

# Public Service Loan Forgiveness Program

## Questions and Answers (Q&As) for Federal Student Loan Borrowers

The following questions and answers (Q&As) provide federal student loan borrowers information about the Public Service Loan Forgiveness (PSLF) Program that is available to borrowers who have federal student loans made through the William D. Ford Federal Direct Loan (Direct Loan) Program. We have grouped the Q&As into six categories: General Information, Eligible Loans, Qualifying Payments, Qualifying Repayment Plans, Qualifying Employment, and Receiving the Benefit.

### **Public Service Loan Forgiveness—General Information**

#### **Q1 What is the Public Service Loan Forgiveness (PSLF) Program?**

A1 The PSLF Program was established to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their Direct Loans after they have made 120 qualifying payments after October 1, 2007, (see **Q13**) under certain repayment plans (see **Q21**) while employed full-time (see **Q36**) by a public service organization (see **Q31** through **Q35**).

#### **Q2 What are the borrower eligibility requirements for loan forgiveness under the PSLF Program?**

A2 You must be employed full-time by a public service organization when you make each of the required 120 qualifying payments on your Direct Loans, at the time you apply for loan forgiveness after making the last of those 120 payments, and at the time you receive loan forgiveness.

#### **Q3 Are loan amounts forgiven under PSLF considered taxable by the IRS?**

A3 No. According to the Internal Revenue Service (IRS), student loan amounts forgiven under PSLF are not considered income for tax purposes. For more information, you should check with the IRS or your tax advisor.

#### **Q4 Does my income level determine eligibility for PSLF?**

A4 Not directly, but your income is a factor in determining your required monthly payment amount under the Income-Based Repayment (IBR) Plan, Pay As You Earn Repayment Plan, and the Income Contingent Repayment (ICR) Plan, the three PSLF-eligible repayment plans that are the most likely to leave you with a remaining loan balance to be forgiven after you have made 120 qualifying payments.

#### **Q5 Can I be certain that the PSLF Program will exist by the time I have made my 120 qualifying payments?**

A5 The U. S. Department of Education (ED) cannot make any guarantees regarding the future availability of PSLF. The PSLF Program was created by Congress, and, while not likely, Congress could change or end the PSLF Program.

## **Public Service Loan Forgiveness—Eligible Loans**

**Q6 If I have Federal Family Education Loan (FFEL) Program loans, Federal Perkins Loan (Perkins Loan) Program loans, or Health Professions Student Loans, can I take advantage of PSLF?**

A6 PSLF is available only for Direct Loans. However, borrowers with FFEL Program loans, Perkins Loan Program loans, or Health Professions Student Loans who are interested in PSLF may consolidate those ineligible loans into a Direct Consolidation Loan (which is eligible) and then make 120 qualifying payments on the Direct Consolidation Loan while employed by a qualifying public service organization to receive PSLF. Note that payments you made on the FFEL Program loans, Perkins Loans, or Health Professions Student Loans before they were consolidated into the Direct Loan Program do not count toward the required 120 qualifying payments. For more information about consolidating into the Direct Loan Program, contact the Loan Consolidation Information Call Center at 1-800-557-7392.

If you are a married borrower with a joint FFEL Consolidation Loan, see **Q11**.

Also, Perkins Loan borrowers should be aware that certain cancellation and other benefits available under the Perkins Loan Program do not apply to a Direct Consolidation Loan that repaid a Perkins Loan. The servicer for your Perkins Loan can provide you with details on any benefits you might be giving up if you include your Perkins Loans in a Direct Consolidation Loan.

**Q7 Will my interest rate change if I consolidate my FFEL Program loans, Perkins Loan Program loans, or Health Professions Student Loans into the Direct Loan Program to take advantage of PSLF?**

A7 The interest rate on a Direct Consolidation Loan is the weighted average of the interest rates of the loans being consolidated, rounded up to the next higher one-eighth of one percent. There is no cap on the interest rate for Direct Consolidation Loans. This is a fixed rate that applies for the life of the loan. Because of the rounding up, the fixed interest rate on the new Direct Consolidation Loan may be slightly higher than the combined interest rates on the loans you are consolidating.

**Q8 Are private, nonfederal education loans eligible for PSLF?**

A8 No. Private and other nonfederal education loans are not eligible for PSLF, nor can they be consolidated into a Direct Consolidation Loan.

**Q9 Are Direct Loans that are in default eligible for PSLF?**

A9 No. Defaulted Direct Loans are not eligible for PSLF. However, a defaulted loan may become eligible for PSLF if you consolidate or rehabilitate the loan, and then make qualifying PSLF payments on the new Direct Consolidation Loan or the rehabilitated loan.

To consolidate a defaulted Direct Loan, you must first make satisfactory repayment arrangements on the loan. You can do this either by making three consecutive, voluntary, on-time, full, monthly payments on the defaulted loan prior to consolidation, or by agreeing to repay the new Direct Consolidation Loan under the ICR Plan, Pay As You Earn Repayment Plan, or the IBR Plan. Any payments made as part of the satisfactory repayment arrangements prior to consolidating your defaulted loans do not count toward the 120 qualifying payments for PSLF.

To rehabilitate a defaulted Direct Loan, you must contact the holder or servicer of the defaulted loan to establish a rehabilitation agreement under which you will be required to make nine on-time, voluntary, full, monthly payments within 20 days of the scheduled due date within 10 consecutive months. For more information on the impact of rehabilitation on PSLF, see **Q30**.

**Q10** I consolidated my Direct Loans after I made qualifying monthly payments on those loans while working in a qualifying public service organization. Do the payments made prior to the consolidation count toward the 120 payments required for PSLF, or will I be required to make 120 additional payments on the new Direct Consolidation Loan?

A10 You will need to make 120 qualifying payments on the new Direct Consolidation Loan. Qualifying payments that you made on Direct Loans prior to consolidation do not count toward the 120 required payments for PSLF.

**Q11** Can a joint FFEL Consolidation Loan be consolidated into a Direct Consolidation Loan so that one or both borrowers working in qualified public service jobs can qualify for PSLF?

A11 No. The law no longer permits joint consolidation loans to be made, so joint FFEL Consolidation Loan borrowers may not reconsolidate their FFEL Consolidation Loan into a Direct Loan. In addition, since joint consolidation borrowers are jointly and severally liable for repayment of the joint consolidation loan for the life of that loan, one of the borrowers may not individually reconsolidate a joint FFEL Consolidation Loan into a new Direct Consolidation Loan to take advantage of PSLF.

**Q12** Are PLUS Loans eligible for PSLF?

A12 Yes. Like other Direct Loans, Direct PLUS Loans are eligible for PSLF. However, there are additional factors to consider if you are a parent who has taken out a PLUS Loan.

First, the eligibility for PSLF of a parent who has taken out a PLUS Loan is based on the parent's qualifying public service employment, not on the employment of the dependent student on whose behalf the parent borrowed. Second, PLUS loans received by parents may not be repaid under the IBR, Pay As You Earn, or ICR Plan, the three repayment plans most likely to leave a borrower with a remaining balance to be forgiven under PSLF. The IBR and Pay As You Earn Plans are also not available for Direct Consolidation Loans that repaid PLUS loans received by parents. However, a Direct Consolidation Loan that repaid PLUS loans received by a parent may be repaid under the ICR Plan. For more information regarding loan consolidation, please see **Q6**, **Q7**, and **Q10**.

Note that PLUS loans made to graduate and professional students may be repaid under the IBR, Pay As You Earn Plan, or ICR Plan.

### **Public Service Loan Forgiveness—Qualifying Payments**

**Q13** What are the specific loan repayment requirements for loan forgiveness under the PSLF Program?

A13 You must have made 120 separate, on-time, monthly payments (after October 1, 2007) on the Direct Loans for which you are requesting PSLF forgiveness while employed full-time by a public service organization. Each of the monthly payments must have been made for the full scheduled installment amount and no later than 15 days after the scheduled payment due date. Each payment also must have been made under a qualifying repayment plan (see **Q21**).

**Q14** Will any of the payments I made on my Direct Loans prior to October 1, 2007, count toward the required 120 payments for PSLF?

A14 No. Under the law that established the PSLF Program, only payments made *after* October 1, 2007 may be counted toward the required 120 separate, on-time, monthly payments for PSLF.

**Q15 Must the required 120 separate, monthly payments for PSLF be consecutive payments?**

A15 No. The payments do not have to be consecutive payments; but you must be employed by a qualifying public service organization at the time you make each of the 120 qualifying payments.

**Q16 If I pay more than my scheduled monthly student loan payment amount, can that additional amount be counted as more than one qualifying payment for PSLF? For example, if I make a single payment that is equal to three monthly payments, will that amount be counted as three separate payments toward the required 120 separate monthly payments?**

A16 No. You must make 120 separate monthly payments. Lump sum payments that exceed the scheduled payment amount do not count as separate payments. There is a limited exception to this requirement for Peace Corps and AmeriCorps volunteers. See **Q19**.

If you make a payment that exceeds the scheduled payment amount, and the excess amount is equal to or greater than your scheduled monthly payment, the excess amount will be treated as being intended to cover one or more future payments unless you request that the excess amount not be treated as being intended for future payments. Depending on the size of the excess payment, it is possible that your next due date could be a month or more in the future from the date you made the extra payment amount. If you make subsequent payments while your account is “paid ahead”, those payments will not count toward PSLF.

If you request that your extra payment amount not be applied to future scheduled payments, the excess amount will not advance the due date of your next scheduled payment, and any subsequent monthly payments you make (if otherwise qualifying) will count toward the required 120 payments.

**Q17 If I return to school and qualify for an in-school deferment on my Direct Loans that are in repayment, can I decline the deferment and make qualifying PSLF payments while I am in school?**

A17 Yes. You may decline an in-school deferment on your loans that are in repayment status and make payments on those loans while you are in school. If you decline your in-school deferment, any qualifying payments you make will count toward the 120 required payments for PSLF. Remember, you must be employed full-time by a public service organization while you attend school for your payments to qualify for PSLF.

The option of declining an in-school deferment also applies to any new Direct PLUS Loans for graduate or professional degree students you receive when you return to school. Direct PLUS Loans for graduate or professional degree students enter repayment after they are fully disbursed (while you are still in school), but are eligible for an in-school deferment while you are enrolled in school at least half time.

If you receive new Direct Subsidized Loans or Direct Unsubsidized Loans when you return to school, you will not be able to make qualifying PSLF payments on those loans while you are in school. Any new Direct Subsidized Loans and Direct Unsubsidized Loans you receive will not enter repayment until the end of the six-month grace period that begins the day after you cease to be enrolled in school on at least a half-time basis. You cannot make payments under a PSLF-eligible repayment plan until a loan has entered repayment status. Although you could voluntarily make payments on your new Direct Subsidized Loans and Direct Unsubsidized Loans while you are in school or during your grace period, those payments would not count as PSLF-qualifying payments.

**Q18 May I waive the six-month repayment grace period on my Direct Subsidized Loans and Direct Unsubsidized Loans and begin making qualifying PSLF payments early?**

A18 No. Under the law that governs the Direct Loan Program, you may not waive the six-month grace period on a Direct Subsidized Loans or Direct Unsubsidized Loan that begins after you are no longer enrolled in school at least half-time. Direct Subsidized Loans and Direct Unsubsidized Loans only enter repayment at the end of the six-month grace period. Any payments made on a loan during the grace period, when you have no legal requirement to make payments, will be applied to reduce outstanding interest or loan principal and will not count as PSLF-qualifying payments.

**Q19 I'm thinking of serving as a Peace Corps or AmeriCorps volunteer and plan to request a deferment or forbearance on my Direct Loans, since I won't be able to afford to make loan payments while I am serving. If I'm not making payments during my service period, can my Peace Corps or AmeriCorps service and Segal Education Award or Transition Payment count for PSLF?**

A19 If you receive a deferment or forbearance during your volunteer service, you can use the transition payment that you receive after completing your period of Peace Corps service or the Segal Education Award you may receive after AmeriCorps service to make a lump sum payment on your Direct Loans. If you use some or all of your Peace Corps transition payment or AmeriCorps Segal Education Award to make a lump sum payment on your Direct Loans, you will receive credit for up to 12 qualifying payments for PSLF. The number of payments for which you receive credit is determined by dividing the amount of your lump sum payment by your scheduled full monthly payment amount, but you may not receive credit for more than 12 monthly payments toward the PSLF payment requirement.

As an alternative to receiving a deferment or forbearance during your volunteer service and then using your Peace Corps transition payment or Segal Education Award to make a lump sum payment on your loans, you could choose to not request a deferment or forbearance and instead make qualifying PSLF payments during your volunteer service, the same as borrowers who make qualifying payments while employed by any other qualifying employer. If you repay your Direct Loans under the IBR plan, Pay As You Earn plan, or ICR plan, your required monthly payment is likely to be an amount that you can afford even while you are performing volunteer service and receiving very little income. For some borrowers, the required monthly payment amount under one of these repayment plans may be zero.

If you do not request a deferment or forbearance and instead make payments under the IBR, Pay As You Earn, or ICR plan while performing your Peace Corps or AmeriCorps service, you may be able to receive credit for a larger number of qualifying PSLF payments than would be the case if you receive a deferment or forbearance and then use your Peace Corps transition payment or Segal Education Award to make a lump sum payment on your Direct Loans. This is because you can receive credit for a maximum of only 12 qualifying PSLF payments if you make the lump sum payment, but each payment you make under the IBR, Pay As You Earn, or ICR plan (including a scheduled payment amount of zero) while you are serving as a full-time Peace Corps or AmeriCorps volunteer would count as a qualifying PSLF payment if it meets all of the requirements described elsewhere in this document (see **Q13**).

Keep in mind that if you choose to make payments under the IBR, Pay As You Earn, or ICR plan during the period of your Peace Corps or AmeriCorps service, you will be required to annually provide updated income information and certify your family size. In addition, if you choose this option and receive credit towards PSLF for the qualifying payments you made while serving as a full-time Peace Corps or AmeriCorps volunteer, you cannot receive credit for additional qualifying payments by using your Peace Corps transition payment or Segal Education Award to make a lump sum payment on your Direct Loans.

**Q20** If my scheduled monthly payment under IBR, Pay As You Earn, or ICR is zero, does each month during which my required monthly payment is zero count towards the required 120 separate, monthly payments?

A20 Yes. Any month when your scheduled, monthly payment under IBR, Pay As You Earn, or ICR is zero will count toward your required 120 qualifying payments if you are also employed full-time by a qualifying public service organization during that month.

### **Public Service Loan Forgiveness—Qualifying Repayment Plans**

**Q21** What Direct Loan Program repayment plans qualify under the PSLF Program?

A21 The 120 required qualifying payments must be made under one or more of the following **Direct Loan Program repayment plans**:

- The **IBR Plan**
- The **Pay As You Earn Repayment Plan**
- The **ICR Plan**
- The 10-Year Standard Repayment Plan (see **Q22** and **Q24**)
- Any other Direct Loan repayment plan, but only payments that are at least equal to the monthly payment amount you would be required to pay under the 10-Year Standard Repayment Plan may be counted toward the 120 qualifying payments for PSLF

**Q22** I am repaying my Direct Consolidation Loan under the Standard Repayment Plan. Do payments I make under this plan count toward the required 120 payments?

A22 Generally, no. The Standard Repayment Plan for Direct Consolidation Loans is not the same repayment plan as the 10-Year Standard Repayment Plan for Direct Subsidized Loans and Direct Unsubsidized Loans and Direct PLUS Loans, and payments made under the Standard Repayment Plan for Direct Consolidation Loans do not qualify for PSLF purposes.

Under the Standard Repayment Plan for Direct Consolidation Loans, the maximum repayment period may be up to 30 years, depending on the amount of the consolidation loan and the amount of your other education loan debt. This longer repayment period results in a monthly payment amount that is less than the monthly payment amount required under the 10-Year Standard Repayment Plan.

For a monthly payment made under any Direct Loan repayment plan other than IBR, Pay As You Earn, ICR, or the 10-Year Standard Repayment Plan to be eligible for PSLF purposes, the payment amount *must not be less than what it would be if you repaid the loan under the 10-Year Standard Repayment Plan*. For a Direct Consolidation Loan, the Standard Repayment Plan will result in a scheduled monthly payment that is equal to the monthly payment amount under the 10-Year Standard Repayment Plan only if the amount of the consolidation loan and your other education loan debt is less than \$7,500.

**Q23** What other Direct Loan repayment plans would give me a monthly payment that is at least equal to the payment that would be required under a 10-Year Standard Repayment Plan?

A23 In some cases, payments made during the later portion of the repayment period under the Graduated Repayment Plan may equal or exceed the payment amount that would be required under a 10-Year Standard Repayment Plan. Under the Graduated Repayment Plan, payments start out lower and then gradually increase, generally every two years.

**Q24 Although payments made under the 10-Year Standard Repayment Plan are qualifying payments for PSLF, will I have any remaining balance to be forgiven if I make all my payments under a 10-Year plan?**

A24 No. Because the 10-Year Standard Repayment Plan requires you to fully pay off your loan within ten years (120 monthly payments), you will not have any remaining loan balance to be forgiven if you make all of your 120 qualifying payments under a 10-Year Standard Repayment Plan.

The 10-Year Standard Plan is included as an eligible repayment plan for PSLF purposes so that borrowers may receive credit toward the required 120 PSLF payments for payments they may have made under this plan before switching to IBR, Pay As You Earn, or ICR.

**Q25 If I repay my Direct Loans under IBR, Pay As You Earn, or ICR plan, and all of my payments qualify for PSLF, will I have a remaining balance on my Direct Loan to be forgiven?**

A25 For IBR and Pay As You Earn, the answer is generally yes. If you enter one of these plans immediately upon entering repayment, and each of your payments under one of those plans qualifies (that is, each payment is on-time and made while working for a qualifying employer), there should be some balance left to be forgiven after you have made 120 qualifying payments. The only reason that there would be no remaining balance after making 120 qualifying payments under the IBR or Pay As You Earn plan is you pay more than what is due under your repayment plan each month, causing you to pay off your loan in full before receiving forgiveness.

For ICR, even if you enter the plan immediately upon entering repayment, and even if each of your payments under the plan is a qualifying payment, forgiveness is not guaranteed. Under the ICR plan, it is possible that you will repay your loan in full prior to making 120 qualifying payments; however, this will not be true for most borrowers.

**Q26 In summary, what are my best repayment plan options to maximize my PSLF benefits?**

A26 While payments under certain other repayment plans may be counted toward the required 120 payments, to receive any forgiveness under the PSLF Program, you must make most of your loan payments under the IBR, Pay As You Earn, or ICR Plan to have a remaining loan balance after 120 payments have been made.

**Q27 If I am repaying my Direct Loans under the IBR or Pay As You Earn Plan, what will happen if I am determined to no longer have a partial financial hardship and therefore no longer have a payment that is based on my income? Will my monthly payments continue to count for PSLF?**

A27 Yes. Although you must have a partial financial hardship to initially qualify for IBR and Pay As You Earn, you may remain in the IBR or Pay As You Earn Plan even if you are later determined to no longer have a partial financial hardship. However, your monthly payment will be adjusted and will no longer be based on your income. As long as you remain in the IBR or Pay As You Earn Plan, your monthly payments will count toward the required 120 payments for PSLF.

**Q28 What happens if I can't afford to make my scheduled monthly payments under the IBR, Pay As You Earn, or ICR Plan? Are other repayment options available to me if I want to qualify for PSLF?**

A28 Payments made under certain other Direct Loan repayment plans may be counted toward the 120 separate, monthly payments required for PSLF. However, the IBR, Pay As You Earn, and ICR Plans usually provide the lowest monthly payments of the PSLF-qualifying plans. Therefore, changing from the IBR, Pay As You Earn, or ICR Plan to one of the other PSLF-qualifying repayment plans will rarely result in a lower monthly payment.

If you cannot afford to make your scheduled, monthly payment, you should contact your federal loan servicer to discuss deferment or forbearance options that would allow you to temporarily stop making your loan payments or temporarily make them for a lower amount. Although you will no longer be making PSLF-qualifying payments during an authorized period of deferment or forbearance, you will avoid becoming delinquent on repayment of your loan.

**Q29 Do partial payments under a qualifying repayment plan count towards eligible monthly payments?**

A29 If you make multiple partial payments that total at least your full scheduled monthly payment amount, and you make those payments no later than 15 days after the scheduled payment due date for that month's payment, the series of partial payments will count as a one single qualifying, monthly payment for PSLF.

For example, if your required monthly payment under a PSLF-qualifying repayment plan is \$200 and you make a series of four \$50 payments toward your next, immediately due monthly payment amount, with the 4<sup>th</sup> payment made no later than 15 days after the scheduled due date for that payment, you would receive credit for one qualifying payment.

**Q30 I am in the process of rehabilitating a defaulted Direct Loan. Will my full, on-time, voluntary payments that I make as part of my loan rehabilitation agreement count toward the required 120 payments for PSLF?**

A30 No. Payments made on a defaulted Direct Loan under a rehabilitation agreement are not payments that are made under a PSLF-eligible repayment plan and therefore are not PSLF-qualifying payments.

### **Public Service Loan Forgiveness—Qualifying Employment**

**Q31 Which employers are “public service organizations” that are eligible employers for the PSLF Program?**

A31 The term “public service organization” covers a broad range of employers, including any federal, state, or local government organization or agency (see **Q32**) and most not-for-profit organizations (see **Q33** and **Q34**).

**Q32 What public (government) employers qualify as eligible employers for the PSLF Program?**

A32 Any federal government, state government, local government, or tribal government entity is an eligible employer for the PSLF Program. This includes the U. S. military, public elementary and secondary schools, public colleges and universities, public child and family service agencies, and special governmental districts (including entities such as a public transportation, public water, or public bridge district, or a public housing authority). The U. S. government has a directory that includes most government agencies and departments at <https://www.usa.gov/Agencies.shtml>.

If you are employed by a private company under a contract with a government agency, see **Q43**.

If you work for a foreign government or an international intergovernmental organization, see **Q49**.

Service as an elected member of the U. S. Congress is not qualifying employment for PSLF.

**Q33 What not-for-profit organizations qualify as eligible employers for the PSLF Program?**

A33 Eligible not-for-profit organizations include those that are tax-exempt under section 501(c)(3) of the Internal Revenue Code. These organizations include most private, not-for-profit elementary and secondary schools, private, not-for-profit colleges and universities, and thousands of other organizations, agencies, and charities. Your employer will easily be able to tell you if it is tax-exempt under section 501(c)(3) of the Internal Revenue Code. The IRS has a searchable database of 501(c)(3) organizations at <http://www.irs.gov/Charities-&Non-Profits/Exempt-Organizations-Select-Check>.

If your employer is a not-for-profit organization that is tax-exempt under section 501(c)(3) of the Internal Revenue Code, but you perform your work outside of the United States, see **Q47**.

If your employer is a not-for-profit organization but not a tax-exempt under section 501(c)(3) of the Internal Revenue Code, your employment may still qualify if your employer meets the conditions specified in the answer to **Q34**.

If your employer is engaged in religious activities, see **Q54**.

**Q34 Can a private, not-for-profit employer that is not tax-exempt under section 501(c)(3) of the Internal Revenue Code qualify as a public service organization for the PSLF Program?**

A34 Yes. If the not-for-profit employer provides one or more of the following public services:

- Emergency management,
- Military service,
- Public safety,
- Law enforcement,
- Public interest law services,
- Early childhood education (including licensed or regulated childcare, 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, or
- School library or other school-based services.

However, if the organization is a labor union or a partisan political organization it is not an eligible PSLF employer. If your employer is engaged in religious activities, see **Q54**.

If your employer operates outside the United States or is a foreign charity that operates within the United States, please see **Q48**.

**Q35 What types of public service jobs will qualify me for loan forgiveness under the PSLF Program?**

A35 The specific job that you perform does not matter, as long as you are employed by an eligible public service organization. For example, if you are a full-time employee of a public school system, your employment would meet the requirements for PSLF, regardless of your position (teacher, administrator, support staff, etc.).

If your organization engages in religious activities, see **Q54** and **Q55** for more information regarding whether your employment qualifies.

**Q36 What is considered full-time employment for PSLF?**

A36 If you only have one employer, you must meet your employer's definition of full-time. However, for PSLF purposes, that definition must be at least an annual average of 30 hours per week.

If you are a contract employee, see **Q37**.

If you have more than one employer, see **Q38**.

See **Q52** for information regarding the treatment of vacation and leave time.

**Q37 If I work for an eligible PSLF employer under a contract for a period of employment that is less than a full year, will my employment be considered full-time for PSLF?**

A37 Yes, in some cases. If you have an employment contract or other period of employment of at least eight months, an average of 30 hours per week over that period of employment is considered full-time.

For example, if you are a teacher with an annual contract for a term of eight or nine months, and you work an average of 30 hours per week during that period of employment, it is considered full-time employment for PSLF purposes.

**Q38 I am working for more than one employer during the same period of time, but am not employed by any one of them on a full-time basis. Will my combined employment be considered full-time for PSLF?**

A38 Yes. If you have more than one employer during the same period of time, full-time employment is an annual average of at least 30 hours per week, determined by adding together the annual average number of hours per week for each employer. Each employer must qualify as a public service organization for the employment to be included in determining whether you are employed on a full-time basis.

For example, if you worked for Public Service Organization A for an annual average of 10 hours per week and you concurrently worked for Public Service Organization B for an annual average of 20 hours per week, this would equal a combined annual average of 30 hours per week.

**Q39 Will ED track my qualifying employment and qualifying payments while I am working toward meeting the 120 months of required payments for PSLF?**

A39 Yes, but only if you periodically submit the Employment Certification for Public Service Loan Forgiveness form (Employment Certification form) that has been developed by ED and is available at [www.studentaid.ed.gov/publicservice](http://www.studentaid.ed.gov/publicservice). You are encouraged to submit this form to ED's PSLF servicer, FedLoan Servicing (PHEAA), annually while you are working to fulfill the employment and payment requirements for PSLF so that you will receive feedback on the eligibility of your employment and payments for a specified employment period.

The PSLF servicer will review each Employment Certification form you submit to confirm that your employer qualifies as a public service organization. If it is your first submission of an Employment Certification form, all of your ED-held loans will be transferred to the PSLF servicer, which will then verify that the loan payments you made during the period covered by the Employment Certification form are qualifying payments. After reviewing your Employment Certification form, the PSLF servicer will tell you how many qualifying payments you have made toward the required 120 payments.

See **Q41** for guidance on keeping records of your qualifying employment.

**Q40 After I submitted the Employment Certification form, I was notified that I would now have a different servicer for my federally held student loans. Why did my servicer change?**

A40 One of the federal loan servicers, FedLoan Servicing (PHEAA), has been assigned responsibility for administering PSLF for all Direct Loan borrowers. As a result, if you submit an Employment Certification form, all of your loans held by ED (including any of your loans that are not eligible for PSLF, such as FFEL Program loans that have been purchased by ED) will be transferred to FedLoan Servicing (PHEAA).

**Q41 What kind of documentation do I need to keep to show that I worked for a qualifying PSLF employer while making the required 120 payments on my Direct Loan(s)?**

A41 The PSLF servicer will confirm that your employer is a qualifying public service organization based on the information provided on the Employment Certification form that you submit. In some cases, the PSLF servicer may require additional documentation about your qualifying employment. Therefore, you should keep records that identify your employer, demonstrate that your employer meets the definition of a public service organization, show your dates of employment with that employer, and demonstrate that you were a full-time employee.

Examples of such documents include, but are not limited to, IRS W2 forms and paystubs.

You should retain as many documents supporting your qualifying employment as possible.

**Q42 Is Peace Corps or AmeriCorps service considered qualifying employment for PSLF?**

A42 Yes, if you are serving as a full-time Peace Corps or AmeriCorps volunteer.

During their service periods, Peace Corps and AmeriCorps volunteers are generally not required to make monthly payments on their student loans because the volunteers are eligible for a deferment or forbearance on those loans. A volunteer who declines the deferment or forbearance and continues to make monthly payments while serving would be treated like any other borrower working to qualify for PSLF.

Volunteers who receive a deferment or forbearance and who do not make monthly payments during their period of service may still receive credit for their PSLF-qualifying service and for making up to a maximum of 12 qualifying payments if they use their Segal Education Award or Peace Corps transition payment to make a lump sum payment on the eligible loan(s) for which they are seeking forgiveness. However, Peace Corps and AmeriCorps volunteers who decline the deferment or forbearance and make monthly loan payments during their period of service may be able to receive credit for a larger number of qualifying PSLF payments. See **Q19** for more information.

If you wish to use your Peace Corps transition payment or Segal Education Award to make a lump sum payment on your loans, we recommend that you call your loan servicer and tell them that this lump sum payment is not intended to cover future installments; this will prevent that payment from affecting your ability to make future qualifying payments. When you submit the Employment Certification Form that includes your Peace Corps or AmeriCorps service, we recommend that you also include a record of the date and amount of the Peace Corps transition payment or Segal Education Award, the date and amount of the lump sum payment that you made from your Peace Corps transition payment or Segal Education Award, and a statement requesting that your lump sum payment count toward PSLF.

**Q43 I am employed full-time by a for-profit, private company, doing work for a government agency or for an otherwise qualifying PSLF not-for-profit organization under a contract my company has with the agency or organization. Does this employment qualify for PSLF?**

A43 No. You must be directly employed full-time by the public service organization.

**Q44 I know that employment with a public school qualifies for PSLF. What about employment with a private school?**

A44 Most private elementary and secondary schools and private colleges and universities are not-for-profit entities that are tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code. If a private school has this status, it would qualify as a public service organization for PSLF purposes.

If the private school, college, or university is not tax-exempt under section 501(c)(3) of the Internal Revenue Code, it may also be a qualifying public service organization as a not-for-profit organization offering public education. However, employment with a for-profit private school, college, or university is not eligible employment for PSLF purposes.

If you are employed by a parochial or other religious school, see **Q54** and **Q55** for more information regarding whether your employment qualifies for PSLF.

**Q45 Do I need to have the same job while making all of the required 120 payments for PSLF and still be eligible for forgiveness?**

A45 No. However, you must provide documentation that demonstrates that you were employed full-time by one or more public service organizations during the period of time you made each of the required 120 separate, monthly payments, and at the time you apply for and receive loan forgiveness.

**Q46 If I receive my pay in the form of a stipend, will my employment qualify for PSLF?**

A46 The form of payment you received from your employer does not matter. What matters is whether you made each of the required 120 separate, monthly payments on time while you were employed full-time by a public service organization. For PSLF purposes, you are considered an employee of an organization if you were hired and paid by that organization.

However, the source of the stipend may be relevant for purposes of determining whether you were employed by a qualifying public service organization. See **Q51** for more information.

**Q47 If I am employed by a not-for-profit organization that is tax-exempt under section 501(c)(3) of the Internal Revenue Code, but I perform this employment outside of the United States, would the employment qualify under the PSLF program?**

A47 Yes. Full-time employees of organizations that are tax-exempt under section 501(c)(3) of the Internal Revenue Code may perform their work anywhere.

**Q48 I am a full-time employee of a foreign not-for-profit organization that does not operate in the United States and is not a 501(c)(3) organization under the Internal Revenue Code. Will my employment with this not-for-profit organization qualify for PSLF?**

A48 No. If your public service organization does not operate in the U. S. and is not a not-for-profit, tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, your employment would not qualify for PSLF purposes.

However, if you work for a foreign not-for-profit organization that is not tax-exempt under section 501(c)(3) of the Internal Revenue Code, but which operates within the United States, your employment may qualify if it meets the conditions specified in the answer to **Q34**.

See **Q56** for the definition of “the United States” for PSLF purposes.

- Q49 Does employment by a foreign government or international, intergovernmental organization (e.g., the United Nations, Organization for Economic Cooperation and Development, Organization of American States, North Atlantic Treaty Organization, etc.) qualify as public service employment?**
- A49 No. Only U. S. federal, state, local and tribal government organizations, agencies, or entities qualify as public service organizations for purposes of PSLF.
- However, if you work for the United States delegation to an international, intergovernmental organization, such as the U. S. mission to the United Nations, then your employment qualifies because you are employed by the Federal government, not the international, intergovernmental organization.
- Q50 Does full-time volunteer service for a public service organization qualify for PSLF?**
- A50 No. Unless you are an AmeriCorps or Peace Corps volunteer, you must be a full-time employee who is hired and paid by a public service organization.
- Q51 I am serving a fellowship with a qualifying public service organization. Does this qualify as eligible employment for PSLF?**
- A51 It depends on the particular terms of your fellowship. If your fellowship is one in which you are considered an employee who is hired and paid by the public service organization, the fellowship would qualify. However, if you are not considered an employee of the public service organization, then your work will not qualify for PSLF.
- Q52 Are vacation or leave periods considered when determining whether I am a full-time employee?**
- A52 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*.
- Q53 I am the only official that can certify my employment. Can I certify my own qualifying employment?**
- A53 Yes, you may certify your own employment if you are the only employee of the organization that can do so. However, ED reserves the right to request additional documentation concerning your employment for this organization, such as earnings statements, IRS W-2 forms, your application for tax-exempt status, or any other documentation required to be filed with the IRS on a period basis regarding the conduct of the organization.
- Q54 I am employed full-time by a qualifying not-for-profit organization that engages in religious activities. Does my employment qualify for PSLF?**
- A54 It depends on how much of your job is related to religious activities. When determining full-time public service employment you may not include time spent on participating in religious instruction, worship services, or any form of proselytizing.
- Q55 I am employed full-time by a qualifying not-for-profit organization that does not engage in religious activities, but some of my job responsibilities are of a religious nature. Does my employment qualify for PSLF?**
- A55 It depends on how much of your job is related to religious activities. When determining full-time public service employment you may not include time spent participating in religious instruction, worship services, or any form of proselytizing.

**Q56 I am employed full-time by an eligible public service organization in one of the islands that have a legal relationship with the United States. Will that employment qualify for PSLF purposes?**

A56 Yes. In addition to the 50 states and the District of Columbia, full-time employment with an otherwise eligible public service organization in American Samoa, the Commonwealth of Puerto Rico, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau qualifies. These locations are considered part of the United States for PSLF purposes.

**Q57 What if I made my 120th qualifying payment while working for a qualified public service organization, but then leave that job to work for a for-profit corporation before applying for the PSLF benefit. Am I still eligible for PSLF?**

A57 No. To be eligible for forgiveness, you must be employed full-time by a qualifying public service organization at the time you made each of the 120 qualifying payments, at the time you apply for loan forgiveness, and at the time you receive loan forgiveness.

Therefore, if you left your job at a public service organization after meeting the PSLF qualifying criteria but before you apply for loan forgiveness, you would not be eligible for forgiveness since you need to be working for the public service organization at the time you apply for and receive forgiveness. However, if you then find employment at another public service organization, you could regain eligibility.

### **Public Service Loan Forgiveness—Receiving the Benefit**

**Q58 What should I do after I have made all of the 120 qualifying payments?**

A58 You must submit an application for Public Service Loan Forgiveness.

Please note that the earliest any borrower could qualify for Public Service Loan Forgiveness is October of 2017. Therefore, there is no application for forgiveness yet. The application will be released closer to the time when the first borrowers will qualify for forgiveness.

**Q59 When I have made my 120th qualifying payment while working for a qualifying public service organization and am ready to submit my loan forgiveness application, do I need to submit any other documents to the PSLF servicer?**

A59 Yes. Even if you had submitted Employment Certification forms to ED's PSLF servicer during the entire period when you were making your 120 qualifying payments, you will need to submit one additional Employment Certification form to verify your current full-time employment with a qualifying public service organization at the time you submit your PSLF application.

If you did not submit any Employment Certification forms, or if you did not submit forms for some of your employers or for only some of the time, you will need to provide one or more Employment Certification forms, as necessary, to cover your entire period of qualifying public service employment (including your current employment) at the time you submit your loan forgiveness application.

**Q60 I made some qualifying payments when I worked for a qualifying public service organization in the past, but I have not made 120 payments, and it is unlikely that I will be employed by a public service organization again in the future. Can I qualify for partial forgiveness based on the number of qualifying payments that I made?**

A60 No. There is no partial loan forgiveness. To receive loan forgiveness under the Public Service Loan Forgiveness Program, you must make all 120 qualifying payments while working for a qualifying public service organization.

**Q61 When I submit my application for loan forgiveness after making the required 120 qualifying payments, how long will it take ED's PSLF servicer to process my application and forgive my remaining loan balance?**

A61 Processing times may vary depending on factors such as whether documentation of employment was previously submitted for review or only at the time of application for loan forgiveness, the number of employers, gaps in employment or payment history, and any required follow-up with the applicant.

Therefore, you are encouraged to submit the Employment Certification for Public Service Loan Forgiveness form to ED's PSLF servicer, FedLoan Servicing (PHEAA), on a periodic basis (recommended annually) so that eligibility can be tracked while you are working to fulfill the employment and payment requirements for PSLF.

See **Q39** for information about tracking employment and payments.

**Q62 What will happen if ED's PSLF servicer denies my PSLF application for loan forgiveness?**

A62 If ED determines that you are not eligible for loan forgiveness, you will be notified of this determination and will be provided with the reason you were determined to be ineligible. ED's PSLF servicer will then resume billing on your loans, and will grant forbearance of payments of principal and interest to cover the period when collection activity was suspended during the application processing period. Interest that accrues during a period of suspended collection activity may be capitalized if you are not granted forgiveness.

Capitalization means that we add accrued interest to the unpaid principal amount of your loan. Capitalization increases the unpaid principal balance of your loan, and we will then charge interest on the increased principal amount.

**Q63 I am a teacher and I plan to apply for federal Teacher Loan Forgiveness after completing five years of qualifying teaching service. Will I also be able to qualify for PSLF?**

A63 Yes. However, you may not receive a benefit under both the Teacher Loan Forgiveness Program and the Public Service Loan Forgiveness Program for the same period of teaching service. For example, if you make payments on your loans during your five years of qualifying employment for Teacher Loan Forgiveness and then receive loan forgiveness for that service, the payments you made during that five-year period will not count toward the 120 payments required for PSLF.

**Q64** If I am employed by an eligible public service organization and receive a student loan repayment benefit from my employer under the Federal Student Loan Repayment Program or under another employer-based student loan repayment program, can I also receive PSLF based on the same employment?

A64 Yes. You may receive benefits under both an employer loan repayment plan, including the Federal Student Loan Repayment Program, and the PSLF Program for the same period of qualifying public service. A monthly payment made by your employer to cover the amount of your required monthly student loan payment under a qualifying PSLF repayment plan will count toward the 120 qualifying payments required for PSLF.

If your employer makes a single lump sum payment that covers multiple monthly student loan payments, it will only count as one qualifying monthly payment, and may affect whether future payments qualify. See **Q16** for more information.

More information about the Federal Student Loan Repayment Program may be found on the U. S. Office of Personnel Management's Web site at <http://www.opm.gov/oca/pay/studentloan/>.

## Questions and Answers (Q&As) for Employers

The questions and answers (Q&As) for employers that follow provide information about the Public Service Loan Forgiveness (PSLF) Program that is especially relevant to employers. We have grouped the Q&As into three categories: General Information, Forms, and Qualifying Employment. Following each answer is the date we posted that response. We will include a new date each time we add a question or when we update a previously posted response.

### **Public Service Loan Forgiveness—General Information**

**Q65      What is the PSLF Program?**

A65      The PSLF Program was established to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their William D. Ford Federal Direct Loan Program loans (Direct Loans<sup>SM</sup>) after the Direct Loan borrower has made 120 qualifying payments (after October 1, 2007) while employed full-time by a public service organization.

### **Public Service Loan Forgiveness—Employment Certification for Public Service Loan Forgiveness Form**

**Q66      What is the Employment Certification for Public Service Loan Forgiveness form (Employment Certification form) and why am I being asked to complete it?**

A66      To be eligible for loan forgiveness under the PSLF Program, a borrower must make 120 qualifying payments while employed full-time by a qualifying public service organization. The Employment Certification form collects employment information that is needed to determine whether your organization and the employee meet the employment eligibility requirements for PSLF.

**Q67      Am I allowed to release information regarding my employees to ED or my employee's federal loan servicer for PSLF purposes?**

A67      Yes. The Employment Certification form includes the borrower's authorization for you to release information about the status of the employee (e. g. full-time, part-time) and the period of employment that you are certifying.

**Q68      What will the information on the Employment Certification form be used for?**

A68      The information that you and your employee provide on the Employment Certification form will *only* be used to determine whether your employee's work qualifies for the Public Service Loan Forgiveness Program.

**Q69      Do I have the right to obtain information about my employee's student loans (e. g., the outstanding loan balances, payment status, etc.)?**

A69      No. The Privacy Act of 1974, as amended, generally prohibits the Federal government from releasing any personal information it retains to third parties.

**Q70 My employee (or former employee) submitted to me only an Employment Certification form. Is there also an application for loan forgiveness that needs to be completed and submitted?**

A70 Borrowers may not apply for loan forgiveness until after they have made 120 qualifying loan payments while being employed full-time at a qualifying public service organization, and only payments made after October 1, 2007, count toward the required 120 qualifying payments. The earliest date that any borrower will be eligible to apply for PSLF is October 2017. Therefore, no application is currently available. However, ED developed the Employment Certification form so that Direct Loan borrowers could submit information on a periodic basis (recommended annually) so that confirmation of qualifying PSLF employment and payments could be provided to the borrower.

**Q71 The Employment Certification form asks for an employment end date, but the employee for whom I am providing the information is currently employed by my organization. Do I leave this field blank?**

A71 No. If the employee will continue working for your organization after you certify the form, report the employment end date as the date on which you sign the form. You may not certify an employment ending date that is after the date you sign the form.

**Q72 I completed an Employment Certification form for one of my employees last year. Why am I being asked to do so again this year?**

A72 ED recommends that borrowers obtain certification of qualifying public service employment on an annual basis. This will make the final PSLF application process easier for the borrower.

### **Public Service Loan Forgiveness—Qualifying Employment**

**Q73 My organization recently lost its 501(c)(3) status and I just had an employee ask me to complete the Employment Certification form. Can I complete the form?**

A73 Yes, you may complete the form but you may not certify an employment end date beyond the date when your organization lost its 501(c)(3) status. However, your organization may meet the eligibility requirements for other private not-for-profit organizations that provide certain public services, as explained in **Q34**. If your organization qualified as an eligible public service organization for the borrower's full period of employment despite the loss of its 501(c)(3) status, you should complete a separate Employment Certification form for the period of employment after your organization's loss of its 501(c)(3) status.

**Q74 My organization is an otherwise qualifying religiously affiliated not-for-profit organization. Does my employee's work qualify for PSLF?**

A74 It depends on how much of your employee's job is related to religious activities. When determining full-time public service employment your employee may not include time spent on participating in religious instruction, worship services, or any form of proselytizing.

When an authorized official signs the Employment Certification form, the official is certifying that the number of hours worked do not include any of the activities above.

**Q75 My organization is an otherwise qualifying not-for-profit, but my employee's job duties include participating in religious activities. Does my employee's work qualify for PSLF?**

A75 It depends on how much of your employee's job is related to religious activities. When determining full-time public service employment your employee may not include time spent on participating in religious instruction, worship services, or any form of proselytizing.

When an authorized official signs the Employment Certification form, the official is certifying that the number of hours worked do not include any of the activities above.

**Q76 May my part-time employees take advantage of PSLF?**

A76 Yes, if the employee works for another qualifying public service organization concurrently with your organization and works a combined annual average of at least 30 hours per week.

You do not need to determine whether your employee meets this requirement as long as you appropriately certify that the individual is a part-time employee and provide the annual average number of hours worked per week at your organization.

This information was updated in the fall of 2014. For updates or additional information on federal student aid, visit [StudentAid.gov](http://StudentAid.gov).

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November 2014