

Changes To PSLF And COVID Student Loan Forbearance

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- What happens when forbearance ends and how to prepare
- Loan Repayment Assistance Program (LRAP) and how to apply
- Temporary expansion of Public Service Loan Forgiveness (PSLF) and how to get it
- Q&A





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What Happens When Forbearance Ends and How to Prepare

Updates on Forbearance

- Forbearance until August 31, 2022
- Suspended payments from March 13, 2020 to August 31, 2022 count toward Public Service Loan Forgiveness (PSLF) for everyone who meets the other program requirements
- After August 31, 2022 payments and interest will resume
- Forbearances of 12+ consecutive months or 36+ cumulative months now count towards PSLF. The one-time account adjustment will happen automatically in late fall 2022 for those who qualify



Updates on loan servicers

- FedLoan \rightarrow MOHELA
- March 2022 article "Changes to PSLF and COVID Student Loan Forbearance" in *Hennepin Lawyer* has a link to <u>the Minnesota</u> <u>Legal Services State Support website</u> about how to prepare for the transfer (https://www.mnlegalservices.org/pslf)
- ASAP pull your payment history and update contact info
- Now is also a good time to create a system to document your student loan journey until you receive forgiveness (if you haven't already)



When forbearance ends

- 5 Easy Steps for PSLF (Heather Jarvis)
 - Right kind of payment
 - Right kind of loan
 - Right kind of job
 - Repeat 120 times
 - pRove it
- If you receive LRAP, our program is structured to help you do these



Right kind of payment

- Income driven repayment program (IDR)
 - There are **SEVERAL** options (PAYE, REPAYE, IBR)
 - Use the <u>loan simulator</u> (https://studentaid.gov/loan-simulator/)
 - Don't recertify income until you have to (or if you believe your payment will decrease)
- On time
 - Within 15 days of the due date (before or after)
- In Full
 - Required payment amount based on your repayment plan





- Federal Direct Loan
- Direct consolidation loans



Right kind of job

Full time, paid work with qualifying employer(s) (https://studentaid.gov/pslf/employer-search)

Which Employers Qualify for Public Service Loan Forgiveness (PSLF)?

Federal Student Aid



Employers That Qualify

- Government organizations at any level (federal, state, local, or tribal);
- Nonprofit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code;
- Contractors directly employed by a qualifying employer; and
- Nonprofit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code but do provide certain types of qualifying public services.



Employers That Do Not Qualify

- × Labor unions;
- × Partisan political organizations;
- For-profit organizations (including for-profit government contractors); and
- Nonprofit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code and do not provide certain types of qualifying public services.



• Payments after October 1, 2007 qualify





• Save everything until you receive forgiveness



Loan Repayment Assistance Program and How to Apply



- Loan Repayment Assistance Program of Minnesota (LRAP) helps legal aid attorneys repay their student loans until they reach PSLF
- Assistance is generally based upon income-driven repayment amounts and years of experience in qualifying employment
- You can renew annually for up to 15 years
- Payments are made quarterly
- Assistance isn't taxable income as long as you follow the program guidelines



Eligibility

- Full time employment with a 501(c)(3) nonprofit organization as an attorney providing legal advice or representation to lowincome clients in Minnesota based upon financial eligibility criteria or support services for this work.
- Income driven repayment plan (IDR)
- Income and asset cap
- Apply on time (May 1 for July payment and Nov 1 for January)
- Submit other required documents on time



Temporary Expansion of Public Service Loan Forgiveness and How to Get It



- The Public Service Loan Forgiveness Waiver is a temporary federal program designed to help public service workers get their federal student loan debt forgiven.
- Ends October 31, 2022





<u>Under the original program</u>:

- Federal Direct loans
- Direct consolidation loans

Under the temporary waiver opportunity:

All federal loans qualify. If you have a FFEL, Perkins, or other nonfederal direct loan, you must consolidate into a Federal Direct consolidation loan.





<u>Under the original program</u>:

Income-driven-repayment plans (IDR) (for example PAYE, REPAYE, IBR, etc.)

Under the temporary waiver opportunity:

All repayment plans



"On time" and "in full" payments

<u>Under the original program "on-time" means</u>: Payments must be made within 15 days of the due date (before or after)

<u>Under the original program "in full" means</u>: Required payment amount based on repayment plan

<u>Under the temporary waiver opportunity</u>: The definitions of "on time" and "in full" have been relaxed



Employment status at time of applying for and receiving forgiveness

<u>Under the original program</u>:

The borrower must be employed full time by a qualifying employer at the time of forgiveness to earn the relief

Under the temporary waiver opportunity:

The borrower does not have to be employed full time by a qualifying employer at the time of forgiveness



Requirements that have not changed with the waiver

Qualifying employers

- Non-profits: 501(c)(3)
- Government: Federal, State, Local, Tribal

Full-time employment

- Your employer considers you full-time
- Two part time jobs that add up to 30 hours a week with qualifying employers



Notes on qualifying payments

- 120 total payments still required
- Only payments made on or after October 1, 2007, will qualify
- Suspended payments in the Covid Forbearance will count for everyone that meets other program requirements



Action items

- Go to <u>studentaid.gov/pslf</u>, login with your *Federal Student Aid ID* (or create one if you do not have one) and make sure your contact information is up to date so the U.S. Department of Education can communicate directly with you.
- If you have a Direct Loan, have made 120 payments, and have applied for PSLF, you should receive automatic forgiveness soon.
- If you have a Direct Loan, have made 120 payments, and have NOT applied for PSLF, you need to apply for PSLF right away. *Tip: Before you apply, ask your loan servicer for a copy of your payment history.*
- If you have a FFEL or Perkins loan, you need to consolidate into a Direct Loan, then apply for PSLF. *Find out what loans you have at Your Account for Federal Student Aid* (<u>nslds.ed.gov</u> or <u>studentaid.gov</u>)













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