made under one or more of the following Direct Loan Program repayment plans–
  - Income Based Repayment (IBR) Plan (not available to parent Direct PLUS Loan borrowers)
  - Income Contingent Repayment Plan (not available to parent Direct PLUS Loan borrowers)
  - Standard Repayment Plan with a 10-year repayment period
  - Any other Direct Loan Program repayment plan, but only 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 may be counted toward the required 120 payments.

For more information about the repayment plans available in the Direct Loan program, please visit: [www.ed.gov/DirectLoan](http://www.ed.gov/DirectLoan).

**IMPORTANT NOTE:** *The Public Service Loan Forgiveness Program provides for forgiveness of the remaining balance of a borrower's eligible loans after the borrower has made 120 payments on those loans. In general, only borrowers who are making reduced monthly payments through the Direct Loan Income Contingent or Income Based repayment plans will have a remaining balance after making 120 payments on a loan.*

### What types of public service jobs will qualify a borrower for loan forgiveness under this program?

The borrower must be employed full time (in any position) by a public service organization, or must be serving in a full-time AmeriCorps or Peace Corps position. For purposes of the Public Service Loan Forgiveness Program, the term “public service organization” means –

- 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 organization that is not a for-profit business, a labor union, a partisan political organization, or an organization engaged in religious activities (unless the qualifying activities are unrelated to religious instruction, worship services, or any form of proselytizing) and that provides the following public services –
  - Emergency management;
  - Military service;
  - Public safety;
  - Law enforcement;
  - Public interest law services;
  - Early childhood education (including licensed or regulated health care, Head Start, and state-funded pre-kindergarten);
  - Public service for individuals with disabilities and the elderly;
  - Public health (including nurses, nurse practitioners, nurses in a clinical setting, and full-time professionals engaged in health care practitioner occupations and health care support occupations);
  - Public education;
  - Public library services; and
  - School library or other school-based services.

**NOTE:** *To qualify for forgiveness of a parent PLUS loan the parent borrower, not the student on whose behalf the loan was obtained, must be employed by a public service organization.*

### Where can I find additional information?

This fact sheet provides only a summary of the basic requirements of the Public Service Loan Forgiveness Program. For more detailed information, refer to the final regulations for this program (34 C.F.R. 685.219) that the U.S. Department of Education issued on October 23, 2008. You may view the final regulations by linking to <http://www.ed.gov/legislation/FedRegister/finrule/2008-4/102308a.html>.

