

Student Loan Repayment Update & Public Service Loan Forgiveness (PSLF)

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Borrower Confusion is a Reality

Student Loan
Extensions

Loan Servicer
Changes

Fraudulent
Calls



Consolidation/
Forgiveness

State Bills
and Laws

Avoid Student Loan Scams

“You never have to pay for help with your federal financial aid or student loans. Make sure you understand which companies and claims are legitimate.”
studentaid.gov

USA Today

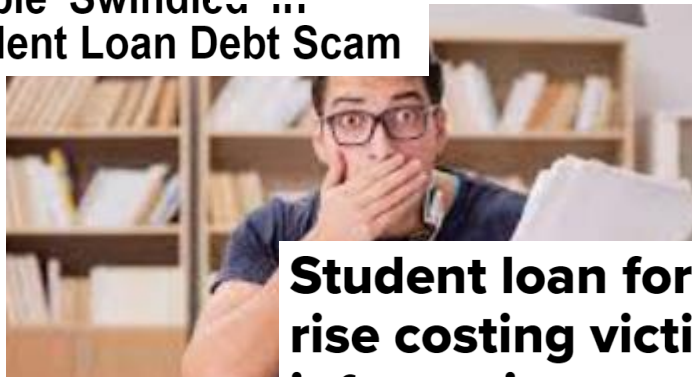
Newsweek

Scam calls are selling student loan forgiveness. Don't fall for it.

U.S.

More Than 19,000 People 'Swindled' ...
Alleged \$6 Million Student Loan Debt Scam

The calls come regularly to people with a student loan, and even those without them: An unknown person is offering aid paying back loans...



Student loan forgiveness scams are on the rise costing victims money and sensitive information

FOX 8 NEWS WEATHER CLOSINGS AM SHOW NEW DAY SPORTS SEEN ON TV

NEWS

BBB warns of student loan forgiveness scams in Ohio, offers tips to avoid

BBB: "We're very certain they've increased"

California News Times

Consumers warned of surge in student loan forgiveness scams

Student loan forgiveness is not the only financial COVID-19 related scam. As we have said many times, you need to be careful and provide...



Locating Loans

Where to locate student loan information:



Federal –

- studentaid.gov



Private –

- Credit report
- Loan statements/personal records
- Financial Aid Office records
- Documents, including promissory note



Who Do They Repay?

Federal Loans



Private Loans

Students should work with the lender they borrowed the loan from



Payments may be made directly to lender or to a servicing organization



Perkins Loans – contact the school for repayment options

Federal Student Loan Repayment Plans

- Standard
 - Graduated Repayment
 - Extended Repayment
 - Revised Pay As You Earn Repayment (REPAYE)
 - Pay As You Earn Repayment (PAYE)
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)
 - Income-Sensitive Repayment
(only for FFEL loans awarded prior to June 30, 2010)
-



Federal Student Loan Repayment Plans

Standard

- Fixed payments
- Repayment Plan
 - Up to 10 years
 - 10-30 years if consolidated
- Minimum payment \$50 per month
- Assigned payment plan



Graduated

- Gradual payments
- Repayment Plan
 - Up to 10 years
 - 10-30 years if consolidated
- If their income is low now, but they expect it to increase steadily over time



Extended

- Federal debt greater than \$30,000
- Repayment Plan
 - Up to 25 years
- Fixed or graduated payments
- Minimum payment \$50 per month





PRIVATE STUDENT LOAN REPAYMENT OPTIONS

IMMEDIATE	Make payments toward principal and interest while in school
INTEREST-ONLY	Make payments solely toward interest while enrolled in school and begin making principal and interest payments 6 months after graduation or dropping below half-time status
DEFERRED	Make payments toward principal and interest starting 6 months after graduating, dropping below half-time status or leaving school

Interest Rates



Consolidation and Refinance

Private Refinance Vs. Federal Consolidation

Private Refinance



Combine **private** and federal payments into one payment*

Possibly **lower interest rate** and/or payments



Interest is based on borrower's creditworthiness with **choice** of fixed or variable rate

Current interest rates and/or loan term could **lower** the overall cost of the loan

Pays off existing loans and may reflect a **lower monthly payment** on their credit report

Borrowers should **compare rates** and terms and apply with the lender of their choice

Federal Consolidation

Combine **federal** payments into one payment

Possibly **lower monthly payment** with longer loan term

The interest rate is the **weighted average of included loans**, rounded up to the nearest 1/8th of a percent

Borrowers will **pay more interest** over the life of the loan if the repayment period is extended

Borrowers **may lose** some benefits offered with the original loan

Apply for a direct consolidation loan at <https://studentaid.gov>



*Some federal student loans include unique benefits that the borrower may not receive with a private student loan, some of which we do not offer with the Education Refinance Loan and the Education Refinance Loan for Parents. Borrowers should carefully review their current benefits, especially if they work in public service, are in the military, are currently on or considering income-based repayment options or are concerned about a steady source of future income and would want to lower their payments at some time in the future. When the borrower refinances, they waive any current and potential future benefits of their federal loans and replace those with the benefits of the Education Refinance Loan



Loan Forgiveness & Discharge

Loan forgiveness releases the borrower from all or a portion of their loan obligation

Private Loan Forgiveness options may exist under certain conditions:

- Cases of total and permanent disability or death (varies by lender)

Federal Direct Loan Forgiveness and Discharge options may exist under certain conditions:

- Public Service Loan Forgiveness
- Teacher Loan Forgiveness programs
- School Related Discharge (School Closing, Fraud, ID Theft, False Certification, Unpaid Refund)
- Cases of total and permanent disability or death
- Bankruptcy (Most extreme situations)

To verify loan forgiveness options for federal loans visit

<https://studentaid.ed.gov/sa/repay-loans>

For private loans contact the lender or servicer!



Traditional Public Service Loan Forgiveness (PSLF)

PSLF Overview

- College Cost Reduction and Access Act of 2007
- Forgives the remaining balance on a borrower's Direct Loans after they have made 120 qualifying payments while working full-time for a qualifying employer
- Department of Education (ED) began reviewing applications in 2017

Eligibility for Traditional PSLF

Qualifying Loan*

- Direct Loan
- Direct Consolidation Loan
- Direct Parent PLUS Loan

Qualifying Payment

- Make 120 monthly payments under an Income Driven Repayment (IDR) Plan
- Payments made when not required to do so, do not qualify
 - Periods of deferment, forbearance, default, and grace period

Qualifying Employer**

- Any government organization
- 501(c)(3) non-profit organization
- Non-501(c)(3) non-profit organization that provides services to the public
- Must meet employers' definition of full-time or work at least 30 hours or more per week
- Multiple qualifying part-time jobs can equal full-time employment

* Perkins and Family Federal Education Loan (FFEL) loans can become eligible if consolidated into Direct Loan Program

** Employment at a for-profit organization does not qualify

PSLF Application & Submission

- Complete an Employment Certification Form
 - Submit information on place of employment, start and end date, employment status, hours worked per week, and type of employment
- Employer(s) must sign and verify employment
- Submit PSLF application to ED
- PSLF servicer confirms qualifying employment
 - PSLF servicer will notify the borrower of how many qualifying payments have been made

PSLF Limited Waiver

Limited Waiver Overview

- For a limited time, borrowers may receive credit for past payments made on loans that would otherwise not qualify for PSLF
 - FFEL, Perkins, or other federal student loans (e.g., Federally Insured Student Loans or National Defense Student Loans)
- Loan consolidation
 - FFEL, Perkins, and other types of federal student loans that are not Direct Loans, must be consolidated into the Direct Loan Program **by October 31, 2022**

Limited Waiver Overview (continued)

- Parent PLUS loans do not qualify, unless consolidated with non-Parent PLUS loans
- Periods of deferment, forbearance, grace periods, and periods of default, continue to not qualify
- Individuals who have more than 120 qualifying payments may receive a refund for the qualifying payments made in excess of 120
- Individuals who already have received loan forgiveness or have paid off their loans are not eligible for the waiver and receive refund

New Rules for Qualifying Payments

- Receive credit for periods of repayment made on Direct, FFEL, or Perkins loans
- Past payments under any repayment plan count
- Past payments that were made late or for less than the amount due count
- Can receive final forgiveness even if not employed or not employed by a qualifying employer at the time of application and forgiveness
- If borrower received Teacher Forgiveness, the period of service that led to forgiveness can also count towards PSLF

PSLF Waiver Steps

Step 1: Determine Type of Loan

- Log into StudentAid.gov
 - Create an FSA ID, if you do not have one
- Navigate to the “Aid Summary” page and scroll down to loan breakdown section
- Determine what type of student loans you have
 - Direct loans begin with the word “Direct”
 - Federal Family Education Loan Program loans start with “FFEL”
 - Perkins Loans include the word “Perkins” in the name

Step 2: Verify Employment

- Complete step one in the PSLF Help Tool to verify employment is eligible for PSLF
- Information needed:
 - Federal Employer Identification Number (EIN)
 - Start date
 - End date, if no longer with employer
 - Can select, “This is my current employer”

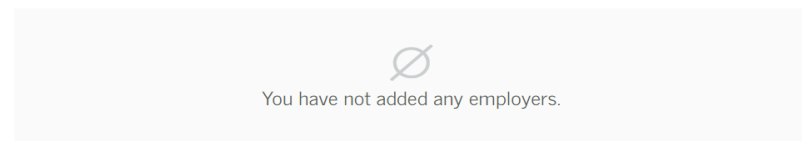
My Employers

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

Note: Only add your employment history for periods where you do not have approved employment certification (if applicable). If you've certified an employment period in the past, then you do not need to do so again.

Notes: 1) Previous or current employment information will only be provided below if you have used the PSLF Help Tool to submit a form in the past. You do not need to submit a new form for employment that has already been certified.

2) This PSLF Help Tool has been modified to align with the conditions under [COVID-19 relief measures](#) and the limited PSLF waiver through Oct. 31, 2022. To get the most accurate information, make sure to carefully read any section titled “Special Notice for the COVID-19 Emergency” and check out the [limited PSLF waiver announcement](#).



Search for Employer 

Employer Identification Number (EIN)

How do I find my EIN?

This is my current employer

Employment Start Date

To

Employment End Date

 Search

Step 3: Request a Direct Consolidation Loan

- Once you have determined you have a qualifying employer **and** have an ineligible loan type, you must consolidate their loans into the Direct Loan Program by **October 31, 2022**
- Direct Consolidation Loans can be requested through [StudentAid.gov/consolidation](https://studentaid.gov/consolidation)
 - Can log in using FSA ID

RECOMMENDED NEXT STEPS

Some of your loans do not qualify for the PSLF Program, but there are actions you could consider taking.

CONSOLIDATE THESE LOANS

The loans listed below are not Direct Loans, which means that they aren't eligible. However, you can make them eligible for the PSLF Program by consolidating them into a Direct Consolidation Loan.

Loan Code	Loan Type	Repayment Plan	Loan Balance
J	Unsubsidized FFEL Consolidation Loans		\$6,913

Apply for Consolidation

Select the link below to "Apply to Consolidate". The application process must be completed in a single session and usually takes 30 minutes or less.

Tip: In the consolidation application, select "Yes" in the "Servicer Selection" to indicate that you are consolidating for the purposes of PSLF.

Be Careful Consolidating Your Loans

Consolidate only the loans listed above, using the provided codes. If you consolidate any loans that aren't listed, you risk losing qualifying payments for the PSLF Program on the unlisted loans.

Step 4: Complete PSLF Form

- Submit PSLF form through the PSLF Help Tool by **October 31, 2022**
 - Employment History
 - Loan Tips
 - Application Details
 - Personal Information
 - Review and Save

Public Service Loan Forgiveness (PSLF) Help Tool Overview

It's important that you understand the PSLF and TEPSLF process and eligibility criteria. Qualifying payments must be made while eligibility criteria are met for your employer, loan status, loan type, and repayment plan. NOTE: There have been temporary changes that affect student loan borrowers because of the COVID-19 emergency. This tool has been modified to align with the conditions under COVID-19 relief measures and the limited PSLF waiver. Pay attention to information about the limited PSLF waiver or about COVID-19 emergency relief for student loans as you go through the PSLF Help Tool.

Eligibility Criteria



Employer Eligibility

Employer eligibility only depends on your employer, and not on the work you do for your employer. This tool will allow you to search our employer database to find out if the employer that will certify your employment qualifies for PSLF and TEPSLF.

Summary of Limited Waiver Steps

How to receive **Public Service Loan Forgiveness (PSLF)**
under the limited PSLF waiver

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

1

Log in at [StudentAid.gov](https://studentaid.gov) and navigate to the "Aid Summary" page to verify what type of student loans you have.

2

Complete step one in the PSLF Help Tool to verify that your employment is eligible for PSLF.

3

If your employer is eligible and you have at least one loan that is not a Direct Loan, request a Direct Consolidation Loan at [StudentAid.gov/consolidation](https://studentaid.gov/consolidation) by Oct. 31, 2022.

4

Submit a PSLF form through the PSLF Help Tool by Oct. 31, 2022.

Scenarios

Scenario 1: Qualifying Loans

- Andy is a doctor who graduated from medical school in 2010 and financed his education through FFEL Loans. After graduating, he worked for a nonprofit organization for the next 10 years, making minimum, on-time payments under a qualifying repayment plan
- In mid-2020, Andy applied for PSLF and was told that he did **not** qualify for the program because of the FFEL Loans that he did not know were ineligible for PSLF
- While Andy completed 10 years of public service, his loans were not eligible for PSLF. If Andy were to consolidate his FFEL loans into a Direct Loan to become eligible for PSLF, he would need to remain in public service work for 10 more years

Scenario 1: Qualifying Loans

- **With Traditional PSLF**: Even if Andy had realized the issue sooner and consolidated his loans into a Direct Loan in 2015, he still would not be eligible for PSLF today, because his prior payment history (from 2010 to 2015) would have been lost and he would only be credited for payments from 2015-present
- **With PSLF Waiver**: The waiver would allow Andy to count all his past payments towards PSLF, including those for FFEL Loans. Therefore, he would have 120+ qualifying payments

Scenario 2: Qualifying Payment Plans

- Jane is a special education teacher who works at a public elementary school. Upon graduation from her master's program, she had \$90k of total debt across various Direct Loans
- Jane consolidated her loans and was put on the standard repayment plan

Scenario 2: Qualifying Payment Plans

- **With Traditional PSLF**: While Jane has the right type of employer (public school) and loan (Direct) to qualify for PSLF, she does not have the right type of repayment plan (her standard plan is not an IDR plan). Thus, Jane is not currently eligible for PSLF
- **With PSLF Waiver**: The waiver would allow Jane to count all payments, even those on an ineligible type of repayment plan

Scenario 3: Qualifying Payments

- Zach has been working as a nurse for a public hospital since 2012 and took out student loans between 2007 and 2011
- From 2012 to 2016, Zach had already made 48 payments on his loans before he realized he was paying on FFEL loans and thus was ineligible for PSLF. He consolidated all his loans into two Direct Consolidation Loans and began certifying payments for PSLF at that point. This means his payments for PSLF restarted at 1. He has made 70 payments after consolidation

Scenario 3: Qualifying Payments

- **With Traditional PSLF:** Zach has 70 qualifying payments from his Direct Consolidation loan between January 2016 and October 2021. Thus, he still needed 50 more payments to qualify for forgiveness under PSLF
- **With PSLF Waiver:** Zach has already been certifying his employment showing that he has worked for an eligible employer since 2012. ED will update his payment count automatically to include the 48 payments made between 2012 and 2015 during the years he was making FFEL loan payments. Zach's new total qualifying payment count will be 48 (FFEL Loan payments) + 70 (Direct Loan payments) = 118, bringing him to the brink of the 120 required qualifying payments to apply for final forgiveness

Scenario 4: Qualifying Payments

- Bob has been a state employee for 15 years and has been making payments towards his student loans the entire time
- Bob had FFEL loans and made 60 payments while being on the extended repayment plan before consolidating his loans into a federal direct consolidation loan
- Post loan consolidation, Bob made an additional 80 payments (for a total of 140 payments) but still has \$25,000 left to repay

Scenario 4: Qualifying Payments

- **With Traditional PSLF:** Bob has the right type of employer (state agency) but had an ineligible loan type (FFEL) and non-qualifying repayment plan. Even though Bob consolidated his loans, he will need to make 40 additional payments to qualify for PSLF
- **With PSLF Waiver:** Will allow Bob to count all previous ineligible payments towards the 120 qualifying payments needed. Since Bob already consolidated his FFEL loans into Direct Loans he will need to complete the PSLF form in order to count his past payments. Since Bob has made 140 payments total, he would receive loan forgiveness for the remaining \$25,000 and be issued a refund of the 20 payments he made over 120

ISAC Updates on PSLF

- PSLF webpage
 - Limited Waiver information
 - Register for upcoming webinars
- Upcoming Webinar
 - March 9 from 5:00 – 6:00pm
 - March 24 from 12:00-1:00pm

Public Service Loan Forgiveness

If you work or have worked in public service, recent temporary changes to the Public Service Loan Forgiveness Program (PSLF) could be beneficial to you. Because these changes are temporary, it's important that you do not delay in getting the information you need about whether you are eligible for this forgiveness program. ISAC is offering webinars on PSLF and the temporary changes, and assistance to those who have questions or need help in determining their eligibility and applying for PSLF.

The PSLF is a federal student loan forgiveness program that forgives the remaining balance on a borrower's Direct Student Loans after the borrower has made 120 qualifying monthly payments under a qualifying repayment plan while working full-time for a qualifying employer. If you are employed by a U.S. federal, state, local, or tribal government or not-for-profit organization, you might be eligible for PSLF.

To find out more about the general requirements for PSLF, visit the [PSLF webpage on Studentaid.gov](#).

PSLF Limited Waiver

On Oct. 6, 2021, the U.S. Department of Education (ED) announced a change to program rules for a limited time as a result of the COVID-19 national emergency. Throughout the pandemic, ED has provided a variety of benefits to borrowers.

Now, for a limited period of time, borrowers may receive credit for past periods of repayment that would otherwise not qualify for PSLF.

Visit the [PSLF Limited Waiver page on Studentaid.gov](#) to find out more. Check out this [helpful infographic](#) from Federal Student Aid explaining how to receive PSLF under the Limited PSLF Waiver.

ISAC Can Help: Public Service Loan Forgiveness Webinars

Determining your eligibility for PSLF and the limited waiver can be confusing. ISAC is offering several webinars to help student loan borrowers understand the PSLF program and take advantage of the limited waiver if eligible.

ISAC Questions

For questions on the limited waiver and PSLF, contact ISAC at isac.pslf@illinois.gov.

For questions on loans, contact Federal Student Aid at studentaid.gov/help-center/contact

Citizens Resources

- [Citizensbank.com/faa](https://citizensbank.com/faa)
- [Studentaid.gov](https://studentaid.gov)
- [Annualcreditreport.com](https://annualcreditreport.com)
- [Consumerfinance.gov](https://consumerfinance.gov)

Citizens Webinars

[WebEx Enterprise Site](#)

Date & Time ▲	Event
Mar 2, 2022 2:00 pm	Thriving in Change
Mar 9, 2022 2:00 pm	Student Loan Repayment 2022
Mar 16, 2022 2:00 pm	Building Resilience
Mar 23, 2022 2:00 pm	Guide for New Financial Aid Professionals
Mar 30, 2022 2:00 pm	Understanding Private Student Loan Refinancing

THANK
YOU