

How to benefit from Public Service Loan Forgiveness, Limited Waiver Opportunity

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About the CFPB

The Consumer Financial Protection Bureau (CFPB) is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives.

Consumer education seeks to prevent harm

We serve the general public and focus on special populations:

- Servicemembers, veterans, and their families
- Older Americans, their families and caregivers
- Traditionally underserved and economically vulnerable consumers
- **Students and young consumers:** Educate and engage students to help students navigate financial products and services and avoid student loan default or other negative financial events

Today's Discussion

What is PSLF?

Temporary changes to PSLF: Limited Waiver Opportunity

How do I qualify for PSLF Limited Waiver?

Scenarios: Consolidations and Refunds

What to expect next

Additional Resources

Q&A

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Group on Facebook

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The rationale behind PSLF

Enacted in October 2007

The Public Service Loan Forgiveness Program is intended to encourage individuals to enter and continue in full-time public service employment by forgiving the remaining balance of their Direct loans after they satisfy the public service and loan payment requirements.

(34 CFR § 685.219)

Translation: work in public service for 10 years in exchange for loan forgiveness

Basic PSLF Requirements

1. Full time employment in public service
2. Have eligible loans.
3. Make 120 monthly payments while employed at a qualifying employer after October 2007

Limited Waiver for PSLF

In effect until OCTOBER 31, 2022

Waives a number of traditional PSLF rules to fix past issues with PSLF

**EVERYTHING WILL REVERT TO TRADITIONAL PSLF RULES ON NOVEMBER 1,
2022 UNLESS THE TEMPORARY WAIVER IS EXTENDED**

Rules for Qualifying Employment

Who you work for

+

Your designation

+

How many hours you work

Without Qualifying Employment You Cannot Benefit From PSLF

Rules for Qualifying Employment

- Government
 - Federal, State, Tribal, County or Municipal Government (meaning EVERY SINGLE public K-12 school, community college, state college and state university)
- 501(c)(3) non-profits (including THE VAST MAJORITY OF private colleges, universities and independent schools)
- And a very small number of nonprofits not organized as 501(c)(3)s

Remember: it's not what you do in your job, it's WHO you work for

Rules for Qualifying Employment

To qualify with full time employment

1. Full-time designation by your qualifying employer
2. Working at least 30 hours or more per week

To qualify with part time employment

1. Part-time designation by MORE THAN ONE qualifying employer
2. Work at least 30 hours per week **total** at these qualifying employers

PSLF Eligible Loans

Only loans owned by the Department of Education can be forgiven by the Department of Education

- Direct Loans - Subsidized and Unsubsidized
- Direct Consolidation Loans - Subsidized and Unsubsidized
- Grad PLUS Loans
- Direct Parent PLUS Loans

PSLF Waiver: Converting Ineligible Loans

Until October 31, 2022 - the following loans types can be consolidated into Direct Loans (owned by Department of Education) to make them eligible for PSLF and receive credit for past periods of repayments on these loans.

- FFEL loans - Subsidized and Unsubsidized
- FFEL Consolidation Loans - Subsidized and Unsubsidized
- FFEL Parent Plus Loans*
- Federal Perkins Loans
- Other rare federal student loans

PSLF Waiver: Making 120 Payments

- Periods of repayment count:
 - Under any plan
 - On loans before consolidation, even if on the wrong repayment plan, if paid late or for less than the amount due
 - After consolidation where payments were late or for less than the amount due
 - Utilized for Teacher Loan Forgiveness
- COVID-19 forbearance time counts (if you've continued making payments ask for a refund **before** consolidation!)
- Payments do not need to be consecutive

Must be after October 2007 while working at a qualifying employer

PSLF Waiver: Consolidation Scenarios

Loans You've Consolidated	New DCL will have:
FFEL loan with 150 payments	150 payments
Direct Loan with 30 payments + Direct Loan with 130 payments	130 payments
FFEL loan with 30 payments + FFEL loan with 130 payments	130 payments
Direct loan with 20 payments + FFEL loan with 100 payments with overlap	100 payments
Direct with 20 payments + FFEL loan with 100 payment without overlap	120 payments
Direct Loan with 120 payments + Direct Loan with 150 payments	Don't consolidate

All scenarios assume payments began after Oct 2007 and are made while employed at a qualifying employer

PSLF Waiver: Parent Plus Loans

- You only have FFEL Parent Plus Loans (PPLs)
 - You must consolidate them into Direct Loans. No prior payments will count and you will need 120 payments on the new consolidation loan to qualify for PSLF
- You have Direct PPLs
 - This means you have already consolidated them. Your payments since consolidation will count
- You have PPLs AND your own student loans
 - You can consolidate them and your PPLs essentially ride on your own student loans backs to forgiveness

Note 1: Consolidated Loans with PPLs are only eligible for ICR repayment. This can be removed through “double consolidation” please see this [link](#) for more information

Note 2: Based on parent’s employment, not the child’s employment

Refunds for Payments Over 120

Direct loan payments in excess of 120 are eligible for refund, but if you consolidated (or reconsolidated an existing direct consolidation) the payments must have been **AFTER** the consolidation to be refunded.

PSLF Waiver: Refunds - Scenarios

Scenario	Will You Get a Refund
150 payments on FFEL consolidation to DLC for Waiver no payments on new DCL	No refund
2 Direct Loans 1 with 30 payments and 1 with 130 payments consolidated ALL for waiver no payments on new DCL	No refund
2 FFEL Loans 1 with 30 payments and 1 with 130 payments consolidated ALL for waiver no payments on new DCL	No refund
2 Direct Loans 1 with 120 payments and 1 with 150 payments NO Consolidation	Refund of all payments over 120
20 payments on FFEL consolidation to Direct a long time ago 119 payments on DCL	Refund of all payments over 120

All scenarios assume payments began after Oct 2007 and are made while employed at a qualifying employer

PSLF Waiver: What You Need to Do Today

1. Get very familiar with your loans; consolidate if needed
2. Submit a PSLF Application
3. Prepare for the end of the Waiver

Get very familiar with your loans

Log into studentaid.gov to learn what type of loan you have and to determine what action to take first

<u>If you have:</u>	<u>Action you should take:</u>
A single Direct Consolidation Loan (with two arms - subsidized and unsubsidized)	Celebrate! You are all set.
Multiple Direct Loans	Under 120 payments Consolidate them ALL
Only FFEL Loans (regardless if consolidated or not)	Consolidate them ALL together
A mix of Direct and FFEL loans all under 120 payments	Consolidate them ALL together
A mix of Direct (over 120 payments) and FFEL (over 120 payments)	Consolidate FFEL loans and leave Direct Loans alone
A mix of or Multiple Direct (over 120 payments) and Direct/FFEL (under 120 payments)	Do the math refund vs immediate forgiveness

Submit a PSLF Application

PSLF Help Tool can be found at studentaid.gov

When you fill out the PSLF Application using the Help Tool - it creates a code on it that allows for faster processing (theoretically)

Submit for EVERY period of employment from EVERY employer to get credit for EVERY qualifying payment

Sign with wet ink

Submit to MOHELA (fax, mail, upload)

TRIPLE CHECK YOUR WORK

What to Expect After PSLF Application Submission

1. Submit to Mohela BY OCTOBER 31st 2022 (by fax, mail, upload)
2. WAIT 120+ days
3. Mohela determines if your form is completed correctly and if your employer qualifies
 - a. If your loans are not with Mohela they will automatically transfer for you (can take 4 weeks)
4. Mohela gives you first count - only what they can see (i.e. only since consolidation)
5. Your account goes to Department of Education for application of the waiver
6. Mohela updates your payments based on what Dept of Ed tells them of your previous payments

Payments identified by the PSLF Waiver become part of your ongoing payment count. They do not expire simply because the Waiver Period Ends

Prepare for the end of the Waiver

- Employment rules remain the same
- Loan consolidation **restarts** 120 payment count
- Payments must be on time and in full (within 15 days of due date)
- Payments must be in a PSLF Qualifying Repayment Plan

Normal PSLF

- Receive credit only on DLs
- Repay only on PSLF Qualifying Repayment Plan
- Make on-time payments
- Work full time for a qualifying employer
- Must work for a qualifying employer at time of application AND forgiveness
- If you got TLF, the period of service that led to your eligibility cannot also count toward PSLF

Until 10/31/22

- Receive credit for periods of repayment on DL, FFEL or Perkins Loans
- Periods of repayment under any plan count
- Period of repayment on loans before consolidation count, even if in wrong repayment plan
- Periods of repayment where payments were late or for less than the amount due also count
- Periods of repayment on loans before consolidation count, even if paid late or for less than the amount due
- Can get forgiveness even if not employed at a qualifying employer at the time of application and forgiveness
- If you got TLF, the period of service that led to your eligibility can count toward PSLF if you certify PSLF employment for that period

TLDR: CONSOLIDATE AND SUBMIT PSLF APPLICATION BEFORE 10/31/2022

PSLF Qualifying Repayment Plans

The 10-Year Standard Repayment Plan (the default plan for new loans) but making 120 payments under this plan will pay off loans completely

IDR (Income Driven Repayment) Plans

Each of the IDR plans has different eligibility requirements and a different way of calculating monthly payment

IBR (Income Based Repayment)

ICR (Income Contingent Repayment)

PAYE (Pay As You Earn)

REPAYE (Revised Pay As You Earn)

Payments do not need to be consecutive

What about TEPSLF?

Pot of money appropriated by Congress to expand access to forgiveness to people who had been misled

Changes repayment plan rules only

Payments under an extended, graduated or extended graduated repayment plan count

Pro: Available until the money runs out, no set expiration date

Con: Not as powerful as the waiver

What about One-Time IDR Adjustment?

- 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance will qualify for PSLF credit for those periods of time if you certify qualifying employment
- Any months spent in deferment (with the exception of in-school deferment) prior to 2013 will qualify
- Months of Economic Hardship Forbearance on or after January 2013 will qualify
- No action is necessary for these payments to be added to your count
- Periods of Forbearance and Deferment will begin to be reviewed in Fall 2022

Who to contact with questions

Come join the PSLF Group

Don't use these until you have waited for resolution through your servicer and exhausted all opportunities for them to help

Federal Student Aid Feedback Center

Federal Student Aid Ombudsman

Consumer Financial Protection Bureau

Secretary of Education Dr. Miguel Cardona on Twitter/Facebook

Direct Appeal to Members of Congress or Senators

How to Join Our Awesome Group

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

Resources for additional help

- Visit Department of Education's FAQs on the PSLF Limited Waiver at <https://studentaid.gov/announcements-events/pslf-limited-waiver>
- Use the Department of Education's PSLF Help tool at <https://studentaid.gov/pslf/>
- Want to consolidate your loans? Visit the Department of Education's application at <https://studentaid.gov/app/launchConsolidation.action>
- Need additional help? Contact your student loan servicer for additional questions.
- Run into a problem?
 - Contact the FSA Ombudsman Group: <https://studentaid.gov/feedback-ombudsman/disputes/prepare>
 - Submit a complaint to the CFPB: www.consumerfinance.gov/complaint

A new resource for student loan borrowers

Financial inTuition Podcast

Learn tips and strategies on how to make more informed financial decisions around managing money, saving and paying for higher education, and repaying student loan debt.



<https://www.consumerfinance.gov/practitioner-resources/students/financial-intuition/>

Thank you!

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Join our mailing list: <https://www.consumerfinance.gov/consumer-tools/educator-tools/students/signup/>