Public Service Loan Forgiveness Program (PSLF).

Borrowers that have made 120 payments on Direct Loans (after Oct. 1, 2007) while employed full-time in certain public service jobs may be eligible to have the remaining balance owed forgiven. Only payments made under certain repayment plans may be counted toward the required 120 payments. Borrowers must not be in default on the loans that are forgiven.

Examples of public service field jobs that may qualify for PSLF:

- A government organization (includes federal, state, local or tribal organizations, agencies or entities; a public children or family service agency; or a tribal college or university).
- A 501(c)(3) nonprofit (includes most not-for-profit private schools, colleges and universities).
- A private, nonprofit organization (not a labor union or partisan political organization) that provides at least one 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 prekindergarten).
    - Public service for individuals with disabilities and the elderly.
    - Public health.
    - Public education.
    - Public library services or school library or other school-based services.

Loans eligible for PSLF:

- All Direct Loans are eligible, including:
    - Emergency management.
    - Direct Subsidized Loans.
    - Direct Unsubsidized Loans.
    - Direct PLUS Loans (for parent PLUS borrowers, the parent borrower must qualify for PSLF).
    - Direct Consolidation Loans.

- Other loans can become eligible for PSLF only if they are consolidated into a Direct Consolidation Loan, including:
    - Federal Family Education Loans (FFEL).
    - Subsidized Federal Stafford Loans.
    - Unsubsidized Federal Stafford Loans.
    - FFEL PLUS Loans (for parent PLUS borrowers, the parent borrower must qualify for PSLF).
    - FFEL Consolidation Loans (excluding joint spousal consolidation loans).
    - Federal Perkins Loans (if consolidated with at least one Direct Loan or FFEL Loan).
    - Certain health professions and nursing loans (if consolidated with at least one Direct Loan or FFEL Loan).

- **Qualifying repayment plans for PSLF include:**
    - Pay As You Earn (PAYE).
    - Income-Based Repayment (IBR).
    - Income-Contingent Repayment (ICR).
    - Standard Repayment Plan.

In order to maximize the forgiveness benefit of PSLF, borrowers can enroll in an income-driven repayment plan where their payments are lowered.** If a borrower is enrolled in the Standard Repayment Plan, there will likely be no balance to be forgiven at the end of 10 years. Therefore, they would be unlikely to benefit from PSLF. The Standard Repayment Plan is included as a PSLF-eligible repayment plan primarily to give payment credit toward the 120 required payments to borrowers who began repaying their loan on the Standard Repayment Plan and then later switched to IBR or ICR.

Any repayment plan where the monthly payment is greater than or equal to what the required payment would be under the Standard Repayment Plan.

Repayment requirements for PSLF:

- Payments must be full, separate, on-time monthly payments (post within 15 days of the due date).
- Payments do not have to be consecutive. Payments are cumulative—if a borrower leaves a qualified employer but later gets a job with another qualified employer, they still get credit for the qualifying payments they made while with their past qualified employer. However, they must be in the field of eligibility at the time each of the 120 payments is made in order for those payments to qualify for PSLF.
- If a borrower pays extra, they must specifically request that the extra NOT be applied to future scheduled payments; otherwise, any excess funds will be used to advance their next payment due date. If a borrower advances their due date, they may be considered paid ahead. Payments made while a borrower is paid ahead do NOT count toward PSLF forgiveness.
- Even if a borrower's scheduled monthly PAYE, IBR or ICR payment is zero, each month their scheduled payment is zero still counts toward the 120 required payments, as long as they are also employed full-time at a qualifying public service organization.

**During repayment in an income-driven repayment plan (such as IBR, PAYE, etc.), it's possible that the payments may be low enough for the principal balance to grow over time (negative amortization). If the borrower meets the PSLF requirements and has the outstanding balance forgiven after 10 years of qualifying payments, they will not have to pay back this extra balance from negative amortization. However, if the borrower leaves the field of PSLF eligibility, it's possible to have a higher balance to repay than when repayment began.