LOAN FORGIVENESS PROGRAMS

Presented by the Geneva College Financial Aid Office

(Updated 11/2010)

What Type of Loans Have You Borrowed?

- Federal Perkins Loan
- Federal FFELP Stafford Loan ("Stafford")
- Federal Direct Stafford Loan ("Direct")
- Private Educational Loans
- Peirce Loan
- Other?

Make a "List of Debts"

- Who do you owe?
- What is their contact information?
- What is your current pay off amount?
- How many monthly payments do you have?
- What is the monthly payment amount?
- What is the due date?
- What is the interest rate?
- Does the loan qualify for cancellation or forgiveness?
- Comments, communication, notes, etc.

Where can I access my loan information?

- www.nslds.ed.gov: Sign in with your FAFSA PIN number to access all federal loan information
- Refer to your award letters and personal records for information about private loans

Federal Perkins Loan Cancellation

- Teaching, Early Intervention Services, Law Enforcement or Corrections Officer, Nurse or Medical Technician, Child or Family Service Agency
  - For each year of completed service, the loan will be canceled at the following rates: 15% of original principal for each of the first and second years, 20% for each of the third and fourth years, 30% for the fifth year

Federal Perkins Loan Cancellation (2)

- Head Start: full time staff member in educational component of Head Start program which is operated for a period comparable to a full School year and which pays a salary comparable to an employee of a local educational agency
  - For each completed year of service, this loan will be canceled at the rate of 15% of the original principal loan amount

Federal Perkins Loan Cancellation (3)

- Military: a member of the Armed Forces in an area of hostilities that qualifies for special pay under section 310 of Title 37 of the US Code
  - For each completed year of service this loan will be canceled at the rate of 12 ½% of the original principal loan amount
- Volunteer Service Cancellation: Peace Corp, Domestic Volunteer Service (ACTION Programs)
  - For each year of completed service, a portion of the loan will be canceled at the following rates: 15% for each of the first and second year, 20% for each of the third and fourth year

Suggestions

- ***Do NOT include Perkins Loans in a consolidation loan!***
- Defer payment for a year if you anticipate a full year of service
- Apply for cancellation after each one full year of service
- Provide appropriate documentation and forms (ex. an employer certified job duties description, copy of medical license, etc.) to servicer (ECSI)
- Review and submit forms and list of low income schools available at **http://www.ecsi.net/bwr/forms/**

Federal Stafford/Direct Loan Forgiveness

- Intended to encourage individuals to enter and continue in the teaching profession
- Teach full time for five consecutive, complete academic years in certain elementary and secondary schools that serve low-income families
  - School must qualify for funds under Title 1
  - Must be listed on Annual Directory of Designated Low Income Schools (https://www.tcli.ed.gov/CBSWebApp/tcli/TCLIPubSchoolSearch.jsp)
- Must not be in default on student loans
- May be eligible for forgiveness of up to a combined total of $17,500 in principal and interest on their FFEL and/or Direct Loan program loans

Federal Stafford/Direct Loan Forgiveness (2)

- You may receive up to $5,000 in loan forgiveness if you were a highly qualified full-time elementary or secondary school teacher.

- You may receive up to $17,500 in loan forgiveness if, as certified by the Chief Administrative Officer of the school where you were employed, you were:

  - A highly qualified full-time mathematics or science teacher in an eligible secondary school; or

  - A highly qualified special education teacher whose primary responsibility was to provide special education to children with disabilities, and you taught children with disabilities that corresponded to your area of special education training and have demonstrated knowledge and teaching skills in the content areas of the curriculum that you taught.

Suggestions

- You apply for teacher loan cancellation after you have completed the five-year teaching requirement (you must submit a separate form to each loan holder)
- You can get forbearance for up to 60 days while you're completing the loan discharge application
- Your lender can grant forbearance for each year of your qualifying teaching service if the expected cancellation amount will satisfy the anticipated remaining balance on the loan at the time of the expected cancellation.
- Your unsubsidized loan will be cancelled first, then any outstanding subsidized loan, and then any eligible outstanding consolidation loan. The lender may cancel only the outstanding portion of the consolidation loan that was used to repay subsidized or unsubsidized loans that qualified for loan forgiveness.

Suggestions (2)

- Read the fine print before you count on this!
- Contact your loan servicers for more details, forms, etc:
  - AES (1.800.233.0557)
  - FedLoan Servicing (1.800.699.2908)
  - Great Lakes (1.800.236.4300)
  - NelNet (1.888.486.4722)
  - Sallie Mae (1.800.722.1300)
- Visit **www.studentaid.ed.gov** for all of the details, eligibility criteria, definitions, etc.!

Public Service Loan Forgiveness

- Created to encourage individuals to enter and continue to work full-time in public service jobs
- You may qualify for forgiveness of the remaining balance due on your eligible federal student loans after you have made 120 payments on loans under certain repayment plans (standard, income contingent, income based) while employed full time by certain public service employers
- Must consolidate to Direct Loan Program ("Stafford and Direct Loans")- see www.loanconsolidation.ed.gov

Public Service Loan Forgiveness (2)

The term "public service organization" means –

- A federal, state, local, or Tribal government organization, agency, or entity
- A public child or family service agency
- A non-profit organization under section 501(c)(3) (includes most not-for-profit private schools, colleges, and universities)
- A Tribal college or university
- A private organization that is not a for-profit business, a labor union, a partisan political organization, or an organization engaged in religious activities (unless the qualifying activities are unrelated to religious instruction, worship services, or any form of proselytizing) and that provides the following public services
- Emergency management;
- Military service;
- Public safety;
- Law enforcement;
- Public interest law services;
- Early childhood education (including licensed or regulated health care, Head Start, and state-funded pre-kindergarten);
- Public service for individuals with disabilities and the elderly;
- Public health (including nurses, nurse practioners, nurses in a clinical setting, and full-time professionals
- engaged in health care practioner occupations and health care support occupations);
- Public education;
- Public library services; and
- School library or other school-based services.
- NOTE: *To qualify for forgiveness of a parent PLUS loan the parent borrower, not the student on whose behalf the loan was obtained, must be employed by a public service organization.*

WARNING!

- Example: Wishful-Thinking Wilma
  - List of Debts: $19,000 in Federal Stafford/Direct Loans, $2000 in Federal Perkins Loans, $10,000 in Private Loans
  - What can be considered for Public Service Loan Forgiveness?
  - When can it be forgiven?
  - How much will Wilma owe at that point if she's been using the Standard Repayment Plan?
  - In what situation might this benefit Wilma?

Suggestions

- Read the fine print carefully!
- Do not count on this program- it is not yet federally funded and there are no forms, procedures, or documentation available yet!
- Plan to repay your loans within 10 years (it will still cost you less), but keep detailed records of your public service employment just in case!

Private Loans and Peirce Loans

- These loans are through private lenders or organizations
- Generally not eligible for cancellation or forgiveness benefits unless noted otherwise (see promissory note)

Summary

- Understand what you've borrowed.
- Organize your information.
- Contact your loan servicers (for each loan) if you think you qualify- during your grace period or before.
- Get specific instructions on what to do…and when!
- Keep accurate records or employment history, loan consolidation, phone calls with servicers, payments made, deferment forms, etc.

QUESTIONS?

Contact Financial Aid:

724.847.6530 or financialaid@geneva.edu