START HERE GO FURTHER FEDERAL STUDENT AID

Dear Federal Student Loan Borrower:

Thank you for your interest in the Direct Loan Public Service Loan Forgiveness (PSLF) Program. The PSLF Program was established by Congress with the passage of the College Cost Reduction and Access Act of 2007, and was created to encourage individuals to enter lower-paying but vitally important public sector jobs such as military service, law enforcement, public education and public health professions. The PSLF Program allows eligible borrowers to cancel the remaining balance of their Direct Loans after they have served full time at a public service organization for at least 10 years, while making 120 qualifying loan payments.

This letter provides important information about the PSLF Program, including information on how to determine if your employment and loan payment history meet the program's loan forgiveness requirements. To better assist you, the Department of Education is providing a series of materials, including an employment certification form that allows you to keep track of eligible employment and loan payments. In addition, these materials will allow you to find out if your job and loan payments will qualify for loan forgiveness in the future. If you are eligible, these materials will assist you in determining how many payments you have left to make to qualify for loan forgiveness.

What must I do to have any remaining balances on my Direct Loans forgiven under the PSLF Program?

- ✓ You must make 120 on-time, full, scheduled, monthly payments on your Direct Loans. Only payments made *after* October 1, 2007 qualify.
- ✓ You must make those payments under a qualifying repayment plan.
- ✓ When you make each of those payments, you must be working full-time at a qualifying public service organization.

The following provides detailed information on the PSLF requirements.

What loans qualify for forgiveness?

Only loans you received under the William D. Ford Federal Direct Loan (Direct Loan) Program are eligible for PSLF. Loans you received under the Federal Family Education Loan (FFEL) Program, the Perkins Loan Program, or any other student loan program are not eligible for PSLF.

If you have FFEL and/or Perkins loans, you may consolidate them into a Direct Consolidation Loan to take advantage of PSLF. However, only payments you make on the new Direct Consolidation Loan will count toward the 120 month payment requirement for PSLF. Payments made on your FFEL or Perkins loans, even if they were made under a qualifying repayment plan, do not count as eligible PSLF payments.

If some or all of your loans are not eligible, you can consolidate.

If you are interested in consolidating your FFEL or Perkins loans into a Direct Consolidation Loan, please visit www.loanconsolidation.ed.gov for more information and an electronic application. If you do not know what type of loans you have, please visit www.nslds.ed.gov.

What are on-time, full, scheduled, monthly payments?

On-time payments are those that are received by your Direct Loan servicer no later than 15 days after the scheduled payment due date.

Full payments are payments on your Direct Loan in an amount that equals or exceeds the amount you are required to pay each month under your Direct Loan repayment schedule. If you make a payment for a month that is less than what you are required to pay for that month, that month's payment will not count as one of the required 120 monthly payments. If you make multiple, partial payments in a month and the total of those partial payments equals or exceeds the required full monthly payment amount, those payments will count as only one qualifying payment.

You can only make one qualifying payment per month.

Scheduled payments are those that are made under a qualifying repayment plan after your servicer has billed you for the month's payment. They do not include payments made while your loans are in an in-school or grace status or in a deferment or forbearance period.

You must make separate monthly payments. Lump sum payments or payments you make as advance payments for future months are not qualifying payments. There are special rules on lump sum payments for borrowers whose public service employment is with AmeriCorps or the Peace Corps.

What is a qualifying repayment plan?

To maximize your PSLF benefit, you should repay your loans on the Income-Based Repayment (IBR) Plan or the Income-Contingent Repayment (ICR) Plan, which are two of the repayment plans that qualify for PSLF.

Other PSLF-qualifying repayment plans are the 10-Year Standard Repayment Plan or any other repayment plan where your monthly payment amount equals or exceeds what you would pay under a 10-Year Standard Repayment Plan.

PSLF is best under IBR or ICR.

Before deciding which repayment plan you want to use to repay your Direct Loans, it is important that you understand the implications and costs of that decision. The longer you make PSLF-qualifying payments under a 10-Year Standard Repayment Plan, the lower the remaining balance on your loans will be when you meet all of the PSLF Program's eligibility requirements. In fact, if you make all of the required 120 monthly payments under the 10-Year Standard Repayment Plan, there will be no balance left on your loans to be forgiven.

Under the IBR and ICR plans, your monthly payment amount will likely be lower than under any of the other PSLF-qualifying repayment plans and your repayment period will likely be longer. Because of the longer repayment period, additional interest that will accrue on your loan, and the smaller monthly payment amount, you will be left with a higher loan balance that could be forgiven. However, if you ultimately do not meet the eligibility requirements for PSLF, you will be responsible for repaying the entire balance of your loan, including all accrued interest.

What kinds of employment qualify?

Qualifying employment is any employment with: a federal, state, or local government agency, entity, or organization (including entities such as a public transportation, public water, or public bridge district, or a public housing authority) or a non-profit organization that has been designated as tax-exempt by the Internal Revenue Service (IRS) under § 501(c)(3) of the Internal Revenue Code (IRC). The type of services that these public service organizations provide does not matter for PSLF purposes.

Many non-profit employees, teachers, law enforcement officers, and other government employees qualify.

A private non-profit employer that is not a tax-exempt organization under Section 501(c)(3) of the IRC may be a qualifying public service organization if it provides certain specified public services. These services include: emergency management, military service, public safety, law enforcement services; public health services; public education, public library services; school library and other school-based services; public interest law services, early childhood education; public service for individuals with disabilities and the elderly. The organization must not be a labor union or a partisan political organization.

Generally, the type or nature of employment with the organization does not matter for PSLF purposes. However, if you work for a non-profit organization, your employment will not qualify for PSLF if your job duties are related to religious instruction, worship services, or any form of proselytizing.

What is full-time employment?

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.

Most often, it's your employer's definition of full-time that counts.

If you are a teacher, or other employee of a public service organization, under contract for at least eight out of twelve months, you meet the full-time standard if you work an average of at least 30 hours per week during the contractual period and receive credit by your employer for a full year's worth of employment.

If you are employed in more than one qualifying part-time job simultaneously, you may meet the full-time employment requirement if you work a combined average of at least 30 hours per week with your employers.

What does it mean that my 120 Direct Loan payments must be made while I am working full-time at certain public service organizations?

For a payment to count as one of the required 120 qualifying monthly payments, you must be a full-time employee at a qualifying public service organization on the date that your Direct Loan servicer receives your monthly Direct Loan payment.

In addition, you must be a full-time employee at a qualifying public service organization at the time you apply for PSLF Program loan forgiveness and at the time forgiveness is granted.

How can I keep track of my eligibility?

Because it will take at least ten years for you to make the 120 qualifying payments necessary to receive PSLF, we have created a form that you should submit to us and a process that you should follow so that we can assist you in tracking your periods of qualifying employment and your qualifying payments.

The form allows you to get your employer's certification of employment while you are still employed at that organization or shortly after leaving. The process allows you to receive confirmation of qualifying employment and your Direct Loan payment eligibility. You may also submit the form less frequently than annually to cover more than one year's employment or for more than one employer.

The form and the process make it easy.

While use of this form and process is not required, if you want us to keep track of your progress toward meeting the PSLF eligibility requirements, you should follow the steps below. If you do not periodically submit the form, you will still be required to submit a form for each employer that you want considered for PSLF at the time that you apply for forgiveness.

Step 1 – Complete, with your employer's certification, the Employment Certification for Public Service Loan Forgiveness form (PSLF Employment Certification) annually or whenever you change jobs. The PSLF Employment Certification form is available at www.studentaid.ed.gov/publicservice.

Step 2 – Submit the completed form to FedLoan Servicing, the PSLF servicer, following the instructions on the form.

Step 3 – FedLoan Servicing will review your PSLF Employment Certification form, ensure that it is complete, and, based on the information provided by your employer, determine whether your employment is qualifying employment for the PSLF Program.

Step 4 – If the form you submit is incomplete or your employment does not qualify, FedLoan Servicing will notify you and you will have an opportunity to provide additional information.

Step 5 – If FedLoan Servicing cannot determine whether your employment qualifies, you may be asked to provide additional information or documentation to help establish whether you were employed by a qualifying public service organization. This documentation may include an IRS Form W-2, pay stubs, or other documents from your employer that substantiate your employment at the organization or documentation supporting your employer's eligibility as a public service organization.

Step 6 – If your employment qualifies and some or all of your federally held loans are not serviced by FedLoan Servicing, those loans will be transferred to FedLoan Servicing so you will have a single loan servicer for all of your federally held loans. Earlier payments made to other servicers will be evaluated to see if they are qualifying PSLF payments after those loans are transferred.

Step 7 – FedLoan Servicing will notify you whether your employment qualifies, and, if so, how many payments during the certification period were qualifying payments, the total number of qualifying payments you have made, and how many payments you must still make before you can qualify for PSLF.

What should I do after I become eligible for PSLF?

After you make your 120th qualifying payment, you will need to submit the PSLF application to receive loan forgiveness. The application is under development and will be available prior to the date when the first borrowers will be eligible for PSLF Program forgiveness, in October 2017. You must be working for a qualified public service organization at the time you submit the application for forgiveness and at the time the remaining balance on your loan is forgiven.

We look forward to working with you while you learn more about PSLF and work towards your goal of making 120 qualifying payments. If you have any more questions, look at the Question & Answer Page for PSLF at http://studentaid.ed.gov/publicservice or contact your Direct Loan servicer.