



Center for
Consumer
Advocacy

Presented by Ashley
Norwood

Using Public Service Loan Forgiveness:

To Help Your Staff, Alumni and Yourself

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*10 Years to Zero Debt:
A Campaign to Educate Student Loan
Borrowers about Public Service Loan
Forgiveness*

*#10YearsZeroDebt
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Agenda

- **Background**
- **The Numbers**
- **Employee Turnover**
- **Eligibility**

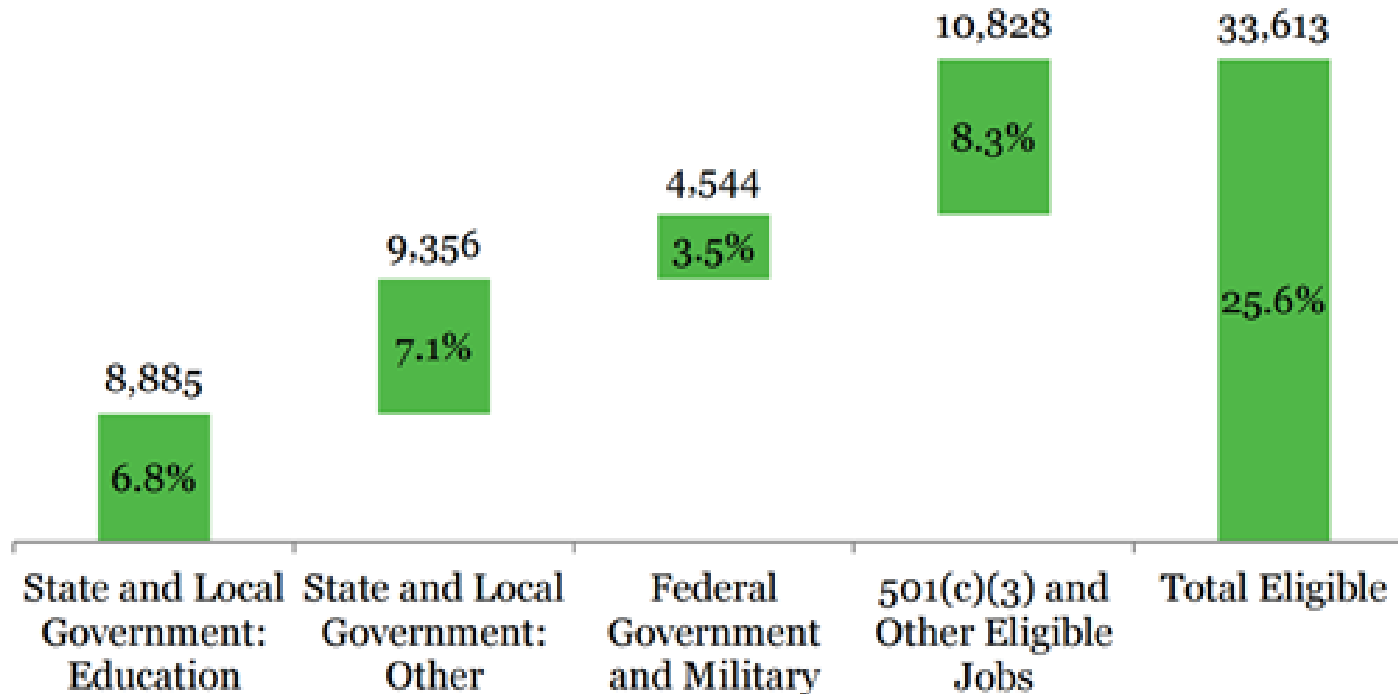


History and Intent of the PSLF Program

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

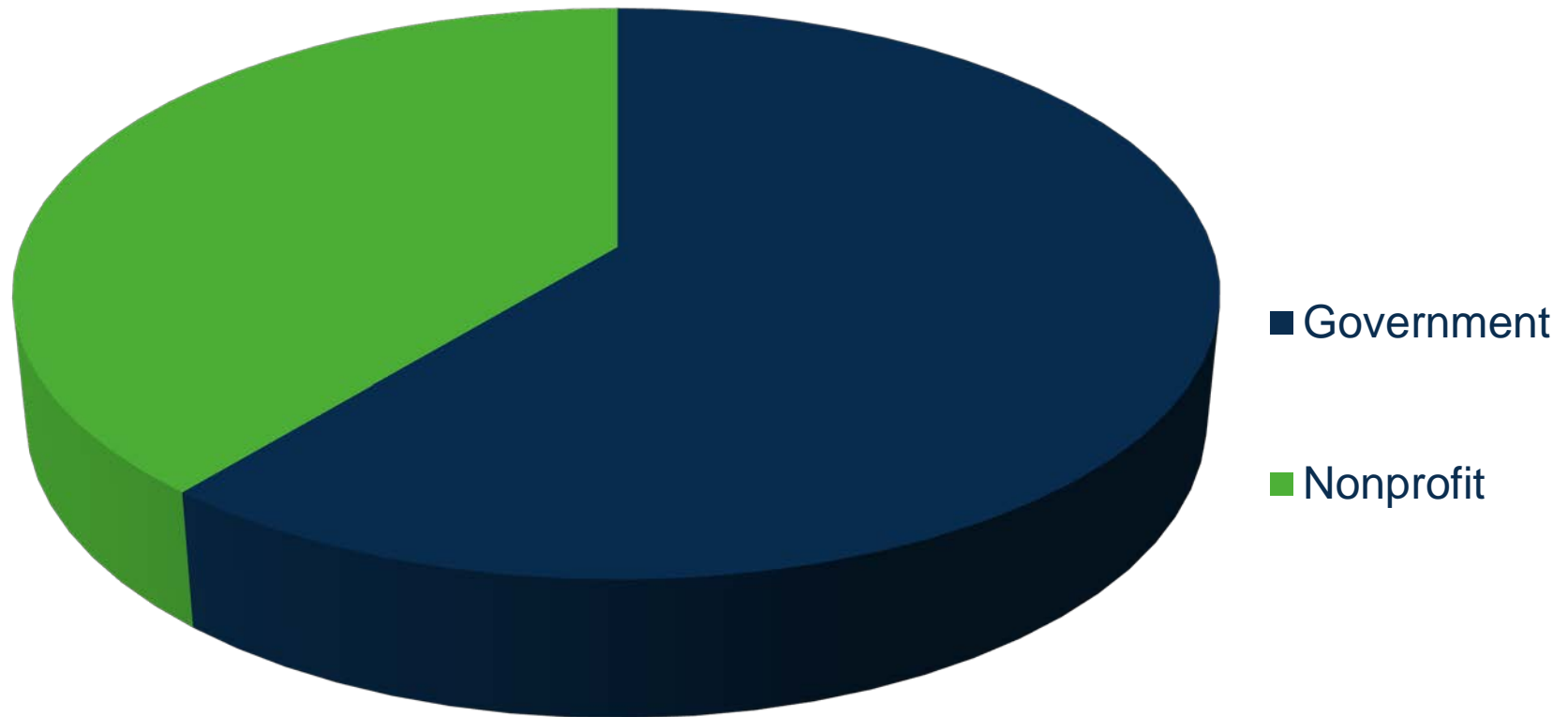
Statistics

CFPB ESTIMATES OVER 25% OF LABOR FORCE IN PUBLIC SERVICE
Workers in Thousands, Percent of Total Labor Force, July 2010



Source: Bureau of Labor Statistics, JHU Nonprofit Economic Data Project, Department of Defense

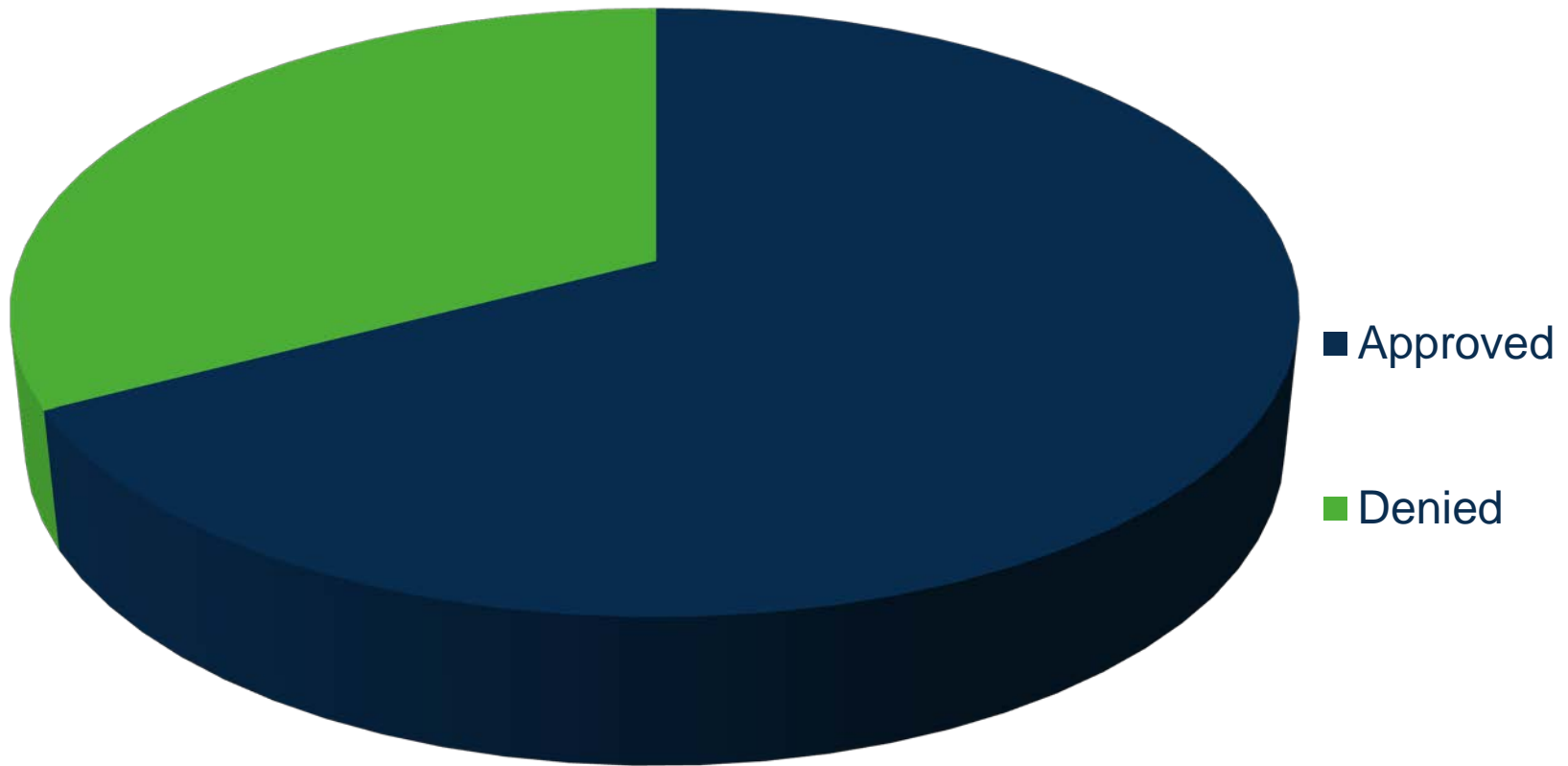
Employer Type



Source: FedLoan Servicing

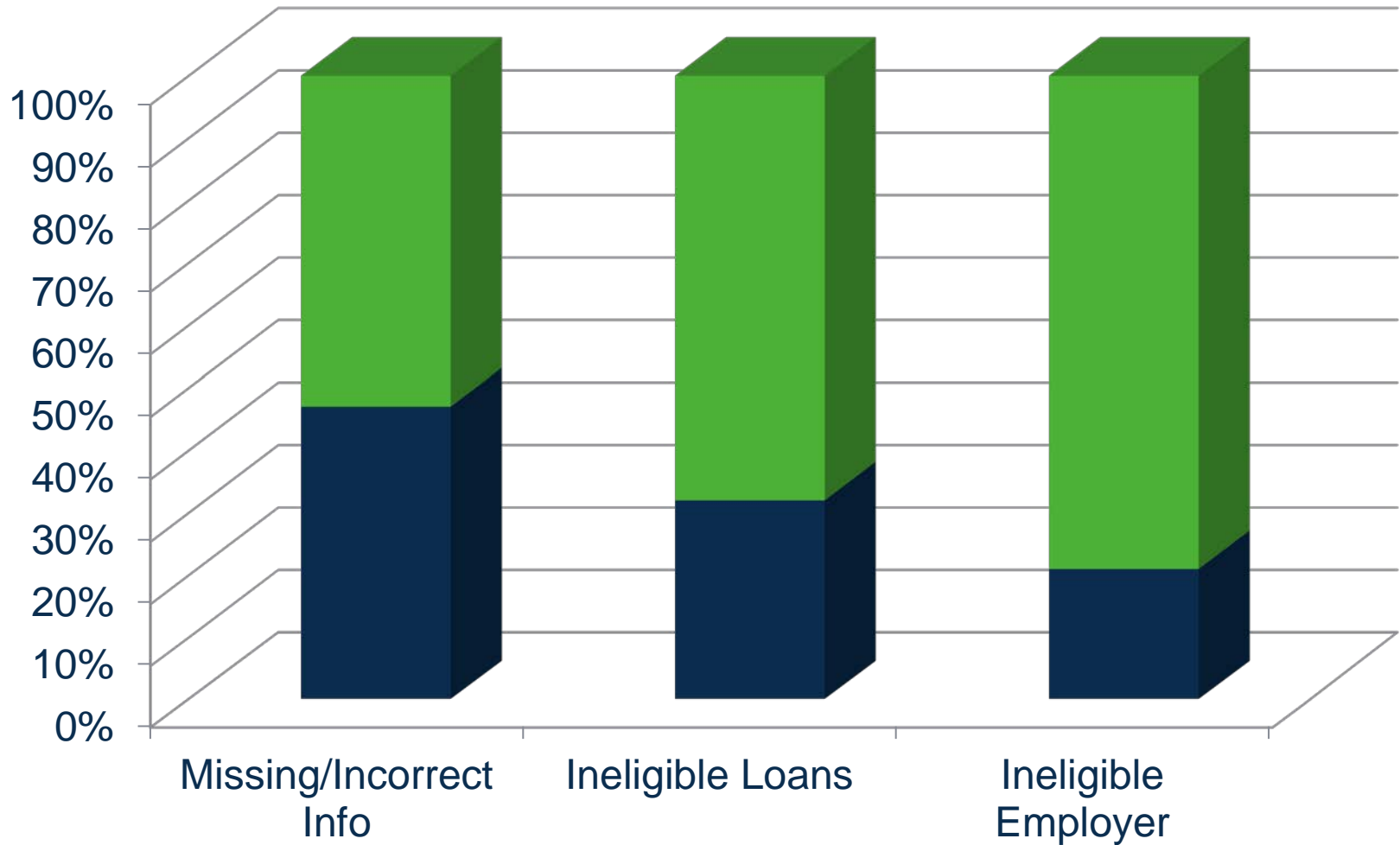
Statistics

1,068,888 Applications Processed



Source: FedLoan Servicing

Denied Employment Certifications



Source: FedLoan Servicing

Number Eligible...

139 Borrowers

(in the next 2 years!)



The Cost of Employee Turnover



Employee Turnover

How much does employee turnover cost?

- 16% of annual salary of those earning less than \$30k.
 - **Up to \$4,800.**
- 20% of annual salary for midrange \$31k to \$50k.
 - **\$6,200 to \$10,000.**



Employee Turnover

Voluntary turnover in 2016 = 12.8%
(non-profit sector = 12.2%)

- 16% of annual salary of those earning less than \$30k.
 - **Up to \$4,800.**
- 20% of annual salary for midrange \$31k to \$50k.
 - **\$6,200 to \$10,000.**

Source: CompData Surveys www.compensationforce.com/2017/04/2016-turnover-rates-by-industry.html



Keeping Employees Happy

Voluntary turnover in 2016 = 12.8%
(non-profit sector = 12.2%)

- 76% of student loan borrowers would choose an employer who offered student loan repayment benefits.
- 14 Million working hours looking for a new job at work. \$400 million cost.

Source: ASA Life Delayed http://www.asa.org/wp-content/uploads/2017/06/life_delayed_whitepaper_2015-1.pdf





Eligibility: Loans



Basic Eligibility

- Borrower makes:
 - ✓ 120 eligible payments
 - ✓ On eligible loans
 - ✓ While working for an eligible employer



Loans Eligible for PSLF

Any loan made under the Direct Loan program, including consolidation loans



Eligible Loans Only If Consolidated Under DL

- Federal Family Education Loan Program (FFELP) Stafford, SLS, Graduate and Parent PLUS*
- Federal Perkins Loans
- Federal Nursing Loans
- Health Education Assistance Loans



Loans Never Eligible for PSLF

- Private student loans
- Institutional Loans
- State Loans
- Other types of consumer debts
- Defaulted Loans





Eligibility: Payments



Payments Considered Eligible Under PSLF

- 10-year standard repayment
- Income contingent repayment (ICR)
- Income based repayment (IBR)
- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)
- Any combination thereof



Payments Considered Eligible Under PSLF

- Payments must be on time
- Loan cannot be in default at time of payment
- Other plans if the payment is = or > than the 10 year standard plan
- No lump sum payments
 - Exception for Americorps, PeaceCorps, DoD SLR benefits
- Only payments made on or after October 1, 2007
- Only payments made while working full time for an eligible employer





“It’s all about
where you work,
not what you do!”

**Eligibility:
Employers**



Eligible Employment

- Must be employed full time by a public service organization, or
- Serving full time for Americorps or the Peace Corps,
- Must be in eligible employment at time of all payments and at time of forgiveness application, or
- Does not have to be same employer or consecutive employment or payments.



Eligible Employment

- Federal, state, local or tribal government agency, entity or organization
- Non-profit under section 501(c)(3) of IRS Code
- Tribal college or university
- Non-profit under IRS Code 501(a) that does not engage in religious activities, instruction, worship, or proselytizing



Eligible Employment

- Private organization that provides public services such as:
 - **emergency management, military service, public safety,**
 - **law enforcement, public interest law services,**
 - **early childhood education public service for individuals with disabilities and the elderly,**
 - **public health, public education, public library services, school library or other school-based services**
- As long as they aren't....
 - **Organized for profit**
 - **A labor union**
 - **A partisan political organization**
 - **One engaged in religious activities**





Eligibility: Payment Plans

Income Driven Repayment Plans

You need to be on one of the below plans:

- Income-based repayment (IBR)
- Income-contingent repayment (ICR)
- Pay As You Earn (PAYE)
- Revised Pay As You Earn (REPAYE)

Note: Standard 10-year & payments greater than.





How to Apply

How to Apply

- Borrowers will be required to prove qualified employment for the full 120 months of qualified payments
- Borrowers can choose to submit employment verification form annually instead
- FedLoan Servicing handling all known potential PSLF candidates
- Forgiven amount not taxed



Forgiveness Under Repayment Plans - \$35K AGI

Standard You will pay a total of \$69,048 over 120 months	\$575 - \$575/month	
Graduated You will pay a total of \$74,300 over 120 months	\$332 - \$996/month	
Extended Fixed You will pay a total of \$104,111 over 300 months	\$347 - \$347/month	
Extended Graduated You will pay a total of \$112,770 over 300 months	\$283 - \$496/month	
Revised Pay As You Earn (REPAYE) You will pay a total of \$23,879 over 120 months	\$141 - \$266/month	
Pay As You Earn (PAYE) You will pay a total of \$23,879 over 120 months	\$141 - \$266/month	
Income-Based Repayment (IBR) You will pay a total of \$35,818 over 120 months	\$211 - \$399/month	
IBR for New Borrowers You will pay a total of \$23,879 over 120 months	\$141 - \$266/month	
Income-Contingent Repayment (ICR) You will pay a total of \$50,879 over 120 months	\$382 - \$449/month	



Problems Facing Borrowers

Pitfalls/Assumptions

- Parent PLUS loans are only eligible for Standard and ICR plans and only then if consolidated under DL.
- Only the actual borrower's employment "counts"
- When loans are consolidated, prior payments do not count as it's considered a new loan
- Payments made under the FFEL do not qualify
- Defaulted loan payments do not qualify
- Consolidated Standard plan payments do not count if over 10 year term





TEN
Years To
ZERO
Debt

Center for Consumer
Advocacy at ASA

consumeradvocacy@asa.org

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Thank you

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