Navigating Student Loan Repayment as a Higher Education Professional

Office of Student Financial Aid
Office of Student Financial Success
What is Public Service Loan Forgiveness
PSLF Basics

120 Qualifying Payments
In Qualifying Repayment Plans
On Direct Loans
While Working For A Qualifying Employer...

...When Applying For & Receiving PSLF

Per IRS, forgiven amount is not taxable income
PSLF Qualifying Payments

120 separate monthly payments*

Do not need to be consecutive

Must be made within 15 days of due date

After Oct. 1, 2007

Must be for full amount due under plan

*Exception for AmeriCorps, Peace Corp, and Department of Defense
PSLF Payment Amount

- Multiple partial payments
  - Count as one payment
  - All must be received within 15 days of due date
- Payments made when not required
  - Do not qualify
- Lump sum payments
  - Count as one payment
  - Exceptions for AmeriCorps, Peace Corp, and Department of Defense borrowers
PSLF is only for Direct Loans, but all Direct Loans qualify.
PSLF Qualifying Repayment Plans

- 10-Year Standard
- IBR
- ICR
- Pay As You Earn
- REPAYE

- Income-driven plans are most likely to yield a balance for forgiveness
Repayment Plans
## Income-Driven Repayment Plans Explained

<table>
<thead>
<tr>
<th>Plan</th>
<th>Percentage of Discretionary Income</th>
<th>Capping Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAYE</td>
<td>10%</td>
<td>Capped at 10-year standard amount</td>
</tr>
<tr>
<td>REPAYE</td>
<td>10%</td>
<td>Capped at 10-year standard amount</td>
</tr>
<tr>
<td>IBR</td>
<td>15%</td>
<td>12-year standard payment adjusted based on income</td>
</tr>
<tr>
<td>ICR</td>
<td>20%</td>
<td>12-year standard payment adjusted based on income</td>
</tr>
</tbody>
</table>
PSLF Qualifying Employment

It doesn’t matter what your job title is, it matters who employs you…

- 501(c)(3) not-for-profit organization
- Other not-for-profit organizations providing specific qualifying services as primary purpose
- Any government organization
PSLF Full-Time Employment

• Full-time is the greater of:
  • Employer’s definition of full-time
  • 30 hours per week
• May work multiple qualifying part-time jobs that equal full-time
  – *For borrowers at a non-profit organization, hours spent in religious instruction, worship services, or proselytizing do not count
Modeling PSLF - Cy Borrower

- Is single with no dependents and lives in Iowa
- Has an AGI of $35,000 that rises at 5% per year
- Has $50,000 in Direct Loan debt ($23,000 of which is subsidized), all of which has a 6% interest rate
- Borrowed for graduate school
### Modeling PSLF

#### Without PSLF

<table>
<thead>
<tr>
<th>Time in Repayment</th>
<th>Total Paid</th>
<th>Total Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICR</td>
<td>~ 15 years</td>
<td>$95,852</td>
</tr>
<tr>
<td>IBR</td>
<td>~ 19 years</td>
<td>$116,181</td>
</tr>
<tr>
<td>PAYE</td>
<td>20 years</td>
<td>$85,596</td>
</tr>
<tr>
<td>REPAYE</td>
<td>25 years</td>
<td>$130,021</td>
</tr>
</tbody>
</table>

#### With PSLF

<table>
<thead>
<tr>
<th>Time in Repayment</th>
<th>Total Paid</th>
<th>Total Forgiven</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICR</td>
<td>10 years</td>
<td>$65,869</td>
</tr>
<tr>
<td>IBR</td>
<td>10 years</td>
<td>$45,252</td>
</tr>
<tr>
<td>PAYE</td>
<td>10 years</td>
<td>$30,168</td>
</tr>
<tr>
<td>REPAYE</td>
<td>10 years</td>
<td>$30,168</td>
</tr>
</tbody>
</table>

**Without PSLF**
- Total Paid: $95,852
- Total Forgiven: $0

**With PSLF**
- Total Paid: $65,869
- Total Forgiven: $26,789

**REPAYE**
- 25 years: $130,021
- 10 years: $30,168

**Taxable Income**

**Without PSLF**
- **10 years:** $30,168
- **25 years:** $130,021

**With PSLF**
- **10 years:** $67,523
How to apply for Public Service Loan Forgiveness
Borrower submits form to FedLoan Servicing

FedLoan Servicing determines borrower has Direct Loans

FedLoan Servicing determines employment qualifies

All federally-held loans transfer to FedLoan Servicing

FedLoan determines qualifying payments were made during employed period

FSA reviews applications FedLoan wants to approve

FedLoan writes off debt

Application process is very similar to employment certification process because borrower must be employed in full-time qualifying employer when applying for and receiving forgiveness.
Common Issues

Inaccurate or Missing End Date on ECF Form

- Blank end date when the borrower is still employed vs. checking “still employed”
- Missing required fields (such as EIN number)

Payment Tracking

- Must submit an ECF for an updated qualifying payment count
- Payments made to other servicers (not just FedLoan) can be counted toward PSLF
Eligible Loan Types
All Federal loans can be eligible through Direct Loan Consolidation.

Employer Eligibility
Qualifying employment for the PSLF Program is not about the specific job a borrower does, but rather, who the employer is.

Qualifying Payment Plans
Qualifying repayment plans include all income-driven repayment plans and the 10-year Standard Repayment Plan.

Consolidation and PSLF
Consolidating Direct Loans will erase any qualifying payments made.

Appropriate Time to Begin Tracking for PSLF
Borrowers shouldn’t wait to submit an ECF until after they have made 10 years of qualifying payments.
At Iowa State, Employment Certification forms need to be submitted to the Payroll Office to complete Section 4!

Payroll:
payroll@iastate.edu
Phone- 515-294-6556

Use the PSLF Help Tool on studentaid.gov for assistance with filling out the form completely and accurately!
In December 2018, FSA launched the PSLF Help Tool. The tool helps with:

- Helping borrowers understand PSLF
- Specifically telling them if there are actions they need to or should consider taking to receive PSLF: consolidation and income-driven repayment
- Soliciting information from the borrower about his or her employer to help self-assess eligibility
- Asking the borrower to enter information about his or her employer to pre-populate a PSLF form
- Allowing the borrower to provide information about multiple employers

*Keep in mind, there are currently variances on the PSLF Help Tool due to certain waivers! We’ll talk about the waivers shortly!*
Section 1: Employment History

Public Service Loan Forgiveness (PSLF) Help Tool

My Employers

Add your past and current employers below to determine whether they qualify for PSLF and TEPSLF during the time of your employment.

Note: 1) Only add your employment history since your last approved employment certification (if applicable). If you’ve certified an employment period in the past, then you do not need to do so again.

2) If at least one day of your employment falls within a period during which we determined your employer to be eligible, you will be able to complete the PSLF Help Tool even if the employer was not an eligible employer for the entire period you entered. However, the PSLF Servicer will conduct a comprehensive review of the specific dates of your employment for eligibility with the submission of a PSLF form. Please note that periods of employment prior to October 2, 2007, cannot qualify for PSLF even if they were with a qualifying employer.

You have not added any employers.

+ Add Employer

Search for Employer

Employer Identification Number (EIN)

How do I find my EIN?

- This is my current employer

Employment Start Date:

Employment End Date:

Search
Section 2: Loan Tips

My Loan Actions

Good news! There are no actions you need to take on your loans. Keep making payments and certifying your employment until you qualify for forgiveness.

4 of your loans are on track for PSLF + TEPSLF.

How do I update this information?

My Loan Actions

You Can't Submit a PSLF Application at This Time

None of your loans currently qualify for loan forgiveness. If you have recommended actions listed below and wish to pursue PSLF, you can take those actions to become eligible for the PSLF program.

0 of your loans are on track for PSLF + TEPSLF.

How do I update this information?
Section 3: Application Details

Public Service Loan Forgiveness (PSLF) Help Tool

Have you made 120 qualifying payments? 😊

If you don’t know, take your best guess! We will always review to see if you are eligible for forgiveness, so your answer won’t negatively impact you in any way.

Why do we ask this question?

☐ Yes, I have made 120 qualifying payments and qualify for forgiveness right now.

Choose this option if you think you have made at least 120 qualifying payments on at least one of your loans while working for a qualifying employer.

☐ No, I haven’t made 120 qualifying payments.

Choose this option if you just want to find out how many qualifying payments you have made to date, or if your employer is a qualifying employer and you don’t think you qualify for forgiveness right now.

Previous

Next Section
Section 4: Personal Information

Your Permanent Address
- Address Line 1: 123 Cherry Ln
- Address Line 2: Optional
- City: Nowhere
- State: IDAHO
- ZIP Code: 21212
- Country: UNITED STATES

Your Contact Information
- Email: ljsnne@iastate.edu
- Mobile Phone: (202) 377-2220
- Alternate Phone: 

To update your contact information, visit your Account Settings.
Section 5: Review & Save
Applicant Observations

- Very confusing process
  - Conflicting information between servicer representatives
  - Not the best communication process
  - Limited updates
  - Information is delivered in small bits
- Had to apply three times for forgiveness before it was processed
How to track the PSLF process
PSLF Help Tool Preview: Payment Tracking
PSLF Help Tool Preview: Payment Tracking

Public Service Loan Forgiveness (PSLF) Payment Tracking

Payment Counts

<table>
<thead>
<tr>
<th>Eligible Payments</th>
<th>Ineligible Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PSLF</strong></td>
<td><strong>TEPSLF</strong></td>
</tr>
<tr>
<td>113</td>
<td>113</td>
</tr>
</tbody>
</table>

Eligible Payments

- Qualifying: 101 / 101
- Need Employment Certification: 12 / 12

Ineligible Payments

- How are eligible and qualifying different?

Ready to Certify Employment?

Prepare your form using the PSLF Help Tool at studentaid.gov.

Upload Completed Form
## PSLF Help Tool Preview: Payment Tracking

### Public Service Loan Forgiveness (PSLF) Payment Tracking

#### Filter By
- **1 DIRECT SUB CONSOLIDATION LOAN**
- **All Periods**
- **Forgiveness Program:**
  - PSLF
  - TEPSLF

### Displaying 113 Payment Periods

<table>
<thead>
<tr>
<th>Loan</th>
<th>Period</th>
<th>Amount Due</th>
<th>Program</th>
<th>Status</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>01/2021</td>
<td></td>
<td></td>
<td>Employment: Not Certified</td>
<td>Hide Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>12/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>11/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>10/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>09/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>08/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>07/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>06/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>05/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>04/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>03/2020</td>
<td></td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>02/2020</td>
<td>$183.86</td>
<td>PSLF, TEPSLF</td>
<td>Employment: Not Certified</td>
<td>View Details</td>
</tr>
<tr>
<td>1 DIRECT SUB CONSOLIDATION LOAN</td>
<td>01/2020</td>
<td>$183.86</td>
<td>PSLF, TEPSLF</td>
<td>Qualifying</td>
<td>Hide Details</td>
</tr>
</tbody>
</table>

- This payment period is eligible but requires approved employment in order to qualify.
- This payment period is eligible and qualifying.
Processed ECFs between Nov 2020 and Sept 2021

443,540 Processed

442,277 (99.7%) Approved

1,263 (0.3%) Denied

Source: Federal Student Aid as of September 2021
PSLF Qualifying Employment

Approved ECFs by Employer Type

Source: Federal Student Aid as of September 2021
PSLF Processed ECFs

- 1,318,076 borrowers who have submitted eligible employment ECFs

Missing/Incorrect Information: 45%

No Eligible Loans: 42.5%

Loans in Default: 2.8%

Employer Not Qualified: 9.7%

Source: Federal Student Aid as of September 2021
**PSLF Forgiveness So Far…**

- 10,776 borrowers have been approved to receive $1.022 billion in loan forgiveness
- Average balance discharged per borrower $94,907

<table>
<thead>
<tr>
<th>Reasons that forms did not meet requirements for PSLF</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) No open Direct Loans in repayment for at least 120 months at the time of submission (Note: These figures include some borrowers who have been in repayment for at least 120 months due to having loans from the Federal Family Education Loan Program.)</td>
<td>80.5%</td>
</tr>
<tr>
<td>b) Has open Direct Loans in repayment for at least 120 months, but has less than 120 months of qualifying employment at time of submission</td>
<td>12.6%</td>
</tr>
<tr>
<td>c) Has open Direct Loans in repayment for at least 120 months, has at least 120 months of qualifying employment at time of submission, but has less than 120 PSLF Qualifying Payments at time of submission.</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

*Source: FSA Data Center, as of September 2021*
Temporary, Expanded PSLF
TEPSLF Basics

• A temporary program to provide loan forgiveness to those who do not qualify for PSLF only because some or all of their qualifying payments were made on non-qualifying plans
• Congress appropriated $700 million (subsidy cost) to provide loan forgiveness
• Federal Student Aid cannot forgive more than $1 billion
• Program is to be administered on a first come, first served basis
• TEPSLF was created by the:
  • Consolidation Appropriations Act, 2018 (Public Law 115-141) and
  • Department of Education Appropriations Act, 2019 (Public Law 115-245)
TEPSLF Requirements

- A borrower is eligible if they:
  - Don’t qualify for PSLF only because some or all payments were made on a non-qualifying plan,
  - Funds are available to expend,
  - Aggregate forgiveness caps have not been hit, and
  - The following payments were at least as much as the borrower would have paid under an income-driven plan*:
    - The payment made immediately prior to applying for TEPSLF, and
    - The payment made 12 months prior to applying for TEPSLF

* An exception is made if the borrower had an unusual fluctuation in income over the prior 5 years
TEPSLF Application Process

• To receive TEPSLF, a borrower must:
  • Have applied for and been denied PSLF or have a PSLF application pending review,
  • Be denied PSLF only because of non-qualifying repayment plans, and
  • Provide any necessary income documentation to determine what the borrower’s payment would have been under an income-driven plan.
• Borrowers can apply for TEPSLF, through the same application that they apply for PSLF through
Current Dept of Education Waiver
PSLF Waivers

- COVID-19 Emergency Relief Payment Pause
  - All months under current student loan repayment pause count as qualifying payments for PSLF as long as borrowers are working for qualifying employers

- Limited PSLF Waiver: Effective October 6, 2021
  - Counts all prior payments made by a borrower while working for a qualifying employer toward PSLF, regardless of loan program
    - Department of Education has automatically started adjusting payment counts for borrowers in these circumstances
      - Valid through October 31, 2022
  - Counts months spent on active-duty status as counting towards PSLF, even if loans were in deferment or forbearance during this time

Learn more at StudentAid.gov/PSLFWaiver
Counting Eligible Payments

For a payment to count, a borrower must...

<table>
<thead>
<tr>
<th></th>
<th>Make 120 payments</th>
<th>Have qualifying employment</th>
<th>Consolidate into the Direct Loan Program</th>
<th>File a PSLF Form to update their payment count</th>
<th>Be in a qualifying repayment plan</th>
<th>Have been in an “In Repayment” status</th>
<th>Be currently employed at a qualifying employer in order to receive forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSLF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>TEPSLF</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>COVID-19 Forbearance</td>
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<td>✓</td>
<td>✓</td>
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</tr>
<tr>
<td>Limited PSLF Waiver</td>
<td>✓</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
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</table>
Resources
Resources

- StudentAid.gov/publicservice – PSLF Info & Forms
- StudentAid.gov/TEPSLF – TEPSLF Info
- https://studentaid.gov/pslf/ - PSLF Help Tool
- https://studentaid.gov/articles/become-a-pslf-help-tool-ninja/ - How to become a PSLF Ninja
- StudentAid.gov/manage-loans/repayment/plans – Find a student loan solution in 5 steps or less
- FinancialSuccess.iastate.edu – Office of Student Financial Success, ISU
- Some slides were adapted from the 2021 Federal Student Aid Conference
Questions?

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