



# **STUDENT DEBT CHALLENGE TOOLKIT**

**The White House & U.S. Department of Education**

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## Student Debt Challenge

Higher Education is one of the most critical investments a person can make in themselves and for their country. Today, 11 of the 15 fastest-growing occupations require a postsecondary education and many Americans need student loans to help finance that education; typically that investment pays off, as bachelor's degree recipients earn \$1 million more than high school graduates over a lifetime. But for some, repaying student loan debt can feel like a challenge, especially as they start a career, raise a family, purchase a home, start a business, or save for retirement.

Over the past seven years, the Obama Administration has worked to keep college affordable by doubling investments in grant and scholarship aid through Pell grants and tax credits, kept interest rates low on federal student loans, and built better options for borrowers to manage their debt through plans like the President's Pay As You Earn (PAYE) plan, which caps monthly loan payments at 10 percent of income. The Administration also continues to work to ensure that the more than 40 million Americans with over \$1.2 trillion in students loans have strong consumer protections in place, better options for managing their student debt, and access to high-quality customer service needed to help support borrowers in repayment and to reassure American families that pursuing a college degree and responsibly borrowing to pay for college will not threaten their future financial security.

Each of us can play a role in ensuring student debt is affordable by providing those in our networks and our communities with the support and information they need. A key part of that effort is spreading the word to borrowers who could benefit, particularly those at risk of delinquency and default. The President's PAYE and related income-driven repayment (IDR) plans are available to ensure that *every borrower* can repay her student loans successfully. To ensure we are reaching all of the borrowers who need support, the Administration has announced a new goal to *enroll two million more borrowers in plans like PAYE* by next spring.

The White House Student Debt Challenge is a call to action for colleges and universities, non-profits, businesses, state and local governments, and other employers to keep student debt affordable through a range of actions that support Americans with student debt, including efforts to: help borrowers understand their options and enroll in PAYE and other IDR plans; invest in and expand programs to help students pay for college; and help students repay their loans.

Modeled on the Consumer Financial Protection Bureau's (CFPB) 2013 [Public Service Pledge on Student Debt](#) to help public service employers and employees take advantage of existing resources for student loan repayment, the Student Debt Challenge can help ensure borrowers get early access to information about their repayment options to make smart choices from the start. There is a growing list of [commitments from organizations that are taking action](#):

**Colleges and Universities** have made commitments to inform their employees and students about PAYE and related plans, and train human resources staff on how to help borrowers understand their loan repayment options.

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*Houston Community College (HCC) will use its team of financial coaches to hold workshops and one-on-one financial coaching sessions for current students and borrowers who have completed or left college to assist them with understanding student loan repayment options and help guide the students with taking advantage of repayment options such as PAYE.*

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**Businesses** are supporting their employees with loan repayment assistance, financial planning, and helping to identify resources available to manage student loan debt. They are also developing new tools and resources focused on reaching those in their networks with key info on managing their student debt.

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*This January, Fidelity Investments announced a new employee benefit called the Step Ahead Student Loan assistance program, which provides eligible employees with more than six months of tenure \$2,000 dollars per year toward their student loans (up to \$10,000 dollars).*

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**Non-profits** are reaching students and borrowers in their networks to help them connect to resources like PAYE and other IDR plans.

## Pay As You Earn and other Income-Driven Repayment Options

PAYE allows individuals to cap their federal student loan payments at no more than 10 percent of their income, and qualify for loan forgiveness after 20 years. For borrowers on an income-driven plan who work in public service, the Public Service Loan Forgiveness Program will forgive any remaining federal Direct Loan debt after 10 years of full-time public service and qualifying monthly payments. It is expected that some borrowers could save as much as \$40,000 from student loan forgiveness. Anyone with a federal Direct Loan is eligible to enroll in at least one of the income-driven plans.

## Support for Challenge Takers

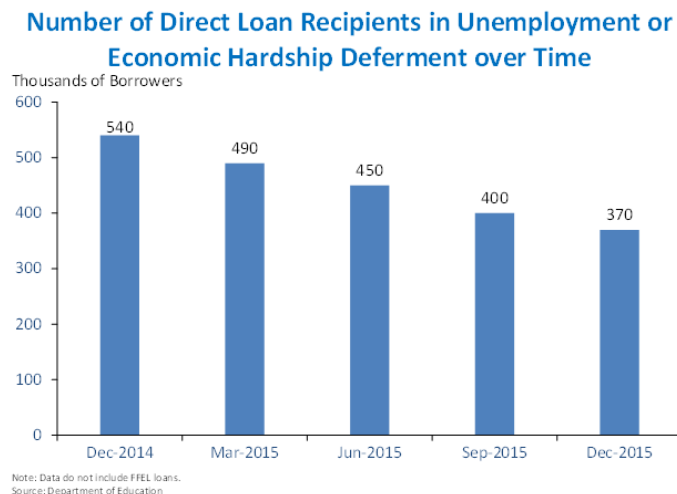
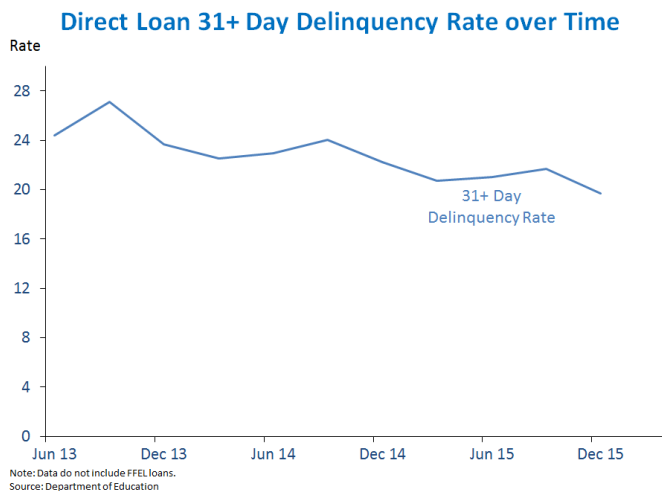
Challenge takers will be part of a robust network of diverse organizations to exchange ideas and strengthen efforts. The White House and the Department of Education will also provide support through technical assistance, social media Q&A sessions, and written and digital resources to help you spread the word. This Student Debt Challenge toolkit offers a starting point of resources that can be used directly or repurposed for the borrowers that you can reach.

If you are interested in joining this effort or have any questions about this toolkit, please email [StudentDebtChallenge@who.eop.gov](mailto:StudentDebtChallenge@who.eop.gov). To search repayment resources such as videos, infographics, social media content, and fact sheets, please visit: <http://www.financialaidtoolkit.ed.gov/tk/search#YourSearchResults>

## **Snapshot of Student Debt**

Research consistently shows that higher education remains one of the best investments that students can make for their futures. And today, more students are graduating college than ever before. Many sources cite the rise in college enrollment in both undergraduate and graduate school as a key contributor to the nation's increasing student debt load. Student debt surpassed \$1.3 trillion in 2015 and the number of borrowers has risen to 43 million. These figures alone do not necessarily suggest there is a problem.

Students have better resources and information than ever before to manage and repay their loans successfully. The vast majority of borrowers are making their loan payments on time, and rates of delinquencies, forbearances, and defaults are trending downwards.



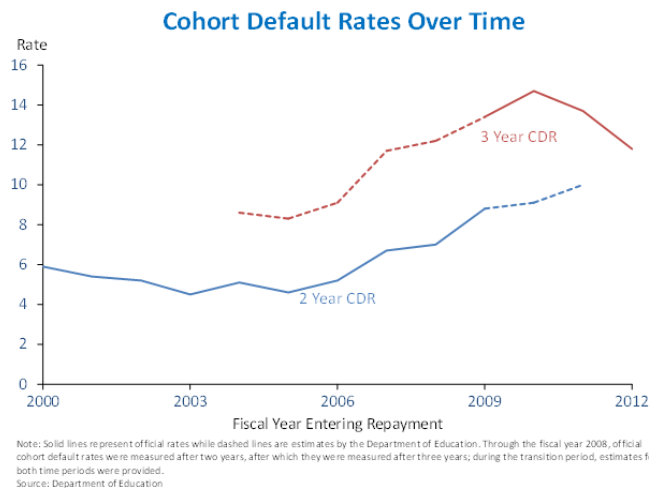
Borrowing more does not necessarily correspond with greater financial risks, especially if students complete their degrees at an institution with good outcomes. The vast majority of borrowers do not hold a high balance. In 2014, only 4 percent of borrowers had balances over \$100,000 and 14 percent had balances over \$50,000. The data also do not point to excessive borrowing as an indicator of delinquencies, forbearances, and defaults. Much of the research does not show that borrowing necessarily jeopardizes students' abilities to buy homes, live independently, find good jobs, and get married. Rather, students who do take out the largest loan balances tend to have strong employment outcomes and the highest rates of repaying their loans successfully. These borrowers are most commonly graduate students. On the other hand, those more likely to default carry less than \$9,000 dollars in debt.

These and other borrowers can benefit from resources to help them stay on track to repay their debt because, with repayment options that are tied to students' future incomes, no student should default. Yet, about 1 in 5 students is not current on her loans, a trend largely driven by college choice and college completion. About 75 percent of the increase in default can be explained by the increased number of borrowers at poor-performing institutions, namely proprietary schools with weak student outcomes like low graduation rate and poor employment outcomes. Students who graduate are significantly less likely to default. The profile of students who default are more often non-traditional students, who tend to be older, working, parents, and underrepresented minorities.

## Who Can Benefit

- **Borrowers who may be struggling to manage student debt:** IDR can help students stay current on their loans, and avoid defaults, delinquencies, and forbearances.

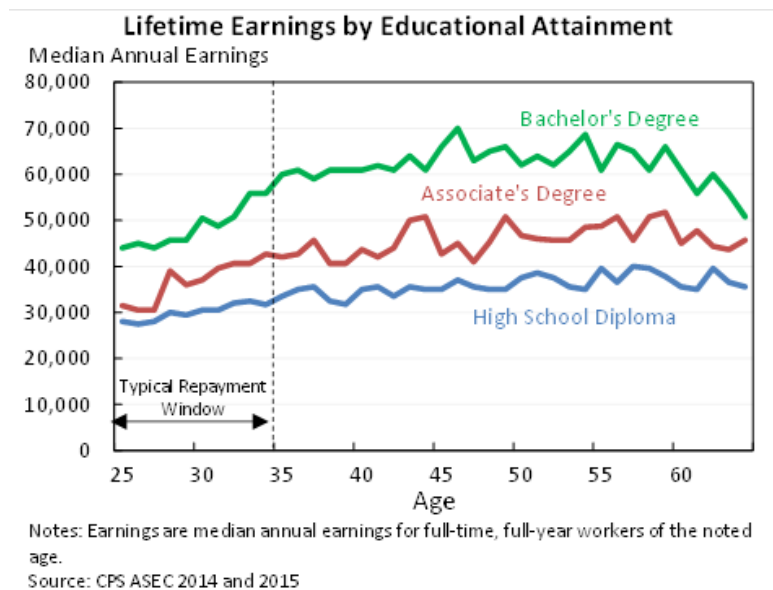
Although delinquencies, defaults, and forbearances are trending downwards, about 10 percent of cohorts are defaulting in the first two and three years after entering repayment. Defaults can mark borrowers with a negative credit rating, which can make it difficult for them to borrow money, access funds to participate in their communities, and purchase basic expenses, such as rent, utilities, cellphone plans, and even food.



**Defaults can be avoided if students enrolled in IDR plans, which have helped contribute to the decline in defaults and can significantly lower borrowers' monthly payments.** By linking loan payments to income, the monthly loan payments adjust to students' financial circumstances. This allows borrowers to make steady progress towards repayment over time, regardless of their student debt amount or income. IDR options help ensure that everyone can manage their student debt according to their own financial circumstances, especially since **monthly loan payments can be as low as \$0, depending on borrowers' income, family size, and state of residence.** For a single person who makes less than \$1,486 a month, for example, monthly payment will be \$0. IDR also helps borrowers to better manage competing demands for their financial resources, such as buying a home or saving for their children's college education. Overall, IDR repayment plans like PAYE can reduce borrowers' monthly and interest payments, by offering some eligible borrowers: \$0 monthly payments; student loan forgiveness after 10 or 20 years; and lower interest payments.

- **Recent graduates:** IDR options help alleviate financial pressures as borrowers transition out of school and pursue their careers.

Students' earnings grow over time, particularly after the first 10 years after leaving college. By tying payments to a percentage of borrowers' incomes, IDR plans can help remove some financial constraints early in borrowers' careers and during their transitions out of school; those who make less pay less on their loans. And by expanding the period of repayment, individuals can spread their student loan payments over a longer period of time, while retaining the option of paying sooner with no prepayment penalty. Since IDR plans adjust with borrowers' incomes, they can serve as a form of insurance against uncertainty, helping to reduce some barriers to borrowing for college enrollment and encouraging persistence towards earning a degree.



- **Students interested in public service or less predictable jobs and career paths:** with IDR options, students do not have to choose between a meaningful job that serves their communities and paying back their loans.

IDR can be especially helpful for borrowers in public service jobs, who can qualify for Public Service Loan Forgiveness (PSLF). The PSLF program forgives the remaining balance on Direct Loans after borrowers have made 10 years of qualifying monthly payments, which is half the time of non-public service borrowers. For instance, a teacher typically starts off making \$36,141; with payments capped at 10 percent of income, the most a teacher could pay per year is about \$1,836 under PAYE. This monthly payment is a small fraction of borrowers' annual expenses.



## 3-Step Action Guide for Commitment-Takers: Help Borrowers Manage Their Student Debt

Step 1. Develop materials for communicating with borrowers in your network using this toolkit's language, email and letter templates, and other resources like:

- **Repayment Basics:** Send borrowers to [StudentAid.gov/repay](https://studentaid.gov/repay) to get help choosing a student loan repayment option in five steps or fewer. Borrowers can learn how to make payments on their loans; find the right repayment plan; figure out what to do if they can't afford their payments; and see what circumstances might result in a loan being forgiven, canceled, or discharged.
- **My Federal Student Aid:** Borrowers can log in at [StudentAid.gov/login](https://studentaid.gov/login) to view their federal student loan information, including loan balances, interest rates, and loan servicer contact information.
- **Repayment Calculator:** Borrowers can use this tool at [StudentAid.gov/repayment-estimator](https://studentaid.gov/repayment-estimator) to compare different monthly payment options based on their loan debt, income, and family size.

Step 2. If your organization is a qualifying employer for Public Service Loan Forgiveness or if your communities are likely to be eligible, encourage borrowers to certify for Public Service Loan Forgiveness and enroll in an income-driven repayment plan.

Step 3. Connect borrowers with information and resources to manage their student debt, especially starting with [StudentAid.gov/repay](https://studentaid.gov/repay). Check in at key points for borrowers' decision-making, and annually at a minimum.

- Borrowers exit their "grace period" and begin their first loan repayments six months after leaving school, which is most commonly in June-July and November-December. June and November would be the ideal time for borrowers to receive information about repayment plans because this is the most common time for borrowers to make decisions about which repayment options would be right for their circumstances.
- Distribute this information at on-boarding, during open season for benefits enrollment or when sending out IRS W-2 forms.

What else you can do:

- *Name a point-of-contact.* Designate a member of your team to help your communities and networks understand their options.
- *Train staff to support borrowers.* Your HR team, for example, can send in signed forms for your staff and help employees certify for Public Service Loan Forgiveness by partially completing forms with employment information in advance.
- *Ask for help.* Send questions to [StudentDebtChallenge@who.eop.gov](mailto:StudentDebtChallenge@who.eop.gov)

## 3-Step Action Guide for Borrowers: Student Debt Management

Step 1. Pick the right option for you at [StudentLoans.gov/repay](https://studentloans.gov/repay).

Step 2. Consider your repayment options, including enrolling in an income-driven repayment plan

- You can enroll in an IDR plan at [StudentLoans.gov](https://studentloans.gov)

Step 3. Certify for Public Service Loan Forgiveness if your employment qualifies

- The Employment Certification Form can be found at [StudentAid.gov/publicservice](https://studentaid.gov/publicservice)

What else you can do:

- *Certify income and family size each year.* This is required to see if you qualify to keep payments low.
- *Certify employment each year.* This is the best way to be sure that you are on-track for loan repayment and loan forgiveness.
- *Ask for help* from your servicer if you need additional support. Contact information for your servicer is posted at [StudentAid.gov/servicer](https://studentaid.gov/servicer)

## Sample Email or Letter to New Graduates and Borrowers

*Email Subject Line*

Graduating? What to do about your student loans.

*Email Language*

As you prepare for life after school, we want to provide you with next steps, tips, and advice regarding your student loans.

First, review your records and student account. You'll need to figure out whether you have federal student loans, private student loans, or both. The advice below is for your federal student loans. To discuss repayment options for your private student loans, contact your lender.

*If you're not going to graduate school or not continuing your education:*

In most cases, you'll have six months from the time you graduate or leave school before you have to begin making federal student loan payments. This is called your grace

period. Use this time period to explore the [different repayment options available to you](#) and prepare for repayment. If you take no action, you'll be placed on the 10-year standard repayment plan. If you want to decrease your monthly payments, potentially as low as \$0 per month, see if an income-driven repayment plan like Pay As You Earn might work for you.

*Here's your repayment checklist:*

- Compare your monthly payment options using this [repayment calculator](#).
- Decide whether you want to consolidate. Consolidation can simplify the repayment process if you have more than one loan or servicer. In some cases, it can also [help you qualify for better repayment options](#). Just be sure to [weigh the pros and cons](#).
- Set up your payments. You will not pay the U.S. Department of Education directly. In most cases, you will [make payments to your federal loan servicer](#).

TIP: Ask your servicer how to sign up for automatic payments. You could receive a 0.25% interest rate deduction for enrolling!

*If you are going to graduate school or continuing your education:*

[Contact your loan servicer](#) to request an in-school deferment. If you have unsubsidized loans, it's even more important to consider making student loan payments while you're in school to prevent interest from accruing (accumulating).

*Beware of student loan scams:*

You never have to pay for help with your student loans. As you're researching repayment and forgiveness options, make sure you're getting information from trusted sources, like .gov websites or your servicer's website. The government and your servicer will never charge application or maintenance fees, so if you're asked to pay, walk away. [Contact your servicer for free assistance](#).

## Sample Email or Letter to Non-Public Sector Borrowers

### *Email Subject Line*

Steps to Reduce Monthly Payments, Manage Student Debt

### *Email Language*

If you have a federal student loan, you may qualify for an income-driven repayment plan, which can reduce your monthly payments and help you repay your student loans successfully. The Pay As You Earn repayment plan, for example, allows you to cap your monthly payments at 10 percent of your income. Payments can be as low as \$0. After 20 years of payments, any of your remaining student loan debt will be forgiven.

Take the first step by visiting [StudentLoans.gov/repay](http://StudentLoans.gov/repay) to access the information you need to find the right student loan repayment plan for you in 5 steps or less.

The President's PAYE plan has helped more borrowers manage their student loan debt. The number of borrowers who are delinquent, in default, or postponing repayment through deferment or forbearance is trending downward because more borrowers are using the expanded access to income-driven plans. Today, 5 million borrowers are enrolled in income-driven repayment plans like PAYE, up from 700,000 borrowers in 2011. Consider if an income-driven repayment plan is right for you.

Remember that it's free to consolidate your loans, apply for an income-driven repayment plan, or see if you qualify for loan forgiveness. If you're asked to pay, walk away.

## Sample Email or Letter to Full-Time Public Service Borrowers

### *Email Subject Line*

Steps to Reduce Monthly Payments, Manage Student Debt

### *Email Language*

Do you have a federal student loan? If so, as a public service employee, you may already be on track to have your federal student loans forgiven.

The Public Service Loan Forgiveness (PSLF) Program forgives the remaining balance on your Direct Loans after you have made 10 years of qualifying monthly payments.

To be eligible for PSLF, you would need to repay your loans under an income-driven repayment plan, which bases your monthly payment amount on your income. The Pay As You Earn repayment plan, for example, allows you to cap your monthly payments at no more than 10 percent of your income. Payments can be as low as \$0. You can apply for an income-driven repayment plan for free on [StudentLoans.gov](http://StudentLoans.gov).

If you are already on one of these plans, the payments you have made may count towards loan forgiveness. The next step would be to fill out an Employment Certification Form, which can be found at [StudentAid.gov/publicservice](http://StudentAid.gov/publicservice). {POINT OF CONTACT on our Human Resources team} can sign the second page to certify that you work for a qualifying employer.

The President's PAYE plan has helped more borrowers manage their student loan debt. The number of borrowers who are delinquent, in default, or postponing repayment through deferment or forbearance is trending downward because more borrowers are using the expanded access to income-driven plans. Today, 5 million borrowers are enrolled in income-driven repayment plans like PAYE, up from 700,000 borrowers in 2011. Consider if an income-driven repayment plan is right for you.

Remember that it's free to consolidate your loans, apply for an income-driven repayment plan, or see if you qualify for loan forgiveness. If you're asked to pay, walk away.

You can also visit [StudentAid.gov/repay](http://StudentAid.gov/repay) for additional resources on repayment options.

## Frequently Asked Questions to Share and Post on Websites

*Q: 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.

*Q: 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, your monthly payment could be \$0; those payments also count towards loan forgiveness. You can estimate your payments under these plans using the online calculator at [StudentAid.gov/repayment-estimator](http://StudentAid.gov/repayment-estimator).

Repayment Plan	Payment Amount
<b>PAYE Plan</b>	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
<b>REPAYE Plan</b>	Generally 10 percent of your discretionary income
<b>IBR Plan</b>	Generally 15 percent of your discretionary income, 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 12 years, adjusted according to your income</li></ul>

*Q.: 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
<b>REPAYE Plan</b>	20 years if all of the loans you are repaying under the plan were for undergraduate study  25 years if any of the loans you are repaying under the plan were for graduate or professional study
<b>PAYE Plan</b>	20 years
<b>IBR Plan</b>	25 years
<b>ICR Plan</b>	25 years

If you couple repayment under an income-driven repayment plan with Public Service Loan Forgiveness, you will receive forgiveness after 10 years of employment and payments. Visit [StudentAid.gov/publicservice](http://StudentAid.gov/publicservice) to learn more.

*Q.: 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

*Q.: 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. You can recertify on StudentLoans.gov, which provides the option of automatically importing your income from your most recent tax return.

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.

*Q.: 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.



**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	\$60	\$296	20 years	\$32,358	\$24,253

*Q.: 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).

*Q.: 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. 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 on StudentLoans.gov and use the IRS Data Retrieval Tool in the application to automatically transfer income information from your most recent 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.

*Q.: What is qualifying employment for Public Service Loan Forgiveness (PSLF)?*

Qualifying employment for the PSLF Program is not about the specific job that you do for your employer. Rather, it is about who your employer is. Employment with the following types of organizations qualifies for PSLF:

- Government organizations at any level (federal, state, local, or tribal)
- Not-for-profit organizations that are tax-exempt under Section 501(c)(3) of the Internal Revenue Code

- Other types of not-for-profit organizations that provide certain types of *qualifying public services*
- Serving in a full-time AmeriCorps or Peace Corps position

The following types of employers do not qualify for PSLF:

- Labor unions
- Partisan political organizations
- For-profit organizations
- Non-profit organizations that are not tax-exempt under Section 501(c)(3) of the Internal Revenue Code and that do not provide a qualifying service

*Q.: What is considered full-time employment for PSLF?*

For PSLF, you are generally considered to work full-time if you meet your employer's definition of full-time or work at least 30 hours per week, whichever is greater.

If you are employed in more than one qualifying part-time job at the same time, you may meet the full-time employment requirement if you work a combined average of at least 30 hours per week with your employers.

For borrowers who are employed by not-for-profit organizations, time spent on religious instruction, worship services, or any form of proselytizing may not be counted toward meeting the full-time employment requirement.

*Q.: Which types of federal student loans qualify for PSLF?*

A qualifying loan for PSLF is any loan you received under the William D. Ford Federal Direct Loan (Direct Loan) Program.

You may have received loans under other federal student loan programs, such as the Federal Family Education Loan (FFEL) Program or the Federal Perkins Loan (Perkins Loan) Program. Loans from these programs do not qualify for PSLF, but they may become eligible if you consolidate them into a Direct Consolidation Loan. However, only qualifying payments that you make on the new Direct Consolidation Loan can be counted toward the 120 payments required for PSLF. Any payments you made on the FFEL Program loans or Perkins Loans before you consolidated them don't count.

If you have both Direct Loans and other types of federal student loans that you want to consolidate to take advantage of PSLF, it's important to understand that if you consolidate your existing Direct Loans with the other loans, you will lose credit for any qualifying PSLF payments you made on your Direct Loans before they were consolidated. In this situation, you may want to leave your existing Direct Loans out of the consolidation and consolidate only your other federal student loans.

If you don't know which types of federal student loans you have, log in to My Federal Student Aid to get that information. Generally, if you see a loan type with "Direct" in the name on My Federal Student Aid, then it is a Direct Loan; otherwise, it is a loan made under another federal student loan program.

*Q.: What is a qualifying monthly payment?*

A qualifying monthly payment is a payment that you make

- after October 1, 2007;
- under a qualifying repayment plan;
- for the full amount due as shown on your bill;
- no later than 15 days after your due date; and
- while you are employed full-time by a qualifying employer.

You can make qualifying monthly payments only during periods when you are required to make a payment. Therefore, you cannot make a qualifying monthly payment while your loans are in

- an in-school status,
- the grace period,
- a deferment,
- a forbearance, or
- default.

Your 120 qualifying monthly payments do not need to be consecutive.

If you make a monthly payment for more than the amount you are required to pay, you should keep in mind that you can receive credit for only one payment per month, no matter how much you pay. You can't qualify for PSLF faster by making larger payments.

There are special rules that allow borrowers who are AmeriCorps or Peace Corps volunteers to use their Segal Education Award or Peace Corps transition payment to make a single "lump sum" payment that may count for up to 12 qualifying PSLF payments. Service members also benefit from similar provisions.

The best way to ensure that you are making qualifying payments is to sign up for automatic debit with your loan servicer.

*Q.: Do I have to pay tax on any amount I have forgiven under PSLF?*

No. Unlike other forms of debt forgiveness, like forgiveness based on an income-driven plan or disability, amounts forgiven under the PSLF Program are not considered income for tax purposes.

*Q.: How do I know I'm on the right track to receive PSLF?*

Because you have to make 120 qualifying monthly payments, it will take at least 10 years for you to become eligible for PSLF. To help you determine if you are on the right track as early as possible, fill out the [Employment Certification for Public Service Loan Forgiveness form](#) (Employment Certification form) on [StudentAid.gov/publicservice](http://StudentAid.gov/publicservice). You can submit it periodically while you are working toward meeting the PSLF eligibility requirements. We will use the information you provide on the form to let you know if you are making qualifying PSLF payments.

Submit the Employment Certification form annually or whenever you change jobs, so that we can help you track your progress toward forgiveness. If you do not periodically submit the form, then at the time you apply for forgiveness you will be required to submit an Employment Certification form for each employer where you worked while making 120 qualifying monthly payments.

If you would like us to track your progress as you work toward making the 120 qualifying monthly payments for PSLF, send the completed form, with your employer's certification, to [FedLoan Servicing](#) (PHEAA), the U.S. Department of Education's federal loan servicer for the PSLF Program.

## Social Media Guidance



Hashtag: #StudentDebtChallenge

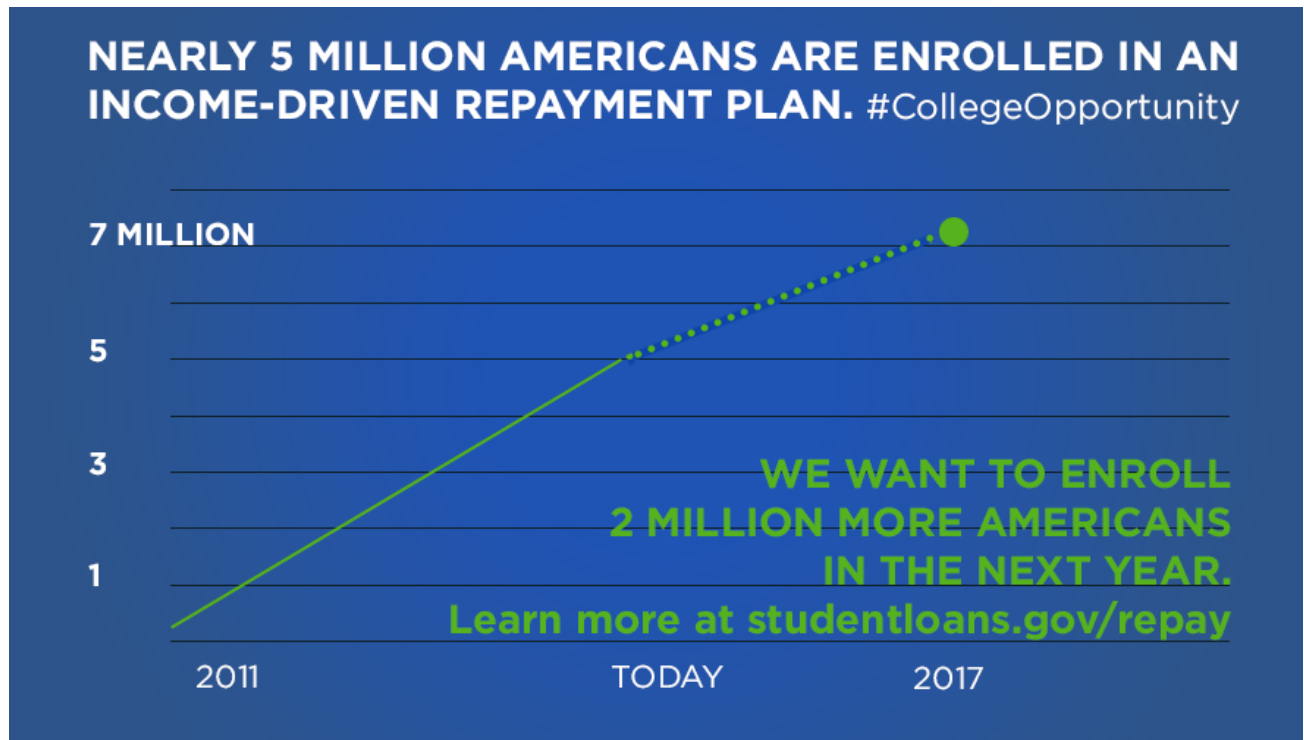
Link: [www.whitehouse.gov/blog/2016/03/30/take-student-debt-challenge](http://www.whitehouse.gov/blog/2016/03/30/take-student-debt-challenge)

Challenge: [www.whitehouse.gov/webform/take-student-debt-challenge](http://www.whitehouse.gov/webform/take-student-debt-challenge)

Digital Resources: [www.financialaidtoolkit.ed.gov/tk/outreach/social-media/digital-resources.jsp#loan-repayment](http://www.financialaidtoolkit.ed.gov/tk/outreach/social-media/digital-resources.jsp#loan-repayment)

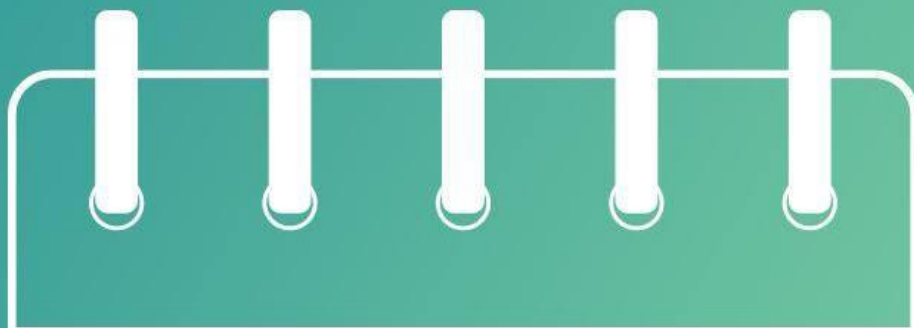
Sample Tweets:

🐦 2 million Americans stand to benefit from income-driven repayment. Is it right for you? → <http://StudentLoans.gov/Repay>



🐦 See if you qualify for lower monthly student loan repayments and forgiveness → <http://StudentLoans.gov/Repay>

**YOUR STUDENT LOAN  
PAYMENT COULD BE  
AS LOW AS**



**\$0 PER  
MONTH**

[studentloans.gov/repay](http://studentloans.gov/repay)  
[#CollegeOpportunity](https://twitter.com/CollegeOpportunity)

🐦 5 steps in 60 seconds or less: Find the student loan repayment option that works for you → [StudentLoans.gov/repay](https://studentloans.gov/repay)



**REDUCE YOUR  
MONTHLY PAYMENTS**

Income-driven repayment plans are designed to make your student loan payment more affordable.

[studentloans.gov/repay](https://studentloans.gov/repay)  
**#CollegeOpportunity**



🐦 You can now pick a student loan repayment option in 5 steps or less:  
<http://StudentLoans.gov/Repay> #CollegeOpportunity

Pick a student loan repayment option in 5 steps or less:

Do you have federal loans?

YES

NO

Examples of Federal student loans include Direct Loan, Stafford, PLUS or Perkins

Learn more at [studentloans.gov/repay](http://studentloans.gov/repay)

#CollegeOpportunity

## Contact Us

Website: [www.whitehouse.gov/blog/2016/03/30/take-student-debt-challenge](http://www.whitehouse.gov/blog/2016/03/30/take-student-debt-challenge)

Invite Others to Take the Challenge: [www.whitehouse.gov/webform/take-student-debt-challenge](http://www.whitehouse.gov/webform/take-student-debt-challenge)

Email: [StudentDebtChallenge@who.eop.gov](mailto:StudentDebtChallenge@who.eop.gov)