

PSLF DIGITAL TOOLKIT (p.1)

What is Public Service Loan Forgiveness (PSLF)?

If you are employed by a government or not-for-profit, 501(c)(3) organization, you may be able to receive student loan forgiveness on the remaining balance of your federal student loans after you have made 120 monthly cumulative payments and do not have to be consecutive.

PSLF eligibility criteria include these three requirements:

1. Work for a qualifying employer, such as a government or a not-for-profit/nonprofit, 501(c)(3) tax-exempt organization
2. Repay your loans under a qualifying Income-Drive Repayment Plan (IDR)
3. Have qualifying federal Direct student loans

Requirement #1: Qualifying Employer

Work full-time for a government or not-for-profit/nonprofit 501(c)(3) organization

- Be considered full-time status as determined and defined by the employer
- Example: If your nonprofit employer considers 35 hours per week as full-time, your employment will count for PSLF. Work part-time at two or more qualifying employers at the same time to total at least 30 hours per week
- Example: You work part-time 20 hours per week at a local school district and part-time 10 hours per week at a nonprofit charter school.

PSLF Tip: It is not the type of job you have that counts for PSLF. It is the type of organization that employs you which matters the most!

Requirement #2: Qualifying Repayment Plan

You must apply for an Income-Driven Repayment (IDR) plan to qualify for PSLF. On IDR plans, the monthly payment is based on a percentage of your discretionary income.

PSLF-eligible IDR Plans include:

Standard 10-year Repayment Plan on Federal Direct Loans

- For many public service borrowers, this repayment plan would not make sense since their entire balance would be paid off in 10 years, leaving no balance available for forgiveness
- Exception: If you have any Direct Consolidation Loans in your student loan portfolio, the Standard Repayment Plan does not qualify for PSLF (because the repayment is not 10 years)

The following IDR plans always qualify for PSLF:

- Revised Pay as You Earn (REPAYE),
- Pay As You Earn (PAYE),
- Income-Based Repayment (IBR), and
- Income-Contingent Repayment (ICR).
- A fifth IDR plan option may be forthcoming from the U.S. Department of Education – stay tuned!

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PSLF Tips:

- If after you apply for an IDR plan you find that the payments are still too high or unaffordable, you can contact Federal Student Aid or your loan servicer to request that they calculate the monthly payment on your paystubs instead of your most recent tax return.
- \$0 monthly payments do qualify for PSLF if you have applied for an IDR plan.
- It is strongly advised to avoid taking a deferment or forbearance in lieu of a \$0 or low-dollar payment plan. In-school, 6-month graduation grace, deferment, and forbearance periods do NOT qualify for PSLF, except only during the IDR Waiver – more on that next.

Requirement #3: Qualifying Loans

You must have a Federal Direct or a Federal Direct Consolidation Loan to qualify for PSLF. For new loan holders that is not usually an issue. In 2010, the federal government started issuing Direct Loans and those are all eligible for the program.

However, the PSLF program started October 1, 2007, and many public service workers have older loans called Family Federal Education Loans, or FFEL loans. The government chose to exclude FFEL loans from being eligible for PSLF about three years into the PSLF program. Since the early 2010s, the U.S. Department of Education forced many student loan borrowers to consolidate their FFEL loans into Direct Consolidation loans for their loans to qualify for PSLF, thus restarting the ten-year clock for forgiveness!

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Benefits of the PLSF Program

PSLF was enacted to ensure that a long-term pipeline of educated professionals could access higher education programs necessary to commit to service in the public sector and for government and nonprofits to retain highly trained individuals in public service professions.

By committing to 120 months of public service employment (cumulative, not necessarily consecutive), the federal government promises to forgive the balance of student loans as a reward. PSLF is a federally protected benefit written into all current Master Promissory Notes on all federal Direct Student Loans.

Amounts of federal student loans forgiven under PSLF are not considered income per the Internal Revenue Service. This means that there are no federal income taxes paid after forgiveness. Our understanding is that Arkansas does not place an income tax on amounts forgiven by PSLF.

Special Initiatives to Correct Past Errors in the PSLF Program

1. Limited Public Service Loan Forgiveness (PSLF) Waiver Opportunity, ends October 31, 2022

In October 2021, the federal government announced the Limited PSLF Waiver that expanded the types of loans and repayment plans eligible for PSLF to help fix many issues with the PSLF program. During this limited time, if you have previously ineligible FFEL or Perkins loans, these loans can be consolidated into a Direct Consolidation Loan before the deadline of October 31, 2022, and become eligible for forgiveness. This means that you have this one-time, limited opportunity to change your loan type and have these previously ineligible payments count toward forgiveness. Many public servants are now eligible for forgiveness because of this!

The Limited PSLF Waiver also allows previously ineligible repayment plans to count toward forgiveness. For instance, many borrowers are in a repayment plan called extended graduated repayment, which typically starts out at a very low monthly repayment and escalates over time. This repayment plan is not usually eligible for PSLF, but with the Limited PSLF Waiver, suddenly past payments under that plan will count toward 120 PSLF payments!

2. Teacher Loan Forgiveness

As part of the Limited PSLF Waiver, if you received Teacher Loan Forgiveness (TLF) after October 1, 2007, your TLF time ALSO counts towards PSLF and ONLY until October 31, 2022!

To get this credit, you must certify your employment that qualified you for TLF with a PSLF Application that overlaps the same teaching employment period and submit before October 31, 2022.

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3. Income-Driven Repayment (IDR) Waiver

On April 19, 2022, the U.S. Department of Education announced a one-time payment count adjustment to federal student loan accounts.

Effects on Public Service Loan Forgiveness (PSLF) Applicants

If you have applied or will apply for PSLF, these changes may have an impact on you by increasing your qualifying payment count.

If you have 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance, you will receive PSLF credit for those periods of time if you certify qualifying employment.

These changes will be applied automatically. If you believe you might benefit, you should update your employment certification history to reflect all periods of public service employment by filling out and completing a PSLF Application for each employer using the PSLF Help Tool.

Source: <https://studentaid.gov/announcements-events/idr-account-adjustment>

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Next Steps: Getting On Track for PSLF

1. Verify Eligibility

PSLF is not a program in which anyone “enrolls.” Public servants must get eligible for the program by verifying they have the correct student loan type(s), qualifying employment, and be on an eligible IDR plan. They then must remain eligible until 120 months of service are completed. As you near 120 payments, it is strongly advised to stay in your public service job until your loans are fully forgiven.

You can verify that your loans qualify by logging into your account at Federal Student Aid:

- Login to your account at <https://studentaid.gov/>
- Once at your Dashboard, click on “View Details”
- Click on “Download My Aid Data”
- A Text document will be downloaded
- Open the file and you will see a summary of all the different loans you have in your portfolio
- PSLF-Eligible Loans: Any loan received under the William D. Ford Federal Direct Loan (Direct Loan) Program qualifies for PSLF. They will have the word “Direct” in their name.
- PSLF-Ineligible Loans: The Federal Family Education Loan (FFEL) Program and the Federal Perkins Loan (Perkins Loan) Program. However, both will become eligible if you consolidate them into a Direct Consolidation Loan!

Examples:

If you have all “Direct” Loans and if all loans are on the same payment timeline from a previous degree program, you are already eligible and do not need to consolidate.

If you have multiple Direct Loans with multiple payment timelines, consolidate prior to October 31, 2022, to have the highest payment count applied to the new consolidation loan.

*See below for tips on consolidating your loans.

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2. Get Eligible

This is important, time-sensitive, and worth repeating: If you currently have any ineligible federal loans like FFEL and/or Perkins, consolidate all your loans before the end of the Limited PSLF Waiver on October 31, 2022.

Website: <https://studentaid.gov/app/launchConsolidation.action>

Note that you can select "start demo" to preview the actions you will need to take as part of the consolidation process.

PSLF Tips:

- Given that the Limited PSLF Waiver expires October 31, 2022, the longer you wait to consolidate and get your employment certified with the PSLF Application, the more you put yourself at a disadvantage to ensure your paperwork is thorough, complete, and accepted before the deadline. Don't hesitate on this one-time opportunity!
- If you need to consolidate, you may still end up having two loans, one Direct Consolidated Subsidized Loan and one Direct Consolidated Unsubsidized Loan. This is dependent on the types of subsidized and unsubsidized loans you had in your portfolio prior to consolidation and is completely normal.

During the Consolidation application process, you will consolidate ALL of your federal loans into a new consolidated loan and will select the lowest-cost, PSLF qualifying Income-Driven Repayment plan: REPAYE, PAYE, IBR, or ICR.

After the consolidation is submitted, complete a PSLF Application using the PSLF Help Tool for all eligible employment with each eligible employer since October 1, 2007, and submit following the instructions on the form.

****IMPORTANT: DO NOT** submit your employment certification/ PSLF application until your consolidation is complete. It usually takes ~30 days for the consolidation to go through. At which point, you should follow the instructions for submitting the application on Section 7 of the form (create the form at the link below). This is why it's critical to start this process well ahead of the October 31 deadline. Please read on for the PSLF/ time sensitive note below.

Website: <https://studentaid.gov/pslf/>

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PSLF Tips:

- If you are certifying your employment for the first time and have multiple employers, submit ALL completed PSLF Applications at the same time!
- If you are certifying your employment for the first time AFTER consolidation, you will generate your PSLF Application(s) via the PSLF Help Tool and then follow the submission instructions. You likely will be changing loan servicers during the consolidation process to MOHELA, as they have started to take over both consolidations and accounts on track for PSLF as of May 2022.
- **TIME SENSITIVE NOTE:** Due to the expiration of the Limited PSLF Waiver on October 31, 2022, it is strongly suggested that you consolidate ASAP, select MOHELA as your servicer, and submit your PSLF Application(s) once you have an online account established with MOHELA. Through your account, you will be able to upload your completed PSLF Applications thereby avoiding losing any of your PSLF Applications via fax and mail.
- If your loans are not established at MOHELA by October 15, 2022, submit all of your PSLF applications at the same time to MOHELA ASAP after October 15, 2022.
- If you wait to consolidate until October, you may not have an online account established in time to submit PSLF Applications prior to the October 31 deadline.
- The PSLF Application must be "wet signed" by your employer and the date on the signature must not be more than 60 days old. If any PSLF Application does not meet these requirements, it will be rejected.

Examples

- If you worked full-time at 5 qualifying employers since October 1, 2007 and have been in repayment on your federal student loans since then, you would submit PSLF Applications for all 5 employers.
- If you had 5 qualifying employers since October 1, 2007 but did not work full-time nor had any federal student loans in repayment until January 1, 2010, you would only submit PSLF Applications for employment since January 1, 2010.

3. Remain Eligible

- **Certify your IDR Plan:** Your student loan servicer will remind you to recertify your IDR Plan annually. You must recertify your income by the deadline, or you will see your monthly payment jump to the standard repayment amount. Stay on top of this!
- **Certify Employment:** Certify your PSLF-eligible employment every 12 months. Some employers may be amenable to sign the PSLF Application for you every 6 months.

PSLF Tips: Public servants are not obligated to work at a qualifying employer and pay 120 months consecutively to remain eligible for and receive PSLF. Public servants leave the public sector to work in the private sector or take time off to care for family all the time. Furthermore, any- one can return to public service to start earning qualifying PSLF months towards PSLF again. Most importantly, once you have certified any of your past PSLF employment, your progress towards the 120 months is officially certified and cannot be reversed!

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Letters & Communications You May Receive

To Pay Attention To:

1. Consolidation Cancellations - You may not get a letter about this, but we have heard of consolidations being cancelled mid-process. It isn't right, but it is happening and should be monitored. The easiest way to track is for you to keep an eye on your student loan account at your current servicer and once it zeroes out, that indicates movement to MOHELA.
2. IDR Plan Determinations - If you get a monthly payment that is vastly different than what was indicated on your consolidation or IDR application, you need to contact your loan servicer to discuss and correct this prior to the end of the payment pause on August 31, 2022.
3. PSLF Application Rejections - Carefully read the reason(s) that FedLoan is rejecting your application, fix/correct it, and resubmit as soon as possible.

Communications to Ignore:

You likely will get a letter from FedLoan or MOHELA indicating a 0 qualifying payment count toward PSLF at first, but it will get corrected once the waiver is applied. This may take a few weeks, or even months.

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Who To Contact

U.S. Department of Education's Federal Student Aid Office is the provider of all federal student loans eligible for PSLF. The U.S. DOE awards contracts to student loan servicers to carry out the day-to-day management of federal student loans. Federal Student Aid is charged with oversight of those contracts.

Website: <https://studentaid.gov/about>

1. Contact the FSA if you have any questions about...

- Who is my loan servicer?
- Income-driven repayment plan application, recertification, and changes
- Loan consolidation
- Technical support for the (PSLF) Tool on [StudentAid.gov](https://studentaid.gov)

Website: <https://studentaid.gov/help-center/contact>

Phone: 800-433-3243

2. Contact your loan servicer, the company that sends you statements and that you send monthly payments to, if you have any questions about your current student loans and/or your account.

All federal student loan servicers are listed on FSA's website.

Website: <https://studentaid.gov/manage-loans/repayment/servicers>

FedLoan Servicing (PHEAA): Current servicer for PSLF, ends December 2022

Website: <https://myfedloan.org/>

Phone: 800-699-2908

MOHELA: Began servicing PSLF-eligible accounts in May 2022

Website: <https://www.mohela.com/>

Phone: 888-866-4352

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3. Escalation Pathways

If you believe that there has been an error regarding:

- Your Income-Driven Repayment plan determination,
- Your PSLF application for qualifying employment, and/or
- Your qualifying payment count toward 120

Start by contacting your loan servicer's customer service, which could either be FedLoan (until December 2022) or MOHELA.

If their response is dissatisfactory, go to Federal Student Aid and file a complaint via your online account

Website: <https://studentaid.gov/feedback-center/>

It is recommended to also file a complaint with the Consumer Financial Protection Bureau

Website: <https://www.consumerfinance.gov/complaint/> Protection

4. PSLF Reconsideration Portal

If after following these escalation pathways you are still dissatisfied with the results of your payment count or employer qualification, you can file a complaint via the Reconsideration Portal to get the DOE and FSA to look at your account again to reconsider:

- Payment Count and/or
- Employer Qualification

Website: <https://studentaid.gov/manage-loans/pslf-reconsideration>

PSLF Tip: if you have a need for PSLF Reconsideration of both Payment Count and Employer Qualification you are advised to submit your case under both options for a total of two requests!

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Recommendations:

PSLF is a long-term commitment. It is in your best interest to keep all documentation for your files to back-up any claim to forgiveness after 120 months of eligible employment and payments and to stay on top of current developments affecting the program.

1. Document Everything

From the time you take out any student loans until you achieve PSLF, it is strongly advised to keep ALL documents related to your PSLF Journey. Examples of documentation would be:

- Master Promissory Notes
- Consolidation applications
- Income Driven Repayment applications
- Income Tax Returns
- Checking account statements
- Student Loan billing statements and payment confirmations
- Copies of completed PSLF Applications and copies of acceptance/rejection from the loan servicer
- Any emails between you and FSA, your loan servicer, etc.
- Document each time you make a phone call or send a Direct Message via social media to your student loan servicer, including date, time, customer service representative name and ID #, and purpose of your call/message

2. Stay Informed

If you are on Facebook, join the Public Service Loan Forgiveness Program Support Group. They currently serve 110,000+ members on their journey toward PSLF. The goal of the group is to provide primary source updates on the program affecting public servants in all 50 states and the District of Columbia.

Website: <https://www.facebook.com/groups/pslfprogramsupport>

Keep up to date on news and developments related to federal student loans. There is a lot of discussion in the current administration about the future of student loans and the many positive fixes coming to the PSLF program!

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PSLF Caveats:

1. Parent Plus Loans

Direct Parent Plus Loans qualify for PSLF as long as the borrower works for an eligible employer and certifies their income for the Income-Contingent Repayment (ICR) plan. **ICR is the only qualifying income-driven repayment plan for Direct Parent Plus Loans.**

Next Steps:

- Verify eligibility as indicated above by ensuring that you have the right employer, with the right loans, on the right income-driven repayment plan.
- Get eligible: If your Parent Plus Loans do not include "Direct" in the name, such as "FFEL," you will need to consolidate. During consolidation you will select the Income-Contingent Repayment (ICR) plan and submit a PSLF Application for all of your qualifying employment since October 1, 2007.
- Remain PSLF-eligible by submitting annual PSLF Applications and recertifying your income-driven repayment plan as suggested above.

PSLF Tips:

- For some student loan borrowers, the ICR plan is 20% of a borrower's discretionary income, which can be, or become, a very high monthly payment over a ten-year period. However, there is a work-around to make other PSLF-eligible IDR plans available through the so-called double-consolidation loophole described in further detail here: <https://www.studentloanplanner.com/parent-plus-double-consolidation/>
- Limited PSLF Waiver: Thanks to this waiver, if a Parent Plus Loan borrower has their own current, federal student loans—both PSLF-eligible (i.e. Direct Loans) and PSLF-ineligible (i.e. FFEL and Perkins), you as the parent can consolidate ALL loans (all of your federal student loans plus all of the Parent Plus loans) to meet the requirement for PSLF, then pick the ICR plan, and submit PSLF Applications before October 31, 2022 without losing any payment counts!
- TIME SENSITIVE NOTE: Given the administrative burden of completing a double-consolidation to access more PSLF-eligible repayment plans, this process must start ASAP.

2. Default

If you have loans that are in default, you have a couple of options for getting out of default (for example, loan rehabilitation or loan consolidation). We recommend that you read this page carefully: <https://studentaid.gov/manage-loans/default/get-out>

If you ultimately decide to consolidate, you can follow the recommendations below. For additional assistance with defaulted loans, contact your student loan services of the Department of Education (studentaid.gov).

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