UPDATE ON PSLF

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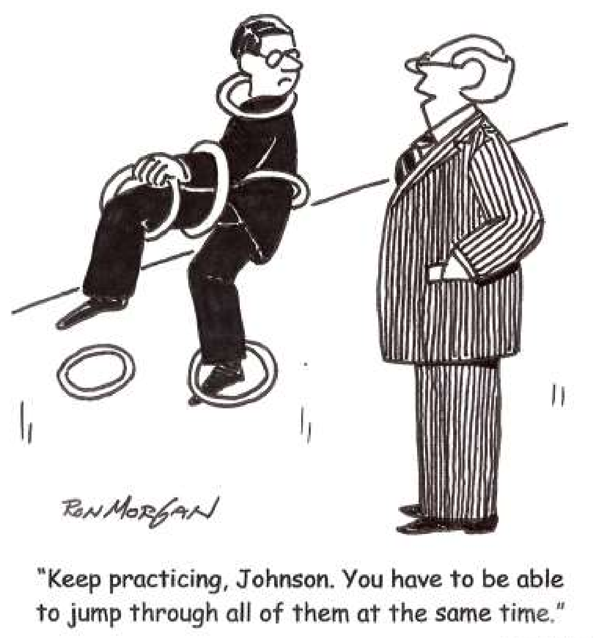

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Student loan borrowers didn't get timely or accurate PSLF information

Folks weren't told they needed to consolidate

Folks were "steered" into forbearances

Folks weren't told they needed to choose an Income-Driven Repayment Plan

Folks weren't told they needed to file forms to certify public service employment

Almost no one qualified

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Temporary Expanded PSLF

- Was enacted by the Consolidated Appropriations Act of 2018 to "fix" one of the many problems borrowers had with PSLF
- Almost no one was approved

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October 2021 – October 2022 President Biden's "waiver" allowed *months worked* instead of *payments made* to be counted

any months in which borrowers had time in a repayment status, regardless of the payments made, loan type, or repayment plan;

12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance;

months spent in deferment (except for in-school deferment) prior to 2013; and

any time in repayment prior to consolidation on consolidated loans.

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12,521
- Unique Borrowers with PSLF discharges processed

6,499
- Unique Borrowers with TEPSLF discharges processed

370,465
- Unique Borrowers with PSLF waiver discharges processed

388,216
- Unique Borrowers with PSLF discharges processed (PSLF, TEPSLF, and waiver)*

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Improvements Continue with Upcoming Payment Count Adjustments

The "account adjustment" will count time toward IDR & PSLF forgiveness, including

- any months in a repayment status, regardless of the payments made, loan type, or repayment plan;
- 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance;
- any months spent in economic hardship or military deferments in 2013 or later;
- any months spent in any deferment (except for in-school deferment) prior to 2013; and
- any time in repayment (or deferment or forbearance, if applicable) on earlier loans before consolidation of those loans into a consolidation loan.

Any borrowers with loans that have accumulated eligible time in repayment of at least 20 or 25 years will see **automatic** forgiveness, even if they are not currently on an IDR plan.

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Payment Count Adjustments

- All periods credited toward IDR will also be credited toward PSLF for eligible loans and periods where the borrower certifies public service employment.
- Borrowers who have commercially or federally held FFEL loans and who consolidate those loans into Direct Consolidation Loans before the end of 2023 will also get PSLF credit under the account adjustment.
- PSLF Waiver is over… but not really ;)
- Patience: Federal Student Aid is working to implement changes but has been left without funding to operationalize presidential initiatives

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New PSLF Regulations

- New rules regarding discharges, repayment & forgiveness
- New PSLF regs will mostly be effective on July 1, 2023
- New Income-Driven Repayment Plan to come… soon

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New regs allow for more credit towards PSLF

- Credit for payments made
  - Late
  - In installments
  - In a lump sum
- Credit for certain periods in deferment or forbearance
  - Cancer treatment deferment
  - Military service deferment
  - Post-active-duty student deferment
  - Economic hardship deferment, including Peace Corps
  - AmeriCorps and National Guard service forbearances
  - US Department of Defense Student Loan Repayment Program forbearance
  - Administrative or mandatory administrative forbearances

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New definition of "Full-Time"

Single standard of full-time employment at 30 hours per week

Minimum conversion factor for adjunct and contingent faculty to be credited for 3.35 hours of work for every credit hour taught.

Early implementation of new single standard 30-hour rule

Effective now

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New employment definitions

- Non-governmental public service
  services provided by employees of a nonprofit organization where the organization devotes "a majority of" its full-time equivalent employees to work in at least one of the areas designated in the HEA
- To be issued: separate final rule addressing employment with private for-profit entities

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Some credit after consolidation of Direct Loans

When borrowers consolidate more than one Direct Loan, borrowers will receive credit for a weighted average of existing qualifying payments toward PLSF

No longer will they lose all progress

*Note that this portion of the rule won't really take effect until after the "Account Adjustment"

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Certain 1099 contractors will now be eligible

- Allow a qualifying employer to certify employment for contractors whose employment is barred by state law
- No longer limited to only W2 employees

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Hold Harmless Provision

Borrowers may have other periods of deferment and forbearance counted towards PSLF if they make payments equivalent to what they would have owed (including getting credit for periods during which the borrowers would have had a $0 payment)

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Formalized Reconsideration Process

- 90-day time limitation to request reconsideration
- Borrowers denied between Oct 1, 2017 and July 1, 2023 have until December 2023 to request reconsideration (180 days after July 1, 2023)

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Use the PSLF Help Tool

studentaid.gov/pslf

Check for qualifying employment

Electronically sign and file

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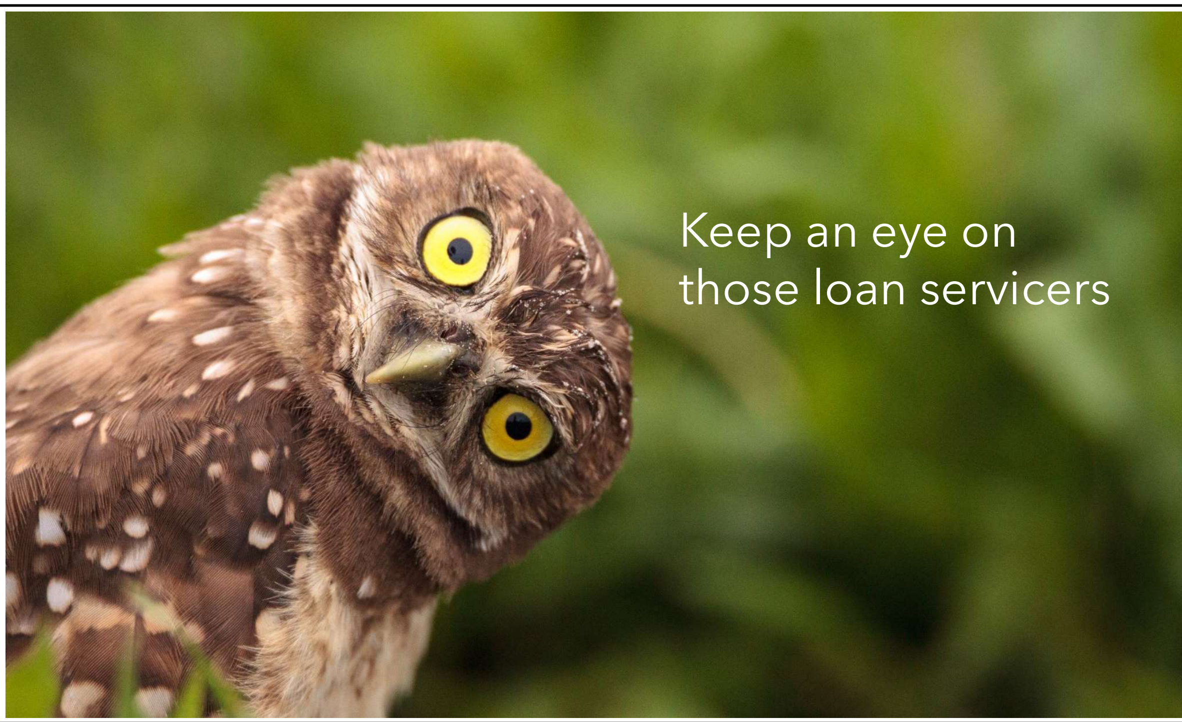

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Questions?

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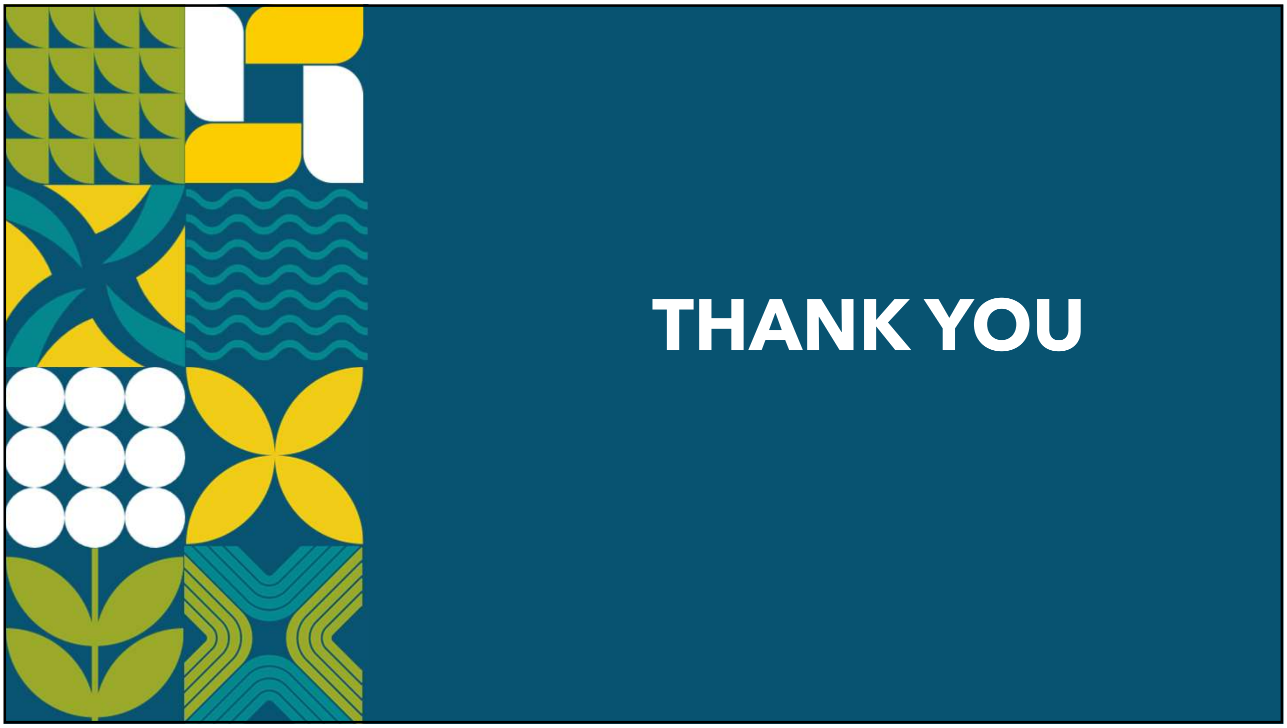

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