



FEDERAL PUBLIC SERVICE LOAN FORGIVENESS PROGRAM

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TODAY'S SPEAKERS

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SESSION GOALS

- Provide an overview of the following:
 - Program overview
 - Qualifying public service employment
 - Eligible loans
 - Repayment plans
- Answer your questions

FPSLF PROGRAM OVERVIEW

120 “qualifying”
payments

FIVE STEPS TO FORGIVENESS

1. Make the right kind of payments,
2. On the right kind of loans,
3. While you are in the right kind of job.
4. Repeat 120 times.
5. Prove it.

THE RIGHT KIND OF JOB

Full – Time Paid Work of 30 Hours per week or more in:

Government

501(c)(3)
Non-profit

THE RIGHT KIND OF LOAN

**ONLY
FEDERAL
DIRECT
LOANS**

Federal Family Education Loans (FFEL) do not qualify for Public Service Forgiveness unless consolidated under the Direct program

- <http://www.finaid.org/loans/dl-vs-ffel.phtml>

LOAN TYPES

- Subsidized Stafford
- Unsubsidized Stafford
- Grad Plus
- Federal Consolidation
- Parent Plus
- Perkins

Check your loan type at www.nslds.ed.gov

CONSOLIDATION

You may wish to consolidate if you have:

- Pre- 2010 loans (undergrad or previous masters) that are FFEL
- Pre – 2006 loans that are variable interest rates
- Federal consolidation may position loans better for forgiveness
 - May NOT improve interest rate

THE RIGHT KIND OF PAYMENT

- Qualifying payment types are made under two programs:
 - Income-Based Repayment (IBR)
 - Pay As You Earn (PAYE)

Qualification means demonstrating a partial financial hardship

- debt burden is high
- Income is low

INCOME?

Adjusted Gross
Income (AGI)

INCOME-BASED REPAYMENT (IBR)

- Less stringent qualifying circumstances in terms of debt vs income
- Payments are approximately 15% of “discretionary income”
- Unpaid interest is paid by government for up to three years
- Loan forgiveness after 10 years with Public Service Employment or 25 years otherwise
- FPSLF program – forgiven debt is not taxable
- Non-FPSLF program – forgiven debt IS taxable

PAY AS YOU EARN(PAYE)

- Narrower qualifying circumstances in terms of debt vs income
- More generous
 - Payments are approximately 10% of “discretionary income”
- Loan forgiveness after 10 years with Public Service Employment or 20 years otherwise
- FPSLF program – forgiven debt is not taxable
- Non-FPSLF program – forgiven debt IS taxable

NEGATIVES?

- Negative amortization can add up
- Married income can complicate tax filing decisions
- Paperwork is copious – annual documentation

GET STARTED

- Verify all loans and dates
- Use calculator to determine what your payments may be under each plan:
<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>
- Complete OMB Form No. 1845 – 0102 and follow filing instructions to submit
- Begin repaying loans under approved plan
- Complete annual documentation requests

SCENARIOS – Standard Repayment

\$100,000 starting loan balance
(\$61,500 at 6.8% and \$38,500 at 7.9%)

Repayment Plan	Monthly Payment (Year One)	Years in Repayment	Total Payments
Standard 10-year term	\$1174	10	\$140,881
Consolidation 30-year term	\$682	30	\$245,583

SCENARIO – Loan Forgiveness

\$100,000 starting loan balance
(\$61,500 at 6.8% and \$38,500 at 7.9%)

Repayment Plan	Monthly Payment (Year One)	Years in Repayment	Total Payments	Total Forgiven
Standard 10-year term	\$1174	10	\$140,881	\$0
Consolidation 30-year term	\$682	30	\$245,583	\$0
Income-Based Repayment (IBR)	\$466	10	\$68,438	\$107,812
Pay As You Earn (PAYE)	\$310	10	\$45,625	\$129,375

QUESTIONS?

THANK YOU AND GOOD LUCK!

- If you have further questions, feel free to email wagner.financialaid@nyu.edu