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Update on Public Service Loan Forgiveness

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Qualifying for PSLF

To qualify for PSLF, you must:

- be employed by a U.S. federal, state, local, or tribal government or qualifying not-for-profit organization (federal service includes U.S. military service);
- work full-time for that agency or organization;
- have Direct Loans (or consolidate other federal student loans into a Direct Loan);
- repay your loans under an income-driven repayment plan or a 10-year Standard Repayment Plan; and
- make a total of 120 qualifying monthly payments that need not be consecutive.

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Qualifying Employment

- PSLF eligibility is based on the employer, not the specific job role.
- Use the employer search tool to determine if your employer qualifies.

Eligible Employer Types:

- Eligible: U.S.-based government organizations, tax-exempt nonprofit organizations, and others primarily providing qualifying public services.
- Ineligible: For-profit organizations, labor unions, partisan political organizations.

Professional Employer Organization (PEO) (:

- PEOs provide administrative services but are not considered qualifying employers for PSLF. Examples: ADP, Insperity, and TriNet
- Employees co-employed by a PEO and a qualifying employer are still eligible.

Contractor Eligibility:

- Direct employment by a qualifying employer is necessary for PSLF eligibility.
- Exceptions exist for state laws preventing direct hiring, such as in healthcare.

Closed or Uncooperative Employers:

- If an employer cannot certify employment, alternative documentation may be used.
- Required documentation includes IRS forms or pay stubs confirming employment periods.

Submission Process:

- Electronic submission is unavailable in cases of closed or uncooperative employers.
- Manual download of PSLF form via PSLF Help Tool is necessary, with self-signature and supporting documentation required.

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Full-time Employment

Definition of Full-time Employment:

- Working at least 30 hours per week on average.
- Includes:
 - Periods certified.
 - Contractual or employment periods of at least 8 months.
 - Calculation based on credit/contact hours taught per week.

Considerations for Full-time Status:

- Paid vacation, leave under FMLA to be included.
- Time spent on religious duties counts.
- Volunteer work or unpaid services not counted.

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Eligible Loans

- Loans under the William D. Ford Federal Direct Loan Program qualify for PSLF.

Eligible Loan Types:

- Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans are eligible.

Ineligible Loan Types:

- Federal Family Education Loans (FFEL) and Federal Perkins Loans are ineligible.
- Student loans from private lenders do not qualify.

Direct PLUS Loan Exception:

- Direct PLUS loans made to parent borrowers are eligible but require consolidation for PSLF.
- These loans must be consolidated into a Direct Consolidation Loan to be eligible.

Consolidation Eligibility:

- FFEL and Perkins loans may become eligible if consolidated into a Direct Consolidation Loan. **Any IDR payments you made before you consolidated will still count toward IDR forgiveness. And any qualifying PSLF payments you made before consolidating will count as well. Just keep in mind, your payment credits toward these forgiveness programs won't show up until after the payment count adjustment occurs. April 30th deadline!**

Payment Credits on Consolidation Loans:

- Qualifying payments made on Direct Loans included in consolidation are credited to the consolidation loan using a weighted average.

Payment Count Adjustment:

- Qualifying payments from all loans included in a Direct Consolidation Loan contribute to the payment count.
- Payment count adjustment does not use a weighted average.

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Qualifying Payments

Qualifying Monthly Payments:

- Made while employed full-time by a qualifying employer after October 1, 2007.
- Under a qualifying repayment plan and for the full amount due.
- Months during accepted deferments or forbearances count if employment is certified.

Non-consecutive Payments:

- 120 qualifying payments don't need to be consecutive.
- Prior qualifying payments aren't lost due to employment with a non-qualifying employer.

Qualifying Deferments and Forbearances:

- Specific deferments and forbearances count as qualifying payments if employment is certified.
- Certain deferments and forbearances are automatically credited to your account.

Payment Count Adjustment:

- Certain periods of deferments or forbearances will be automatically credited.
- Additional actions may be needed for periods less than 12 months.

Qualifying Payments in Specific Situations:

- Qualifying payments can't be made during in-school status, grace periods, or certain deferments/forbearances.
- During the COVID-19 student loan payment pause, qualifying payments are still possible.

Recommendation:

- Enroll in automatic debit for on-time, complete payments.

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Qualifying Repayment Plans

Qualifying Repayment Plans:

- Include income-driven repayment (IDR) plans and the 10-year Standard Repayment Plan.
- IDR plans base monthly payments on income and household size.

IDR Plans:

- Saving on a Valuable Education (SAVE) Plan (formerly REPAYE).
- Pay As You Earn (PAYE) Repayment Plan.
- Income-Based Repayment (IBR) Plan.
- Income-Contingent Repayment (ICR) Plan.

10-year Standard Repayment Plan:

- Payments are qualifying, but may not leave a balance for forgiveness unless periods of qualifying deferments or forbearances are included.

Considerations for IDR Plans:

- Monthly payments could increase based on income.
- Loan might be paid off before forgiveness eligibility depending on the amount owed.

Non-Qualifying Plans:

- Standard Repayment Plan for Direct Consolidation Loans.
- Graduated Repayment Plan.
- Extended Repayment Plan.

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The Process

PSLF Process Overview:

- Requires 120 qualifying monthly payments, taking at least 10 years.
- Maintain employment with a qualifying employer at form submission.
- Annual form submission recommended for tracking progress.

PSLF Form Submission Process:

- Submit digitally via PSLF Help Tool or manually.
- Digital signatures facilitated through PSLF Help Tool.
- Manual submission involves printing, signing, and mailing/faxing the form to MOHELA.

Who Can Certify Employment:

- Authorized officials with access to employment records.
- Often human resources personnel or supervisors. Tell your employer to expect an email from DocuSign (dse_NA4@docuSign.net) on behalf of the Department of Education's office of Federal Student Aid

Submitting the PSLF Form:

- Digital submission via PSLF Help Tool requires employer's digital signature.
- Manual submission involves printing, signing, and mailing/faxing the form to MOHELA.

Signature Requirements:

- Acceptable signatures include hand-drawn (mouse, signature pad, finger) or scanned photo of a hand-drawn signature.
- Typed or digital certificate-based signatures are not accepted.

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PSLF Denial & Reconsideration Process

- You may still be eligible for loan forgiveness if you are ineligible for PSLF only because some or all of your payments were not made under a qualifying repayment plan for PSLF.

TEPSLF Eligibility:

- If ineligible for PSLF due to non-qualifying repayment plans, you may still qualify for loan forgiveness under Temporary Expanded PSLF (TEPSLF).
- TEPSLF evaluates eligibility based on an expanded list of qualifying repayment plans.

PSLF Reconsideration:

When to Submit a Reconsideration Request:

- Use PSLF Employer Search, received ineligible notification, or disagree with payment count.

Employer Eligibility:

- Must be nonprofit or governmental; for-profits are ineligible except rare exceptions for those wholly owned by nonprofits.

Request Completion Time:

- Typically takes 5 minutes; can submit multiple requests sequentially.

Documentation Needed:

- Provide evidence supporting request, such as employer's nonprofit or governmental status, or letters disputing payment counts.

Deadline for Submission:

- No deadline if employer lookup discrepancy.
- For disagreement with payment count:
 - Before July 1, 2023: Submit by December 29, 2023.
 - On or after July 1, 2023: Submit within 90 days of letter date.

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News Worth Celebrating

As of March 2024, PSLF has erased \$62.5 billion worth of student loans for 871,000 borrowers



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Update on PSLF

- Starting in May, the Education Department will manage the Public Service Loan Forgiveness (PSLF) program directly through StudentAid.gov, simplifying the process for public servants.
- This move aims to address criticisms of the program's complexity and management issues by providing closer oversight.
- During the transition, the agency will temporarily pause processing applications.
- Borrowers should expect improved accessibility and support as the program moves to a new management system.
- ***"Beginning on May 1, 2024, you will no longer be able to access your PSLF progress, certified employment, or payment counts on MOHELA's borrower portal," the department said in its guidance. "If you want to save screenshots and correspondence for your personal records, we recommend accessing the portal by April 30, 2024."***

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Coach your students on PSLF and their job search

When preparing for an interview, law students may want to ask questions to ensure they understand how their potential employment aligns with PSLF eligibility. Here are some questions they could consider:

- **Does this organization qualify for PSLF?**
It's essential to confirm that the employer meets the criteria for PSLF eligibility.
- **Can you provide details about the employer's status as a qualifying organization under PSLF?**
This question seeks specific information about the organization's classification as a government entity or tax-exempt nonprofit.
- **Does the organization offer any assistance or guidance regarding PSLF for employees?**
Some employers may provide support or resources to help employees navigate the PSLF process, so candidates should inquire about available assistance.
- **How does the organization support its employees in achieving financial wellness, including managing student loan debt?**
Understanding the organization's commitment to employee financial well-being can provide insight into potential support for PSLF and other financial goals.
- **Are there any policies or programs in place related to student loan repayment or forgiveness benefits?**
Some employers offer benefits or programs related to student loan repayment, so candidates should ask about any existing policies or initiatives.
- **Can you provide information about the organization's history of participating in PSLF for employees?**
Learning about the organization's track record with PSLF can offer insights into its commitment to supporting employees in achieving loan forgiveness.

By asking these questions, candidates can gather information to make informed decisions about how potential employment aligns with their PSLF goals and financial well-being.

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Advocate for PSLF education by employers

Make the pitch for why it's in the employer's best interest to educate their employees and embrace the benefits of PSLF:

- Attract passionate advocates to your organization with **a powerful recruitment and retention tool** that not only serves your mission but also supports your employees' financial well-being - Public Service Loan Forgiveness (PSLF) offers just that.
- By promoting PSLF, you're not **only demonstrating your commitment to your employees' long-term success but also positioning your organization as a leader** in supporting their professional and personal goals.
- This invaluable benefit not only helps you recruit the best and brightest but also **fosters loyalty and retention**, as employees are more likely to stay with an employer who invests in their future.
- By championing PSLF, you're not just offering a job – **you're offering a pathway to financial freedom and a lifelong commitment to serving** your community.

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Examples of employer best practices of promotion and education on PSLF

- **Provide Education and Informational Sessions:** Host informational sessions dedicated to explaining the details of the PSLF program.
- **Distribute Written Materials:** Offer comprehensive written materials, such as brochures, handouts, or FAQs, outlining key aspects of the PSLF program. Ensure these materials are easily accessible to employees through intranet portals, email newsletters, or printed copies in common areas.
- **Designate a Point of Contact in HR:** Appoint a HR staff member as point of contact for PSLF-related inquiries and employment certification. This designated individual(s) can serve as a resource for employees seeking guidance or clarification about the program.
- **Offer One-on-One Counseling:** Provide opportunities for employees to meet individually with a financial advisor or human resources representative to discuss their specific PSLF-related questions, concerns, or eligibility status. These personalized sessions can help employees navigate the complexities of the program.
- **Facilitate Completion of Forms:** Assist employees in completing necessary paperwork, such as Employment Certification Forms, required for PSLF eligibility. Offer guidance on gathering required documentation and submitting forms to loan servicers or federal agencies.

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Examples of employer best practices of promotion and education on PSLF continued

- **Regularly Communicate Updates:** Keep employees informed about any changes or updates to the PSLF program, including new legislation, policy revisions, or procedural modifications. Send regular email updates, newsletters, or host periodic meetings to ensure employees stay informed.
- **Incorporate PSLF into Orientation Programs:** Integrate information about PSLF into new employee orientation programs to ensure all new hires are aware of the program's existence and potential benefits from the outset of their employment.
- **Encourage Peer Support and Networking:** Foster a supportive environment where employees can share experiences, insights, and tips related to PSLF. Facilitate networking opportunities or create peer support groups to encourage collaboration and knowledge-sharing among colleagues.

By implementing these activities, employers can empower their employees with the information and support they need to understand the PSLF program and remain on track to earning loan forgiveness while contributing to public service.

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Questions?

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