

## **PUBLIC SERVICE LOAN FORGIVENESS: BASIC CHECKLIST**

### **1. Find out what kind of student loans you have:**

- ☐ Request a Personal Identification Number (PIN) from the Department of Education: [www.pin.ed.gov](http://www.pin.ed.gov)
- ☐ Use the PIN to look up your federal student loans in the National Student Loan Data System: [www.nslds.ed.gov](http://www.nslds.ed.gov)
- ☐ Check for commercial student loans, which will not appear in the National Student Loan Data System. Commercial loans are not eligible for forgiveness. [www.annualcreditreport.com](http://www.annualcreditreport.com)

### **2. Get your FFEL loans into Federal Direct by consolidating:**

- ☐ You must consolidate or reconsolidate all your FFEL loans into Federal Direct if you want those loans to be eligible for forgiveness: <http://loanconsolidation.ed.gov>

### **3. Choose an eligible repayment plan:**

- ☐ Choose an eligible repayment plan: Income-Based Repayment, Income Contingent Repayment, Standard 10-year Repayment.
- ☐ **Beware** - payments made on a “Standard” Repayment plan for a term of more than 10 years **do not** qualify towards forgiveness!

### **4. Make qualifying payments each month for 10 years while working in public service full-time:**

- ☐ Check that your job qualifies. Your job qualifies if you work full-time for the government or a 501(c)(3) nonprofit organization.
- ☐ Work in public service for 10 years.
- ☐ Make 120 qualifying payments (once a month for 10 years) on your Federal Direct loans.

### **5. Apply for loan forgiveness:**

- ☐ The Department of Education will develop a form to fill out and will require supporting documents.

There are many details and fine print. For an expanded checklist and more information, visit [www.equaljusticeworks.org](http://www.equaljusticeworks.org)

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## ELIGIBLE LOANS

**Those in government and nonprofit service can choose to consolidate their student loans into the Federal Direct loan program. Remember, only Federal Direct loans are eligible for Public Service Loan Forgiveness.**

Most students borrow federal student loans (like Stafford loans and GradPLUS loans). Students borrow these federal student loans from one of two major federal student loan programs: the Federal Family Education Loan (FFEL) program or the Federal Direct loan program. Federal student loans from the FFEL program are issued by private banks and lending institutions like Sallie Mae, but are still federal student loans. Federal Direct loans are federal student loans issued directly by the United States Department of Education. Students do not choose whether they get their federal student loans from a FFEL lender or from Federal Direct; schools participate in one or the other program.

### Eligible Loans

When students graduate, many consolidate their federal student loans into a Federal Consolidation Loan in order to reduce and extend the payments. Federal Consolidation Loans may be available from private lenders and are available from Federal Direct. Only Federal Direct Loans (including Stafford loans, GradPLUS loans and consolidation loans) are eligible for Public Service Loan Forgiveness.

Borrowers that have already consolidated eligible federal student loans into a FFEL Federal Consolidation Loan have the right to reconsolidate into a Federal Direct Consolidation Loan. The provision of the CCRAA creating the right to reconsolidate took effect July 1, 2008.

### Ineligible Loans

Parent PLUS loans are not eligible and consolidation loans including Parent PLUS loans are not eligible. Borrowers are cautioned that consolidating Parent PLUS loans with loans eligible for Public Service Loan Forgiveness should be avoided.

Some students also borrow commercial loans from state or private lenders, and it is important to note that commercial loans are never eligible for Public Service Loan Forgiveness. Students that went to school before 2006 are more likely to have a substantial amount of commercial student loan debt because an important federal student loan, the GradPLUS loan, only became available in 2006.

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### FIND OUT WHAT KIND OF STUDENT LOANS YOU HAVE

*Look up your federal student loans in the National Student Loan Data System:*  
[www.nslds.ed.gov](http://www.nslds.ed.gov)

### GET YOUR ELIGIBLE LOANS INTO THE FEDERAL DIRECT LOAN PROGRAM BY CONSOLIDATING

*Use the online Federal Direct Consolidation Loan application available at the Department of Education's website:*  
<http://loanconsolidation.ed.gov/>



# **QUALIFYING PUBLIC SERVICE EMPLOYMENT**

**Public Service Loan Forgiveness is available for those who work full-time in government and 501(c)(3) nonprofit organizations. Most public interest lawyers work in eligible employment.**

Qualifying public service employment for Public Service Loan Forgiveness under the College Cost Reduction and Access Act is full-time paid work in:

- The government;
- A 501(c)(3) nonprofit organization;
- An AmeriCorps position;
- The Peace Corps; or
- For a private “public service organization”

The vast majority of public interest lawyers work for 501(c)(3) nonprofit organizations or the government. Both legal and non-legal staff with significant debt with this kind of employment may benefit from Public Service Loan Forgiveness.

## **Public Service Organizations**

For those attorneys that do not work for a 501(c)(3) nonprofit organization or the government, employment can still qualify if the employee provides “public interest law services” for a “public service organization.” Public interest law refers to legal services provided by a “public service organization” funded at least in part by a local, state, federal or tribal government and is not organized for profit, a labor union, a partisan political organization, or an organization engaged in religious activities.

## **Full-time Employment**

Final regulations define “full-time” as working in qualifying employment in one or more jobs for the greater of:

- An annual average of at least 30 hours per week;
- For a contractual or employment period of at least 8 months, an average of 30 hours per week; or
- Unless the qualifying employment is with two or more employers, the number of hours the employer considers full-time.

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## QUALIFYING PAYMENTS

**In order to qualify for Public Service Loan Forgiveness under the College Cost Reduction and Access Act, borrowers must not choose an extended repayment plan as many have done in the past.**

Qualifying monthly payments include only those made on time as part of:

- Income Contingent Repayment plan;
- Income-Based Repayment plan;
- Standard Repayment plan based on a **10-year** repayment schedule; or
- A repayment plan where the monthly amount paid was not less than the monthly amount required under Standard Repayment over a 10-year repayment period.

Income-Based Repayment is likely to be the best choice for many public interest lawyers. Income-Based Repayment becomes available on July 1, 2009. Because Income-Based Repayment is not available until July, consider choosing Income-Contingent Repayment now, and switching to Income-Based Repayment in July 2009.

Income-Based Repayment will minimize monthly loan payments and maximize the amount ultimately forgiven, if forgiveness is earned.

### ***Qualifying payments do not need to be consecutive.***

An individual could take time off from their eligible employment (for example, to stay home with children), during which time payments made would not count toward the 120 required payments. However, payments can begin to count again when the individual is back in eligible employment.

### ***Beware of Non-Qualifying Payments***

These payments do NOT count toward the 120-month requirement:

- Payments made under a fixed term repayment plan with a term of more than 10-years (For Federal Direct Consolidation loans, repayment over a term of more than 10-years years is sometimes referred to as “standard” repayment. These “standard” payments do NOT count);
- Payments made while not working in full-time qualifying public service employment;
- Payments made on non-qualifying loans (e.g., FFEL loans, commercial loans, Parent PLUS loans);
- Payments not made within 15 days of due date; and
- Payments made while the borrower is in default.

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