

## **Perspectives on Loan Forgiveness and Student Debt Panel**

### **POP QUIZ**

1. A man in Houston, Texas was recently in the news for his arrest for a student loan debt. It is a crime to default on student loans.

A: True  
B: False

2. How much did the Department of Education pay to loan servicers in 2015?

A: \$250 million  
B: \$382 million  
C: \$576 million

3. A borrower who has made 30 qualifying payments eligible for Public Service Loan Forgiveness and then consolidates her loans only has to make another 90 qualifying payments to earn loan forgiveness.

A: True  
B: False

4. Private loans, Federal Family Education Loans (FFEL) and Direct Loans are all eligible for Public Service Loan Forgiveness.

A: True  
B: False, only FFEL and Direct Loans are eligible  
C: False, only Direct Loans are eligible  
D: False, only private loans are eligible

5. Students eligible for Public Service Loan Forgiveness will pay taxes on the amount of loans that are forgiven.

A: True  
B: False

Begin by gathering the following information:

1. **Federal student loan record** (.txt file) from the **National Student Loan Data System**:

Instructions for downloading:

- Visit [NSLDS.ed.gov](http://NSLDS.ed.gov)
- Click the Financial Aid Review button.
- Log in using your Federal Student Aid ID (FSA ID). If you do not already have an FSA ID, select the [Create an FSA ID](#) tab on the FSA ID log-in page.

**Step 1:** Enter a username and password.

**Step 2:** Enter your Social Security number, name and date of birth and five challenge questions and answers.

**Step 3:** Submit Your FSA ID Application.



- Click  to download the .txt file.

2. **Private student loan inventory**

Instructions for downloading:

- Visit [annualcreditreport.com](http://annualcreditreport.com)
- Download credit report
- Note balance and status of all student loans listed on credit report that are *not* also included in the NSLDS record of federal loans—these are your private student loans.

3. **Optional additional information** (available from loan servicers):

- Current monthly payment \$ amount (not applicable if you are still in school)
- Current repayment plan/length of repayment term (not applicable if you are still in school)
- For private loans:
  - Current interest rates
  - Whether the interest rates are fixed or variable
  - If variable, whether the interest rates have any caps and if so, what they are
  - Copies of the Promissory Notes

4. **Personal information:**

- Adjusted Gross Income as reflected on most recent federal tax return
- Family size (borrower, spouse, dependents)

# Income-Driven Repayment Plans for Federal Student Loans

## What is an income-driven repayment plan?

An income-driven repayment plan is a repayment plan that sets your monthly student loan payment at an amount that is intended to be affordable based on your income and family size. The U.S. Department of Education offers four income-driven repayment plans: Revised Pay As You Earn Repayment Plan (REPAYE Plan), Pay As You Earn Repayment Plan (PAYE Plan), Income-Based Repayment Plan (IBR Plan), and Income-Contingent Repayment Plan (ICR Plan). Most federal student loans are eligible for at least one income-driven repayment plan.

## How are monthly payment amounts determined under income-driven repayment plans?

The chart below shows how payment amounts are determined under each income-driven plan. Depending on your income and family size, you may have no monthly payment at all. You can estimate your payments under these plans using the *Repayment Estimator* at [StudentAid.gov/repayment-estimator](http://StudentAid.gov/repayment-estimator).

Repayment Plan	Payment Amount
<b>REPAYE Plan</b>	Generally 10 percent of your discretionary income
<b>PAYE Plan</b>	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
<b>IBR Plan</b>	Generally 10 percent of your discretionary income if you are a new borrower on or after July 1, 2014*, but never more than the 10-year Standard Repayment Plan amount Generally 15 percent of your discretionary income if you are not a new borrower on or after July 1, 2014*, but never more than the 10-year Standard Repayment Plan amount
<b>ICR Plan</b>	The lesser of the following: <ul style="list-style-type: none"><li>• 20 percent of your discretionary income or</li><li>• what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income</li></ul>

\* For the IBR Plan, you are a new borrower on or after July 1, 2014, if you had no outstanding balance on a William D. Ford Federal Direct Loan (Direct Loan) Program loan or Federal Family Education Loan (FFEL) Program loan when you received a Direct Loan on or after July 1, 2014. (Because no new FFEL Program loans have been made since June 30, 2010, only Direct Loan borrowers may qualify as new borrowers on or after July 1, 2014.)

## Sample Payment Amounts

The tables below provide repayment estimates under the traditional and income-driven repayment plans. These figures are estimates based on an interest rate of 6%, the average Direct Loan interest rate for undergraduate and graduate borrowers. The figures also assume a family size of 1, that you live in the continental U.S., and that your income increases 5% each year. Various factors, including your interest rate, your loan debt, your income, and if and how quickly your income rises, may cause your repayment to differ from the estimates shown in these tables. These figures use the 2015 Poverty Guidelines issued by the U.S. Department of Health and Human Services and Income Percentage Factors issued by the U.S. Department of Education.

### Undergraduate Loan Debt\* of \$30,000 in Direct Unsubsidized Loans and Starting Income of \$25,000

Repayment Plan	Initial Payment	Final Payment	Time in Repayment	Total Paid	Loan Forgiveness
Standard	\$333	\$333	10 years	\$39,967	N/A
Graduated	\$190	\$571	10 years	\$42,636	N/A
Extended-Fixed	Ineligible	N/A	N/A	N/A	N/A
Extended-Graduated	Ineligible	N/A	N/A	N/A	N/A
REPAYE	\$61	\$299	20 years	\$38,714	\$23,672
PAYE & IBR (new borrowers)	\$61	\$299	20 years	\$38,714	\$27,164
IBR (not new borrowers)	\$92	\$333	21 years, 6 months	\$60,441	\$0
ICR	\$197	\$255	19 years, 2 months	\$51,838	\$0

\* Loan debt does not include any consolidation loans.

### Combined Undergraduate & Graduate Loan Debt\* of \$60,000 in Direct Unsubsidized Loans and Starting Income of \$40,000

Repayment Plan	Initial Payment	Final Payment	Repayment Period	Total Paid	Loan Forgiveness
Standard	\$666	\$666	10 years	\$79,935	N/A
Graduated	\$381	\$1,143	10 years	\$85,272	N/A
Extended-Fixed	\$387	\$387	25 years	\$115,974	N/A
Extended-Graduated	\$300	\$582	25 years	\$126,173	N/A
REPAYE	\$186	\$819	24 years, 11 months	\$131,061	\$0
PAYE & IBR (new borrowers)	\$186	\$615	20 years	\$88,314	\$41,008
IBR (not new borrowers)	\$279	\$666	18 years, 1 month	\$107,385	\$0
ICR	\$471	\$586	13 years, 8 months	\$89,152	\$0

## How long will I be in repayment under each plan?

Under all four plans, any remaining loan balance is forgiven if your federal student loans aren't fully repaid at the end of the repayment period. For any income-driven repayment plan, periods of economic hardship deferment and periods of repayment under certain other repayment plans will count toward your total repayment period. Whether you will have a balance left to be forgiven at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt. Because of these factors, you may fully repay your loan before the end of your repayment period.

Repayment Plan	Repayment Period
REPAYE Plan	20 years if all loans you are repaying under the plan were for undergraduate study 25 years if any loans you are repaying under the plan were for graduate or professional study
PAYE Plan	20 years
IBR Plan	20 years if you are a new borrower on or after July 1, 2014 25 years if you are not a new borrower on or after July 1, 2014
ICR Plan	25 years

**Note:** If you're paying under an income-driven repayment plan and are eligible for Public Service Loan Forgiveness, you may qualify for forgiveness of any remaining Direct Loan balance after you have made 10 years of qualifying payments. Visit [StudentAid.gov/publicservice](https://studentaid.gov/publicservice) to learn more.

## Who is eligible for income-driven repayment?

### REPAYE Plan

Any borrower with eligible federal student loans may make payments under this plan.

### PAYE and IBR Plans

Each of these plans has an eligibility requirement you must meet to qualify for the plan. To qualify, the payment you would be required to make under the PAYE or IBR plan (based on your income and family size) must be less than what you would pay under the Standard Repayment Plan with a 10-year repayment period.

If the amount you would have to pay under the PAYE or IBR plan (based on your income and family size) is more than what you would have to pay under the 10-year Standard Repayment Plan, you wouldn't benefit from having your monthly payment amount based on your income, so you don't qualify. Generally, you'll meet this requirement if your federal student loan debt is higher than your discretionary income or represents a significant portion of your annual income.

In addition to meeting the requirement described above, to qualify for the PAYE Plan you must also be a new borrower as of Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. You're a new borrower if you had no outstanding balance on a Direct Loan or FFEL Program loan when you received a Direct Loan or FFEL Program loan on or after Oct. 1, 2007.

## ICR Plan

Any borrower with eligible federal student loans may make payments under this plan

## Will I always pay the same amount each month under an income-driven repayment plan?

No. Under all of the income-driven repayment plans, your required monthly payment amount may increase or decrease if your income or family size changes from year to year. Each year you must “recertify” your income and family size. This means that you must provide your loan servicer with updated income and family size information so that your servicer can recalculate your payment. You must do this even if there has been no change in your income or family size.

Your loan servicer will send you a reminder notice when it’s time for you to recertify. To recertify, you must submit another income-driven repayment plan application. On the application, you’ll be asked to select the reason you’re submitting the application. Respond that you are submitting documentation of your income for the annual recalculation of your payment amount.

Although you’re required to recertify your income and family size only once each year, if your income or family size changes significantly before your annual certification date (for example, due to loss of employment), you can submit updated information and ask your servicer to recalculate your payment amount at any time. To do this, submit a new application for an income-driven repayment plan. When asked to select the reason for submitting the application, respond that you are submitting documentation early because you want your servicer to recalculate your payment immediately.

## What types of federal student loans are eligible to be repaid under an income-driven repayment plan?

Loan Type	REPAYE Plan	PAYE Plan	IBR Plan	ICR Plan
Direct Subsidized Loans	Eligible	Eligible	Eligible	Eligible
Direct Unsubsidized Loans	Eligible	Eligible	Eligible	Eligible
Direct PLUS Loans made to graduate or professional students	Eligible	Eligible	Eligible	Eligible
Direct PLUS Loans made to parents	Not eligible	Not eligible	Not eligible	Eligible if consolidated*
Direct Consolidation Loans that did not repay any PLUS loans made to parents	Eligible	Eligible	Eligible	Eligible
Direct Consolidation Loans that repaid PLUS loans made to parents	Not eligible	Not eligible	Not eligible	Eligible

Loan Type	REPAYE Plan	PAYE Plan	IBR Plan	ICR Plan
<b>Subsidized Federal Stafford Loans (from the FFEL program)</b>	Eligible if consolidated*	Eligible if consolidated*	Eligible	Eligible if consolidated*
<b>Unsubsidized Federal Stafford Loans (from the FFEL program)</b>	Eligible if consolidated*	Eligible if consolidated*	Eligible	Eligible if consolidated*
<b>FFEL PLUS Loans made to graduate or professional students</b>	Eligible if consolidated*	Eligible if consolidated*	Eligible	Eligible if consolidated*
<b>FFEL PLUS Loans made to parents</b>	Not eligible	Not eligible	Not eligible	Eligible if consolidated*
<b>FFEL Consolidation Loans that did not repay any PLUS loans made to parents</b>	Eligible if consolidated*	Eligible if consolidated*	Eligible	Eligible if consolidated*
<b>FFEL Consolidation Loans that repaid PLUS loans made to parents</b>	Not eligible	Not eligible	Not eligible	Eligible if consolidated*
<b>Federal Perkins Loans</b>	Eligible if consolidated*	Eligible if consolidated*	Eligible if consolidated*	Eligible if consolidated*

\*If a loan type is listed as “Eligible if consolidated,” this means that if you consolidate that loan type into a Direct Consolidation Loan, you can then repay the consolidation loan under the income-driven plan.

Note that only federal student loans can be repaid under the income-driven plans. Private student loans are not eligible.

## Is an income-driven repayment plan right for me?

Income-driven repayment plans usually lower your federal student loan payments. However, whenever you make lower payments or extend your repayment period, you will likely pay more in interest over time—sometimes significantly more. In addition, under current Internal Revenue Service (IRS) rules, you may be required to pay income tax on any amount that’s forgiven if you still have a remaining balance at the end of your repayment period.

## How do I decide which income-driven repayment plan to choose?

If you’ve decided that an income-driven repayment plan is right for you, you’ll want to choose the plan that provides the most benefit to you based on your individual circumstances. Although all four income-driven plans allow you to make a monthly payment based on your income, the plans differ in terms of who qualifies, how much you have to pay each month, the length of the repayment period, and the types of loans that can be repaid under the plan.

If you have only Direct Loans, you can choose from all four income-driven repayment plans. If you’re not sure which plan to choose, you have the option of requesting the income-driven plan that provides the lowest payment amount. Your servicer will determine which plans you qualify for and will then place you on the plan with the lowest monthly payment. If you have FFEL Program loans, your only income-driven repayment plan option is the IBR Plan. However, if you

consolidate your FFEL Program loans into a Direct Consolidation Loan, you'll then have access to the REPAYE, PAYE, and ICR plans. Find out more about loan consolidation at [StudentAid.gov/consolidation](http://StudentAid.gov/consolidation).

## How do I apply for an income-driven plan?

Before you apply for an income-driven repayment plan, contact your loan servicer if you have any questions. Your loan servicer will help you decide whether one of these plans is right for you.

To apply, you must submit an application called the Income-Driven Repayment Plan Request. You can submit the application online at [Studentloans.gov](http://Studentloans.gov) or on a paper form, which you can get from your loan servicer. The application allows you to select an income-driven repayment plan by name, or to request that your loan servicer determine what income-driven plan or plans you qualify for, and then place you on the income-driven plan with the lowest monthly payment amount.

When you apply, you'll be asked to provide income information that will be used to determine your eligibility for the PAYE or IBR plans and to calculate your monthly payment amount under all income-driven repayment plans. This may be either your adjusted gross income (AGI) or alternative documentation of income.

Your AGI will be used if

- you filed a federal income tax return in the past two years, and
- your current income isn't significantly different from the income reported on your most recent federal income tax return.

You can provide your AGI in one of the following ways:

- Apply using the online Income-Driven Repayment Plan Request and use the IRS Data Retrieval Tool in the application to transfer income information from your federal income tax return.
  - Use the paper Income-Driven Repayment Plan Request and provide a paper copy of your most recently filed federal income tax return or IRS tax return transcript.
- If you haven't filed a federal income tax return in the past two years, or if your current income is significantly different from the income reported on your most recent federal income tax return (for example, if you lost your job or have experienced a drop in income), alternative documentation of your income will be used to determine your eligibility and calculate your monthly payment amount. You can provide alternative documentation in one of the following ways:
- If you currently receive taxable income, you must submit a paper Income-Driven Repayment Plan Request with alternative documentation of your income, such as a pay stub.
  - If you currently don't have any income or if you receive only untaxed income, you can indicate that on the online or paper application. In this case, you're not required to supply further documentation of your income.

December 2015

# TOP 10 TIPS FOR SOON-TO-BE AND RECENT LAW SCHOOL GRADUATES

1. Know how to get information on your student loans – NSLDS, servicers, credit report.
2. Make sure contact information with servicers is up-to-date. *Don't use a university-related e-mail address.*
3. Be aware of multiple grace periods.
4. Don't consolidate too soon.
5. If you're going to consolidate, do it within six months of graduating – don't wait until you've already made several payments.
6. Unemployed or under-employed? Select Income-Driven Repayment (IDR), not deferment or forbearance.
7. Be aware of the new IDR application form and associated problems.
8. If eligible for the PAYE plan, there is *no* reason to select the REPAYE plan.
9. Graduated repayment plans are generally not a good idea – select a level plan or an IDR plan.
10. Prioritize private student loans for accelerated payoff, starting with the highest interest loan.



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# INCOME-DRIVEN REPAYMENT PLAN REQUEST:

OMB No. 1845-0102  
Form Approved  
Exp. Date 10/31/2018

For the Revised Pay As You Earn (REPAYE), Pay As You Earn (PAYE), Income-Based (IBR), and Income-Contingent (ICR) repayment plans under the William D. Ford

IDR Federal Direct Loan (Direct Loan) and Federal Family Education Loan (FFEL) Programs

**WARNING:** Any person who knowingly makes a false statement or misrepresentation on this form or on any accompanying document is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code and 20 U.S.C. 1097.

## SECTION 1: BORROWER IDENTIFICATION

Please enter or correct the following information.

Check this box if any of your information has changed.

SSN \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Telephone - Primary ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Telephone - Alternate ( \_\_\_\_\_ ) \_\_\_\_\_ - \_\_\_\_\_

Email (Optional) \_\_\_\_\_

## SECTION 2: REPAYMENT PLAN OR RECERTIFICATION REQUEST

### READ BEFORE COMPLETING THIS FORM:

- You can apply online at [StudentLoans.gov](http://StudentLoans.gov). It is faster and easier to complete this form online.
- Income-driven repayment plans offer many benefits, but may not be right for everyone.
- You can learn more about these plans at [StudentAid.gov/IDR](http://StudentAid.gov/IDR) and by reading Sections 9 and 10.
- It's simple to explore all of your repayment options at [StudentAid.gov/repayment-estimator](http://StudentAid.gov/repayment-estimator).
- You can find out which types of loans you have and who your loan holder or servicer is at [nslds.ed.gov](http://nslds.ed.gov).
- If you need help completing this request, contact your loan holder or servicer for free assistance.
- You may have to pay income tax on any loan amount forgiven under an income-driven plan.

### 1. Select the reason you are submitting this form (Check only one):

- I am not in an income-driven repayment plan, but want to enter one - Continue to Item 2.
- I am already in an income-driven repayment plan and am submitting documentation for the annual recalculation of my payment - Skip to Item 5.
- I am already in an income-driven repayment plan and am submitting documentation early because I want my loan holder to recalculate my payment immediately - Skip to Item 5.
- I am already in an income-driven repayment plan, but want to change to a different income-driven repayment plan - Continue to Item 2.

### 2. Choose a plan and then continue to Item 3.

- (Recommended) I want my loan holder to place me on the plan with the lowest monthly payment.
- REPAYE  IBR
- PAYE  ICR

### 3. Do you have multiple loan holders or servicers?

- Yes - Submit a separate request to each loan holder or servicer. Continue to Item 4.
- No - Continue to Item 4.

### 4. Are you currently in a deferment or forbearance?

- No - Continue to Item 5.
- Yes, but I want to start making payments under my plan immediately - Continue to Item 5.
- Yes, but I do not want to start repaying my loans until the deferment or forbearance ends - Continue to Item 5.

**If you have FFEL Program loans,** they may only be repaid under IBR. If you request a different plan, your loan holder will consider you for IBR on your FFEL Program loans. You may be able to consolidate your FFEL Program loans into a Direct Consolidation Loan to take advantage of other income-driven plans by visiting [StudentLoans.gov](http://StudentLoans.gov).

Borrower Name: \_\_\_\_\_

Borrower SSN: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

### SECTION 3: FAMILY SIZE INFORMATION

5. How many children, including unborn children, are in your family and receive more than half of their support from you?

\_\_\_\_\_. Continue to Item 6.

6. How many people, excluding your spouse and children, live with you, and receive more than half of their support from you?

\_\_\_\_\_. Continue to Item 7.

A definition of "family size" is available in Section 9. Do not enter a value for you or your spouse. Those values are automatically included, if appropriate.

7. What is your marital status?

Single - Continue to Item 8.

Married - Skip to Item 11.

### SECTION 4A: INCOME INFORMATION FOR SINGLE BORROWERS

8. Did you file a federal income tax return for either of the past two tax years?

Yes - Continue to Item 9.

No - Skip to Item 10.

9. Has your income significantly changed since you filed your last federal income tax return? For example, have you lost your job, gotten divorced, or experienced a drop in income?

Yes - Continue to Item 10.

No - Provide your most recent federal income tax return or transcript. Skip to Section 6.

10. Do you currently have taxable income? Check "No" if you do not have any income or receive only untaxed income.

Yes - Skip to Section 5.

No - Skip to Section 6.

Remember, any person who makes a knowingly false statement or misrepresentation on this form may be subject to fines, imprisonment, or both.

### SECTION 4B: LOAN AND INCOME INFORMATION FOR MARRIED BORROWERS

11. Does your spouse have federal student loans?

Yes - Continue to Item 12.

No - Skip to Item 14.

12. Provide the following information about your spouse and then continue to Item 13:

a. Spouse's SSN:

\_\_\_\_ - \_\_\_\_ - \_\_\_\_\_

b. Spouse's Name

\_\_\_\_\_

c. Spouse's Date of Birth

\_\_\_\_/\_\_\_\_/\_\_\_\_

13. If you are placed on the ICR plan, do you want to repay your Direct Loans jointly with your spouse?

Yes - Continue to Item 14.

No - Continue to Item 14.

14. When you filed your last federal income tax return, did you file jointly with your spouse?

Yes - Continue to Item 15.

No - Skip to Item 20.

15. Did you and your spouse file a federal income tax return for either of the past two tax years?

Yes - Continue to Item 16.

No - Skip to Item 18.

16. Has your income significantly changed since you filed your last federal income tax return? For example, have you lost your job or experienced a drop in income?

Yes - Skip to Item 18.

No - Continue to Item 17.

17. Has your spouse's income significantly changed since your spouse filed his or her last federal income tax return? For example, has your spouse lost his or her job or experienced a drop in income?

Yes - Continue to Item 18.

No - Provide your and your spouse's most recent federal income tax return or transcript. Skip to Section 6.

18. Do you currently have taxable income? Check "No" if you do not have any income or receive only untaxed income.

Yes - Provide documentation of your income as instructed in Section 5. Continue to Item 19.

No - Continue to Item 19.

Remember, any person who makes a knowingly false statement or misrepresentation on this form may be subject to fines, imprisonment, or both.

**SECTION 4B: LOAN AND INCOME INFORMATION FOR MARRIED BORROWERS (CONTINUED)****19. Does your spouse currently have taxable income?**

Check "No" if your spouse has no taxable income or receives only untaxed income.

- Yes - Provide documentation of your spouse's income as instructed in Section 5.
- No - Skip to Section 6.

**20. Did you file a federal income tax return for either of the past two years?**

- Yes - Continue to Item 21.
- No - Skip to Item 22.

**21. Has your income significantly changed since you filed your last federal income tax return?** For example, have you lost your job or experienced a drop in income?

- Yes - Continue to Item 22.
- No - Provide your most recent federal income tax return or transcript. Skip to Item 23.

**22. Do you currently have taxable income?** Check "No" if you have no taxable income or receive only untaxed income.

- Yes - Provide documentation of your income as instructed in Section 5. Continue to Item 23.
- No - Continue to Item 23.

**23. Are you separated from your spouse?**

- Yes - Provide documentation of only your income as instructed in Item 21 or 22 and then skip to Section 6.
- No - Continue to Item 24.

**24. Are you reasonably able to access information about your spouse's income and able to have your spouse sign this application?**

- Yes - Continue to Item 25.
- No - Provide documentation of only your income as instructed in Item 21 or 22 and then skip to Section 6.

**25. Did your spouse file a federal income tax return for either of the past two tax years?**

- Yes - Continue to Item 26.
- No - Skip to Item 27.

**26. Has your spouse's income significantly changed since your spouse filed his or her last federal income tax return?** For example, has your spouse lost a job or experienced a drop in income?

- Yes - Continue to Item 27.
- No - Provide your spouse's most recent federal income tax return or transcript. This information will only be used for the REPAYE Plan. Skip to Section 6.

**27. Does your spouse currently have taxable income?** Check "No" if your spouse has no taxable income or received only untaxed income.

- Yes - Provide documentation of your spouse's income as instructed in Section 5. This information will only be used for the REPAYE Plan.
- No - Skip to Section 6.

Remember, any person who makes a knowingly false statement or misrepresentation on this form may be subject to fines, imprisonment, or both.

**SECTION 5: INSTRUCTIONS FOR DOCUMENTING CURRENT INCOME**

**You only need to follow these instructions if, based on your answers in Section 4, you and your spouse (if applicable) are required to provide documentation of your current income instead of a tax return or tax transcript. After gathering the appropriate documentation, continue to Section 6.**

- You must provide documentation of **all taxable income** you and your spouse currently receive.
- **Documentation will usually include** a pay stub or letter from your employer listing your gross pay.
- You must provide at least **one piece** of documentation for each source of taxable income.
- **Taxable income includes**, for example, income from employment, unemployment income, dividend income, dividend income, interest income, tips, and alimony.
- Do not provide documentation of **untaxed income** such as Supplemental Security Income, child support, or federal or state public assistance.
- **If documentation is not available or you want to explain your income**, attach a signed statement explaining each source of income and giving the name and the address of each source of income.
- Write on your documentation **how often you receive the income**, for example, "twice per month" or "every other week."
- The **date** on any supporting documentation you provide must be **no older than 90 days** from the date you sign this form.
- Copies of documentation are acceptable.

Borrower Name: \_\_\_\_\_

Borrower SSN: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

**SECTION 6: BORROWER REQUESTS, UNDERSTANDINGS, AUTHORIZATION, AND CERTIFICATION**

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If I am requesting an income-driven repayment plan or seeking to change between income-driven repayment plans, **I request:**

- That my loan holder place me on the plan I selected in Section 2 to repay my eligible Direct Loan or FFEL Program loans held by the holder to which I submit this form.
- If I do not qualify for the plan or plans I requested, that my loan holder place me on the plan with the lowest monthly payment amount.
- If I selected more than one plan, that my loan holder place me on the plan with the lowest monthly payment amount from the plans that I requested.
- If more than one of the plans that I selected provides the same initial payment amount, or if my loan holder is determining which income-driven plans I qualify for and I qualify for more than one of those plans, my loan holder will use the following order in choosing my plan: REPAYE (if my repayment period is 20 years), PAYE, REPAYE (if my repayment period is 25 years), IBR and then ICR.

If I am currently repaying my Direct Loans under the IBR plan and am requesting to change to another income-driven plan, I must be placed on the Standard Repayment Plan, and cannot change to the plan that I requested until I make a payment under the Standard Repayment Plan or make a payment under a reduced-payment forbearance.

If I check the box below, **I request** that my loan holder grant me a reduced-payment forbearance for one month so that I can move from the IBR plan to my new income-driven repayment plan.

I want a one-month reduced-payment forbearance in the amount of \_\_\_\_\_ (must be at least \$5).

**I understand** that:

- If I do not provide my loan holder with this completed form and any other required documentation, I will not be placed on the plan that I requested.
- I may choose a different repayment plan for any student loans that are not eligible for income-driven repayment.
- If I requested a reduced-payment forbearance of less than \$5 above, my loan holder will grant my forbearance request in the amount of \$5.
- If I am requesting the ICR plan, my initial payment amount will be the amount of interest that accrues each month on my loan until my loan holder receives the income documentation needed to calculate my payment amount. If I cannot afford the initial payment amount, I may request a forbearance by contacting my loan holder.
- If I have FFEL Program loans, my spouse may be required to give my loan holder access to his or her loan information in the National Student Loan Data System (NSLDS). My loan holder will contact me with further instructions.
- My loan holder may grant me a forbearance while processing my application or to cover any period of delinquency that exists when I submit my application.

**I authorize** the loan holder to which I submit this request (and its agents or contractors) to contact me regarding my request or my loan(s), including repayment of my loan(s), at any number that I provide on this form or any future number that I provide for my cellular telephone or other wireless device using automated telephone dialing equipment or artificial or prerecorded voice or text messages.

**I certify** that all of the information I have provided on this form and in any accompanying documentation is true, complete, and correct to the best of my knowledge and belief.

**Borrower's Signature** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Spouse's Signature** \_\_\_\_\_

**Date:** \_\_\_\_\_

**If you are married, your spouse is required to sign this form unless you answered "yes" to Item 23 or "no" to Item 24.**

## **BACKGROUND ON PUBLIC SERVICE LOAN FORGIVENESS:**

- Public Service Loan Forgiveness (PSLF) was created by the College Cost Reduction and Access Act of 2007 (CCRAA).
- It allows borrowers to earn forgiveness on eligible Federal Direct Loans only after they work full-time in a qualifying public service position while making ten years' worth of on-time monthly payments on their loans.
- In its FY2015 and 2016 budgets, the administration proposed capping the maximum benefit under PSLF at the independent undergraduate loan limit of \$57,500.
- The FY 2016 House Budget Committee proposed budget assumed the repeal of PSLF.

## **WHY PUBLIC SERVICE LOAN FORGIVENESS IS ESSENTIAL:**

- Each year, public sector employers report difficulty in recruiting and retaining talented staff, leaving many Americans without critically needed services.
  - According to the Bureau of Labor Statistics, despite steady growth in private sector employment figures, there are still 500,000 fewer public sector positions than before the recession, and the U.S. population relying on such services has grown.
- PSLF has become an important tool for attracting and retaining employees in critical jobs that support society's well-being, including police, firefighters, social workers, teachers, health professionals, prosecutors, local government workers, the military and many more.
  - PSLF is not a program that primarily benefits holders of professional or graduate degrees or members of certain professions such as lawyers or doctors.
  - The Consumer Financial Protection Bureau estimated that 25.6 percent of the American workforce is engaged in public service as defined by PSLF.
- Experience before the passage of the CCRAA and studies done by Equal Justice Works and the National Legal Aid and Defender Association indicate public sector employers will struggle even more to attract and retain employees if the program is capped or eliminated because they won't be able to afford to take these jobs.
  - For example, in the legal field, the average law student graduating from a private law school in 2014 accumulated \$122,000 in student loan debt. This does not include an average of \$30,000 in student debt for undergraduate studies.
  - According to a 2014 survey by the National Association for Law Placement, the starting salary for prosecutors was only \$50,000.
  - Local prosecutors' offices will struggle to recruit and retain talented attorneys if they have to deal with that debt to income ratio without the ability to earn PSLF for ten years of service.

## **PUBLIC SERVICE LOAN FORGIVENESS IS AFFORDABLE:**

- The federal government makes a profit on student lending. The Congressional Budget Office's March 2015 Baseline Projections for the Student Loan Program forecast a profit of \$51 billion through 2025.
- Even if we assume 500,000 current borrowers will earn on average \$40,000 in forgiveness totaling \$20 billion (a very generous estimate), the Student Loan Program will still be profitable.

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**PUBLIC SERVICE LOAN FORGIVENESS REPORT**

Draft  
Equal Justice Works  
Spring 2016

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## Background

Public Service Loan Forgiveness (PSLF) allows Federal Direct student loan borrowers, who dedicate themselves to full-time public service work and make ten years' worth of on-time monthly payments, to earn forgiveness on their loans. Recently, the Obama Administration recommended capping PSLF at the undergraduate loan limit (currently at \$57,500), and a failed House Budget Committee proposal recommended eliminating PSLF. PSLF benefits a wide array of public service workers, including lawyers. But the biggest beneficiaries of PSLF are ordinary Americans who are increasingly in need of public services.

This is exactly what Congress intended when it created PSLF. It was answering the call of public service employers charged with meeting an increasing demand for services, yet reporting chronically vacant positions. It was also responding to other public service employers that were subject to high volatility, as professionally trained graduates were unable to remain in positions for more than a year or two given their heavy student debt loads.

In the legal community, this resulted in unequal access to justice, and millions of low- and middle-income Americans going without necessary legal aid. State studies show that a shocking eighty percent of the approximately 63.6 million Americans who qualify for civil legal assistance still cannot find or afford legal services.<sup>1</sup> Millions of low-income and middle-class Americans are unable to access the legal aid they need for a wide range of issues every year, including defending against foreclosure, escaping domestic violence, accessing veteran benefits, and obtaining health care.

Equal Justice Works surveyed law students and lawyers in the spring of 2015 to assess what impact capping or eliminating PSLF would have on their choice of careers. The results were clear: if either of those proposals becomes law, the vast majority of law students and lawyers will reconsider their interest in long-term public interest legal careers in favor of high-paying positions in the private sector, even though a significantly greater number of Americans rely on public legal services today than when the PSLF program was enacted.

The reasons for the respondents' views are self-evident. National Association for Law Placement (NALP) data shows that the average starting salary of a public interest attorney is

“I've always wanted to be a public interest attorney. I graduated in May 2013, and clerked my first year out of law school. Now, I am working at a non-profit organization, in a position very close to my dream job. **The PSLF program is the only way I am able to do so.** I really enjoy my job and field and am grateful for the PSLF program. Without it, I would have to quit my job and seriously consider a field outside of law because I would be completely burdened with debt from law school.”

- *New York attorney*

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<sup>1</sup> “A New Era for Civil Legal Aid.” Public Welfare Foundation. <http://www.publicwelfare.org/a-new-era-for-civil-legal-aid/>

only \$48,025.<sup>2</sup> At the same time, most law students have to borrow in excess of \$100,000 to obtain a degree from a private law school.<sup>3</sup> **Without the opportunity to earn Public Service Loan Forgiveness after ten years, public interest law is not a financially feasible career path for most attorneys despite the increasing public need.**

To close this justice gap, it is vital to retain the long-term public interest attorneys currently in the field and enable more talented lawyers to embark on long-term careers. Equal Justice Works' survey indicates that capping or eliminating PSLF would do exactly the opposite – deterring committed law students from embarking on public interest legal careers, and driving current public interest attorneys into private sector career paths where available. The long-term consequences would be devastating for the millions of Americans who would lose effective access to the justice system. Capping or eliminating PSLF would move our nation even further from the foundational principal of equal justice for all.

## Summary: Key Findings

From January 2015 to June 2015, Equal Justice Works collected data from 1,564 lawyers and 618 law students.<sup>4</sup> Respondents accessed the survey through a form on Equal Justice Works' website.

The survey respondents represented all 50 states as well as the District of Columbia and the U.S. Virgin Islands.

Survey results showed the following:

- The overwhelming majority of law students and lawyers who responded were interested in or already pursuing public interest careers.
- The vast majority of law students and lawyer respondents are aware of Public Service Loan Forgiveness.
- Over 90 percent of respondents would be less likely to consider a government or nonprofit job without Public Service Loan Forgiveness.



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<sup>2</sup> Average salary of lawyers working in civil legal aid, public defense, prosecuting offices, and public interest organizations. NALP Public Sector & Public Interest Salary Report, July 2014.

<http://www.nalp.org/july14research>

<sup>3</sup> The average amount borrowed to attend a public law school in 2011-2012 was \$84,600 and the average amount borrowed to attend a private law school was \$122,158. American Bar Association, Fall 2013 Average Amount Borrowed:

[http://www.americanbar.org/content/dam/aba/administrative/legal\\_education\\_and\\_admissions\\_to\\_the\\_bar/statistics/2013\\_fall\\_avg\\_amnt\\_brwd.xls](http://www.americanbar.org/content/dam/aba/administrative/legal_education_and_admissions_to_the_bar/statistics/2013_fall_avg_amnt_brwd.xls)

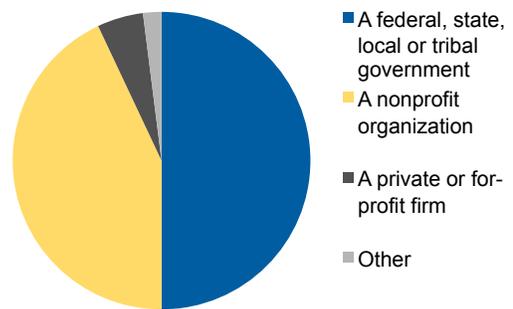
<sup>4</sup> Approximately 2,700 people responded to the Public Service Loan Forgiveness survey, but the survey data only includes the 2,182 law student and lawyer respondents.

- Over 90 percent of respondents would be less likely to consider a long-term public service career without Public Service Loan Forgiveness.
- The vast majority of lawyers and law students believe Public Service Loan Forgiveness will be eliminated by Congress. This belief could lead public interest law students and lawyers down a completely different legal career path in order to handle the heavy debt load that comes with a law degree.
- Eliminating Public Service Loan Forgiveness is likely to promote active resistance by voters, especially with student loans a central issue in the 2016 presidential election.

## The Results: Law Students

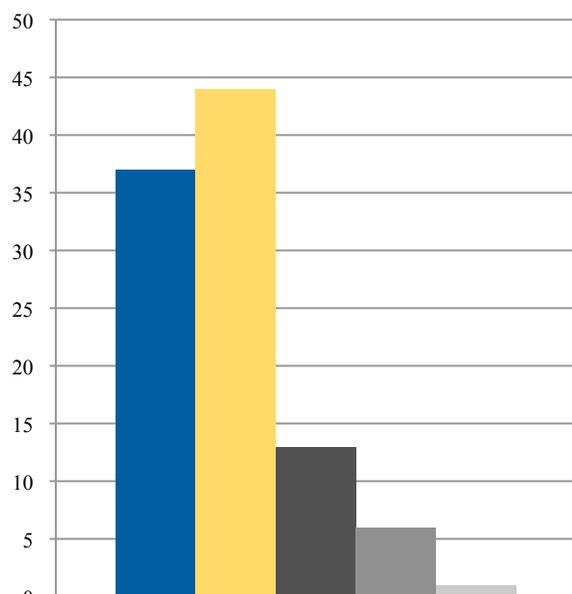
Most of the law student respondents evince a strong desire to work in a public service job after graduating from law school. Fifty percent of them indicated they would like to work for a federal, state, local or tribal government agency and 43 percent want to work for a nonprofit organization (Figure 1). These are jobs that are generally eligible for Public Service Loan Forgiveness (PSLF). Only five percent plan on joining a private or for-profit law firm after graduating. Ninety-two percent of respondents know of PSLF, while five percent of respondents were not aware of the program.

**Figure 1: Law Students Job Preferences**

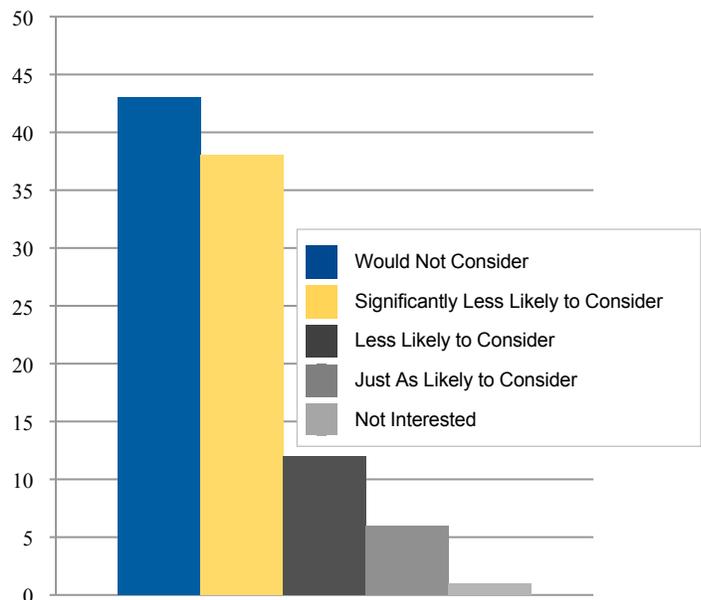


Despite this strong public interest orientation, the vast majority of respondents indicated that the opportunity to earn Public Service Loan Forgiveness has a strong impact on their job choices after graduation. As Figure 2 shows, 37% of the law student respondents would not even consider pursuing a government or nonprofit job at all without PSLF. Forty-four percent would be significantly less likely to consider a government or nonprofit job and thirteen percent would be less likely without it. Only six percent stated that they would be just as likely to consider a government or nonprofit job without PSLF.

**Figure 2: Students Who Would Consider Public Interest Jobs without PSLF**



**Figure 3: Students Who Would Consider Long-Term Public Interest Careers without PSLF**

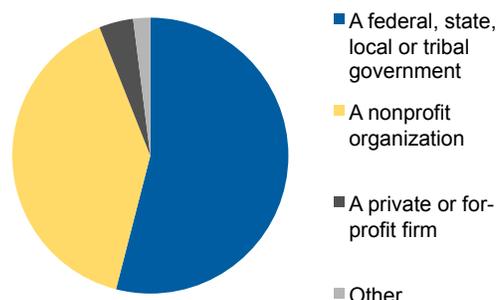


Not surprisingly, PSLF also strongly impacts law students' long-term career choices. As figure 3 shows, 43 percent of the law students would not consider a long-term nonprofit or government career without PSLF. Thirty-eight percent would be significantly less likely to consider a long-term nonprofit or government career and 12 percent would be less likely. Only six percent of law student respondents indicated that they would be just as likely to consider a long-term nonprofit or government career without PSLF.

### The Results: Lawyer Respondents

As with the law students, the 1,564 lawyers that responded have a strong public interest orientation. Fifty-four percent are currently employed or want to work for a federal, state, local or tribal government agency and 40 percent work for or want to work for a nonprofit organization. Only four percent either work for or are interested in working with a private or for-profit firm (Figure 4).

**Figure 4: Lawyers Job Preferences**

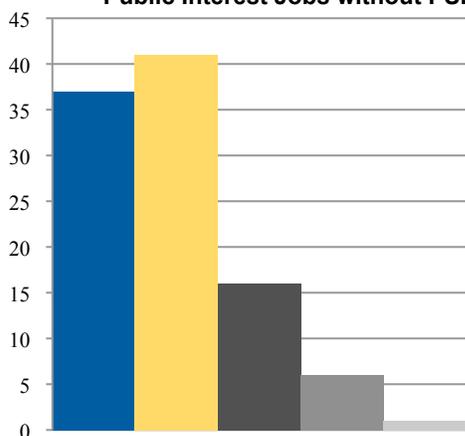


An overwhelming majority of lawyer respondents – 99 percent – are aware of Public Service Loan Forgiveness, and the program has had a profound impact on their job and career choices.

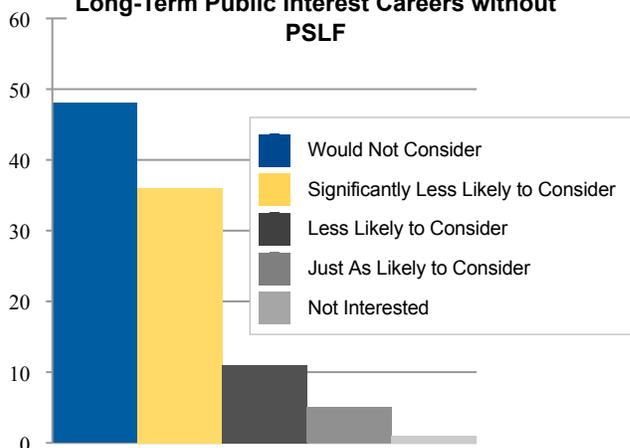
Despite their evident dedication to public service, the vast majority of lawyers who filled out the survey indicated they would be less likely to consider a government or nonprofit job without PSLF. As Figure 5 indicates, 37 percent of the lawyers stated that they would not even consider a government or nonprofit job without PSLF. Forty-one percent would be significantly less likely and 16 percent of respondents would be less likely. Only six percent would be just as likely to consider a government or nonprofit job if PSLF were eliminated.

Public Service Loan Forgiveness has a tremendous impact on lawyers' choices of long-term careers. As shown in figure 6, 48 percent would not consider a long-term nonprofit or government career without PSLF. Thirty-six percent would be significantly less likely and 11 percent would be less likely. Only five percent of lawyers would be just as likely to consider a long-term nonprofit or government career without PSLF.

**Figure 5: Lawyers Who Would Consider Public Interest Jobs without PSLF**



**Figure 6: Lawyers Who Would Consider Long-Term Public Interest Careers without PSLF**



## The Results: Law Students and Lawyers

The overwhelming majority of law students and lawyers are aware of PSLF and are concerned it will be limited or eliminated by Congress (Figure 7). It is a real possibility, and anecdotally the case, that the proposals to cap or eliminate PSLF are already dissuading law students and lawyers from embarking on long-term public interest legal careers.

This survey data reflects the vast support for PSLF by those for whom the program was created. Many law students and lawyers who are dedicated to laudable careers in public service would more than likely have a strong opposition to any caps or cuts to the program. In addition to reducing the number of attorneys practicing public interest law, eliminating PSLF would also come up against active resistance, especially with student loan debt taking its spot as a central issue in the 2016 presidential election.

Given all this, and the ongoing community needs that justified the program's creation, members of Congress and the Administration should affirm their commitment to preserving PSLF in order to help ensure continuing access to justice for tens-of-millions of Americans.

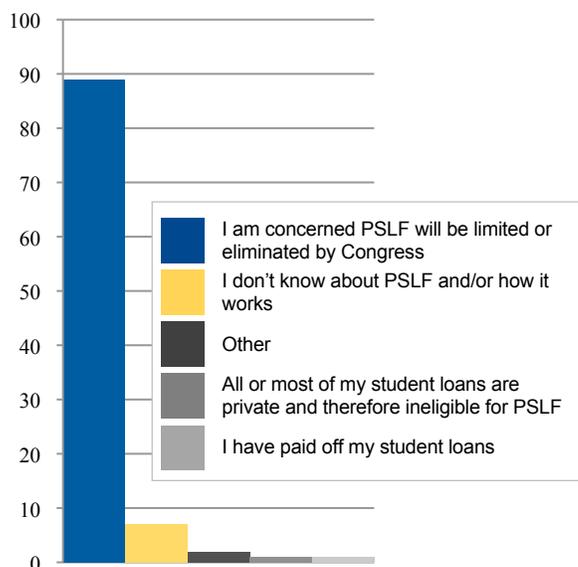
## Conclusions

The issue of unequal access to justice is a crisis in America. The U.S. Census Bureau's 2013 statistics showed that 63.6 million low-income Americans qualified for free civil legal assistance, but many legal aid nonprofits are turning away people who need help due to a lack of staff and resources.

A 2009 Legal Services Corporation (LSC) report, [Documenting the Justice Gap in America](#), showed that 50 percent of individuals below the poverty line seeking help with issues like foreclosure, lack of access to healthcare, domestic violence support, veterans benefits and services, and more, were not served because of a lack of resources. This is directly attributed to a lack of admitted staff attorneys available to complement those attorneys who already assume burdensome caseloads.

With this justice gap widening, we need more legal aid and public attorneys now than ever before. As this

Figure 7: Law Students and Lawyers Concerned Congress will Cap or Eliminate PSLF



“I went to a strong law school but as a first-generation college student, let alone professional student, I didn't have any family support in school. I was fortunate to come out of undergrad with little debt, but law school tuition, even at a public institution, is very high. **The loan forgiveness program would help me to continue to pursue a public defender career.** Without it I just don't believe it would be economically practicable.”

- *Third year law student from Minnesota.*

survey demonstrates, law students and lawyers who are otherwise dedicated to practicing public interest law and bridging the gap may choose more lucrative career paths if Congress caps or eliminates PSLF.

Government agencies and nonprofits are well aware of how vital PSLF is in attracting long-term public interest attorneys. "When we lose advocates with significant training and experience because of financial pressures and student loan debt, it really hurts," says Bruce Perrone, a senior attorney with Legal Aid of West Virginia. "So we've begun educating every new hire, at the time of hiring, about Public Service Loan Forgiveness." There is little doubt they will find it far harder to recruit talented law students and retain long-term lawyers if PSLF is cut or capped.

If thousands of public interest attorneys do not pursue or give up on relatively low-paying public interest legal jobs to pursue careers that have more earning potential, the millions of ordinary Americans who rely on their services will suffer, entering well-established cycles of poverty rather than recovery as productive, contributing members of their communities.

## Next Steps

As part of our mission to help create a just society by mobilizing the next generation of lawyers committed to equal justice, Equal Justice Works is committed to helping public interest law students and lawyers pursue public interest legal careers despite the burden of student debt. We have launched a national "Save PSLF" petition, which we encourage all law students, lawyers, and legal workers who want to preserve this program to sign on the Equal Justice Works website.

In addition, organizations interested in mobilizing to save PSLF are welcome to email [debtrelief@equaljusticeworks.org](mailto:debtrelief@equaljusticeworks.org) to register their group with Equal Justice Works and receive access to marketing materials, advocacy resources, legislative updates, and group consulting sessions on how to take action within their communities.

Equal Justice Works' free, comprehensive and user-friendly resources are available on our website to help prospective students, current students and graduates, school advisors and administrators, and employers.

Our student debt e-book, [Take Control of Your Future](#), offers detailed information on borrowing, repayment, and forgiveness. It contains in-depth information on how income-driven repayment plans, PSLF, and other loan repayment assistance programs can help protect your financial future. It is especially valuable for anyone interested in pursuing a public interest legal career but unsure how to handle a heavy debt load on a public service salary. Those who download the e-book now will be notified when we update it with new legislative information.

Equal Justice Works also hosts free online [student debt webinars](#) every month for law students, lawyers, public interest law advisors, and nonprofit or government employers. We post each webinar online after every recording, so those who missed the live viewing are able to watch a previously recorded presentation.

We engage directly with law students across the country to help them make their own connection between law school and equal justice, develop resources, and instill values that lead to a lifelong commitment to justice. Law students are able to join our Student Engagement initiative by [signing up online](#).