

APPLYING FOR PUBLIC SERVICE LOAN FORGIVENESS: 5 TIPS FOR SUCCESS

Public Service Loan Forgiveness (PSLF) is a program that could eliminate some of your federal student loan debt if you meet all the requirements. This program was created to benefit individuals whose debt would be unaffordable without loan payments tied to income because they are working in lower-paying, but vitally important public sector jobs such as government service or non-profit work.

There are some steps you can take to protect yourself from any surprises and set realistic expectations about how PSLF can work for you. Follow these five tips to better understand the program requirements and improve your overall PSLF experience.

1. UNDERSTAND THE REQUIREMENTS

There are several requirements you must meet to move toward your goal of receiving public service loan forgiveness. Before you plan on receiving PSLF, read all the requirements carefully to make sure you are eligible under each category (employer, loan type, repayment plan and qualifying payments).

WHAT IS QUALIFYING EMPLOYMENT FOR PUBLIC SERVICE LOAN FORGIVENESS (PSLF)?

EMPLOYERS THAT QUALIFY

- Government organizations at any level (federal, state, local, or tribal)
- Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code
- Other types of not-for-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code, if their primary purpose is to provide certain types of qualifying public services.

EMPLOYERS THAT DO NOT QUALIFY

- Labor unions
- Partisan political organizations
- For-profit organizations (this includes for-profit government contractors)
- Not-for-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code and do not provide a qualifying public service as their primary function.

Employer Requirements:

This requirement is about who your employer is, not your job title. You must work full-time for a qualifying employer to be eligible for PSLF. You are generally considered to work full-time if you meet your employer's definition of full-time which must be at least 30 hours per week.

Repayment Plan Requirements:

To benefit from PSLF, you are required to [repay your federal student loans under an income-driven repayment \(IDR\) plan](#). If you're on the 10-year Standard Repayment Plan you'll have no balance left to forgive after you've made 120 qualifying payments. *Income-driven repayment plans require you to update (or "recertify") your income/family size each year.*

Requirements for Qualifying Payments:

If any payment doesn't check all these boxes, it won't count toward your 120 qualifying payments needed to receive PSLF. So stay on top of it. Your 120 qualifying payments don't have to be consecutive. If there's a period when you're working for a nonqualifying employer, you won't lose credit for the qualifying payments you made before that period.

You can't make a qualifying payment while your loans are in any of these statuses: in-school status, the grace period, deferment or forbearance.

Overpayments can negatively impact and complicate your qualifying payment count.

You can't qualify for PSLF faster by making larger payments. If you pay more than your required monthly payment amount, the extra amount you add may end up counting as pre-payment, instead of an overpayment. If that payment is applied to cover future payments, you can't receive credit for a qualifying PSLF payment during a month when no payment is due.

Loan Requirements:

Only non-defaulted federal Direct student loans are eligible for PSLF. If you borrowed before 2011, there's a good chance that some or all of your federal student loans are not Direct Loans and [would need to be consolidated to qualify](#).

To check what kind of loans you have, log in to "My Federal Student Aid" at [StudentAid.gov/login](https://studentaid.gov/login).

FFEL and Perkins Loan borrowers: You must consolidate your loans in order to make qualifying payments. Any payments you made on the FFEL or Perkins Loans before you consolidated them **don't count**.

YOUR PAYMENT QUALIFIES IF YOU MAKE IT...

- ✓ after Oct. 1 2007;
- ✓ under a qualifying repayment plan;
- ✓ for the full amount due as shown on your bill;
- ✓ no later than 15 days after your due date;
- ✓ and while you're employed full-time by a qualifying employer.

2. CHECK OTHER FACTORS THAT IMPACT YOUR PSLF ELIGIBILITY.

Be aware that even though you may be working for a qualifying employer, other factors such as your salary, family size, and loan balance can impact your progress toward PSLF. For example, Nancy and Ben have the same employer but that doesn't mean they both qualify for PSLF. Their different incomes and loan balances impact the amount eligible for forgiveness.

While you're enrolled in one of our income-driven repayment plans, the amount you pay each month is determined by your income. If your income increases over the course of your public service career, this may impact your monthly payment and your eligibility to receive PSLF after making 120 qualifying payments.

PUBLIC SERVICE LOAN FORGIVENESS PROJECTION

BEN
FORGIVENESS
\$37,033



Yearly Income **\$35,000**

Loan Balance **\$70,000**

\$55,000 Yearly Income

\$40,000 Loan Balance



NANCY
FORGIVENESS
\$0.00

DETAILS ABOUT THE DATA GIVEN:

- Yearly Income: This is the Adjusted Gross Income.
- Loan Balance: This includes a combination of subsidized and unsubsidized loans at a 5.1% interest rate
- Ben's Forgiveness Amount: This was calculated in the repayment estimator under the PAYE repayment plan.

[View this chart](#) to estimate forgiveness amounts based on adjusted gross income and overall federal student loan balances.

These numbers are just estimates and not based off your loan interest rate. To ensure the program is the right fit for you, we highly recommend you visit studentaid.gov.

3. SUBMIT YOUR EMPLOYMENT CERTIFICATION FORM YEARLY.

The best way to validate if you're on track for PSLF is by submitting an Employment Certification Form (ECF) every year or when you change employers.

The information you provide on the ECF determines if you are on the right track for forgiveness. If you're not fulfilling a qualification for PSLF, further detail will be provided in a response letter.

Double check that your ECF has *all* the required fields completed and there are no inconsistencies!

Employment Certification Form Tips:

- You'll need your employer's address and Employer Identification Number (EIN). You can find your employer's EIN on your Wage and Tax Statement (W-2).
- Any info on a new ECF needs to be consistent with info from a previous ECF. Most commonly, we see inconsistent employment start dates.

How to submit your ECF yearly:

You can use the [PSLF Help Tool](#) to autofill your ECF. The online tool will help you answer questions on the form. Then, you will print the completed form, provide additional documents required, and [mail it](#). If you do not want to use the PSLF Help Tool, you can [download the ECF as a PDF file](#) and complete it manually.

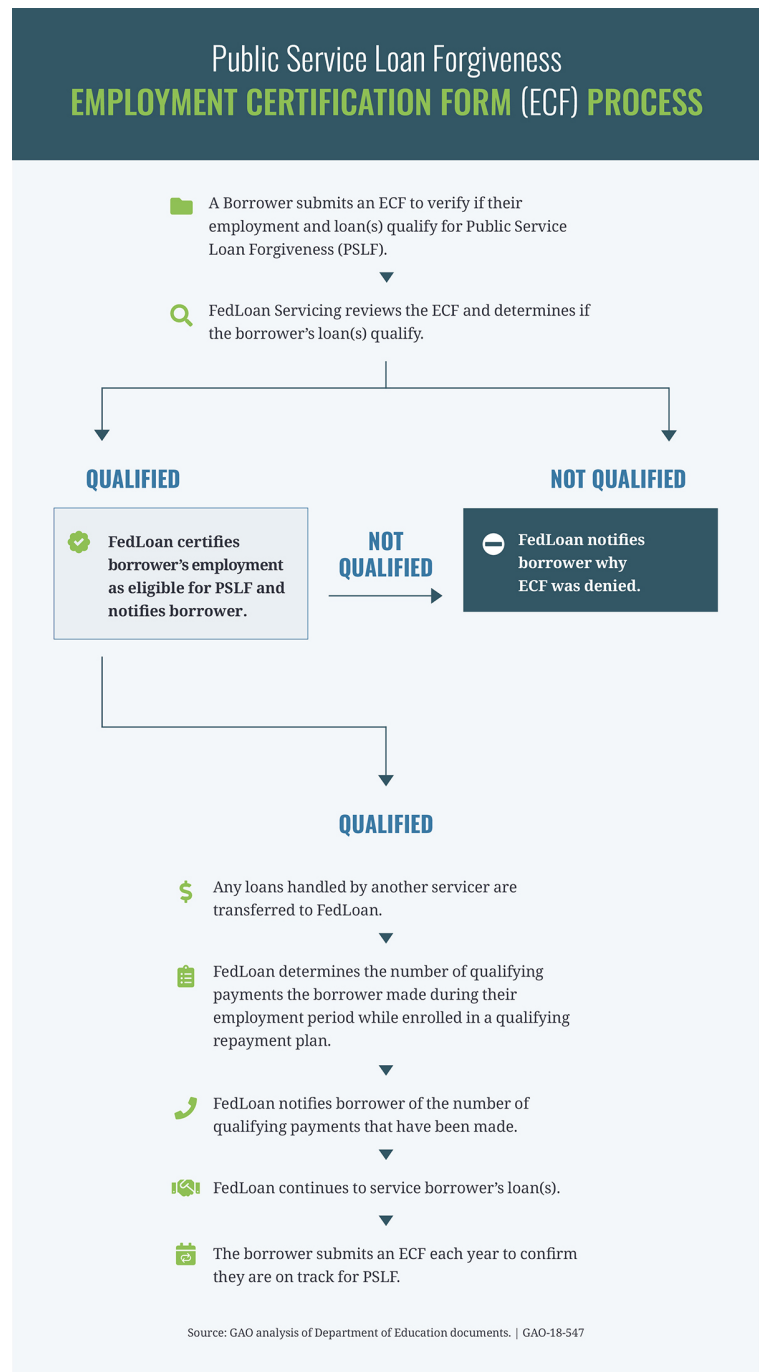
The ECF requires a signature from an “authorized official” at your employer. This is typically someone in your human resources office. Ask your employer who in your organization is authorized to certify employment if you're uncertain.

4. BE AWARE OF THE PSLF AND ECF PROCESS.

After you make your 120th qualifying monthly payment, you will need to submit the [PSLF application](#) to receive loan forgiveness. You will **not automatically** receive PSLF after you've made 120 qualifying monthly payments.

If you leave your job at a qualifying employer after meeting the PSLF eligibility requirements but before you apply for loan forgiveness, you will not be eligible for forgiveness since you must be working for a qualifying employer at the time you apply for and receive forgiveness. However, you could regain eligibility if you later find full-time employment at another qualifying employer and then apply for loan forgiveness.

Loan amounts forgiven under the PSLF Program are not considered income by the Internal Revenue Service. Therefore, you will not have to pay federal income tax on the amount of your Direct Loans that is forgiven after you have made the 120 qualifying payments.



Public Service Loan Forgiveness (PSLF) APPLICATION PROCESS

HOW TO RECEIVE LOAN FORGIVENESS AFTER MAKING 120 QUALIFYING PAYMENTS

- A borrower submits the PSLF application after making their 120th qualifying monthly payment.

- Q FedLoan Servicing FedLoan reviews the PSLF application and determines if the borrower's loan(s)* qualify.

**Unless a borrower requests otherwise on their application, eligible loans will be placed in forbearance while the application is reviewed.*

QUALIFIED

- Q FedLoan determines if borrower's employment qualifies.

QUALIFIED

- \$ Any loans handled by another servicer are transferred to FedLoan.

- FedLoan determines total number of qualifying payments borrower made by using any previously approved Employment Certification Forms and evaluating new employment periods covered in the PSLF application.

AT LEAST 120 QUALIFIED PAYMENTS

- Q The Department of Education conducts final review of PSLF application to determine if borrower has met all eligibility requirements.

APPROVED

- ✓ FedLoan forgives remaining balance on borrower's loans.

NOT QUALIFIED

- ⊖ FedLoan notifies borrower why application is denied.**

*** Forbearance on loans ends and any unpaid interest that accrued during this period may be added to the loan principal balance.*

NOT QUALIFIED

FEWER THAN 120 QUALIFIED PAYMENTS

DENIED

- ⊖ FedLoan notifies borrower of the number of qualifying payments that have been made and that they do not qualify for forgiveness at this time. FedLoan will continue to service borrower's loans.

- ⊖ FedLoan notifies borrower that they do not currently qualify for forgiveness and continues to service borrower's loans.

Source: GAO analysis of Department of Education documents. | GAO-18-547

5. SAVE AND ARCHIVE YOUR DOCUMENTATION.

In case there are any discrepancies during the PSLF process, you'll want to save all of your paperwork and communication related to your PSLF journey. Things such as copies of your Employment Certification Form, response letters from FedLoan Servicing, and employment documentation should be kept in a safe place.

If you have more questions, [review the PSLF Questions and Answers page](#). If your questions aren't covered on that page, contact FedLoan Servicing at 1-855-265-4038.

Source: Applying for Public Service Loan Forgiveness: 5 Tips for Success
<https://blog.ed.gov/2019/09/public-service-loan-forgiveness-tips/>