

LOAN FORGIVENESS FOR PUBLIC SERVICE

Borrowers who pursue long-term careers in certain public service fields may be eligible for a special forgiveness program on their federal loans.

This program was created by the College Cost Reduction and Access Act of 2007, and is designed to assist individuals who have very high debt-to-income ratios and continue to earn low wages in certain public service occupations for an extended period. Eligible borrowers will not be able to claim forgiveness benefits until October 2017 or later. To qualify for this forgiveness program borrowers must meet a number of requirements.

1. The borrower must make 120 payments while employed in an eligible public service role.
2. Only payments made after October 1, 2007 can be included toward the 120 payments. Thus, the federal government will not approve any loan cancellations until October 2017.
3. Only Federal Stafford, Parent PLUS, Graduate PLUS and Federal Consolidation Loans are eligible. Federal Perkins, Federal Nursing and other federal health education loans are not eligible unless consolidated. Forgiveness cannot be offered for any defaulted loan.
4. Only loans issued by the U.S. Department of Education's Direct Loan Program are eligible. Borrowers who have loans issued under the Federal Family Education Loan Program (FFELP) can gain access to the public service program by consolidating their FFELP loans under the Direct Loan consolidation program. Tip: If your FFELP loans carry valuable borrower benefits, such as interest rate reductions for on-time payments, be sure to thoroughly evaluate the likelihood that you will meet the 10-year public service requirement. Converting your loans to a Direct Loan consolidation loan may cause you to lose any unearned borrower benefits on your underlying loans.
5. Federal Perkins, Federal Nursing and other federal health education loans are not eligible unless consolidated under a Direct Loan consolidation loan. These loans lose deferment subsidy and other forgiveness benefits if consolidated. Borrowers can earn full forgiveness of their Perkins loans by meeting certain public service needs—for example, by serving in the military, teaching in under-served areas, or working in law enforcement.
6. The 120 qualifying payments must be made under an eligible repayment plan: standard repayment (or other 10-year repayment schedule), income-based repayment, or income-contingent repayment. Borrowers are unlikely to have any balance remaining after making payments under the standard repayment plan for 10 years. Loans repaid under the income-based repayment plan or income-contingent repayment plan may have unpaid balances after 120 payments. Note: Parent PLUS loans and consolidation loans that include a Parent PLUS Loan are ineligible for the income-based repayment plan and income-contingent repayment plan. Under these plans, parent borrowers are unlikely to qualify for forgiveness benefits.
7. Borrowers must be employed in an eligible public service role at the time they apply for the forgiveness benefit.
8. All of the 120 qualifying payments must be paid no more than 15 days after the scheduled due date.
9. Eligible public service occupations include emergency management, child care, public health, teaching in high-need areas, public-interest law, military service, public education, and government service. The borrower must be considered employed full-time in an eligible occupation at the time each of the 120 qualifying payments were made.

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

For more information about this program, visit:

<http://studentaid.ed.gov/students/attachments/siteresources/LoanForgivenessv4.pdf>