

The New PSLF Regulations: What They Mean for You!

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PSLF Discharges & Illinois

As of 01/31/2023

- More than 388,000 borrowers have been forgiven under PSLF, Temporary-Expanded PSLF, and limited waiver
- PSLF by state:
 - Illinois ranks 8th in number of borrowers forgiven, with 14,510
 - \$975.1 million forgiven

Borrowers with Processed PSLF Discharges (PSLF, TEPSLF, and limited waiver) by Location

State	Borrower Count	Outstanding Balance (in millions)
California	32,300	\$2,325.6
New York	30,420	\$2,032.2
Texas	23,550	\$1,617.1
Florida	22,620	\$1,805.7
Pennsylvania	17,630	\$1,208.9
Ohio	17,610	\$1,155.8
Georgia	15,090	\$1,226.4
Illinois	14,510	\$975.1
Michigan	13,970	\$906.2
Virginia	12,940	\$867.4

Agenda

1. PSLF Program: Traditional Rules
2. PSLF Program: New Rules
3. PSLF & One-Time Adjustment
4. What Happens After Applying



PSLF Program: Traditional Rules

PSLF Basics

Make 120 qualifying payments

On a qualifying repayment plan

on Direct Loans

While working full-time for a qualifying employer

Qualifying Payments

- 120 monthly payments made after October 1, 2007
- Must be for the full amount
- Must be made within 15 days of due date
- Payments made when not required to, do not qualify
- Multiple partial payments that total at least the monthly payment count as one payment
- Lump sum payments may count as multiple qualifying payments for up to 12 months **or** through the next repayment plan recertification date, whichever is sooner

Qualifying Repayment Plans

- Must be an Income Driven Repayment (IDR) plan or Standard Repayment plan
- IDR is the umbrella term for this type of plan
 - Pay As You Earn (PAYE)
 - Revised Pay As You Earn (REPAYE)
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)
- Standard Repayment plan is designed to pay off loans in 10 years

Qualifying Loans

Eligible Loans	Loans not Eligible
<ul style="list-style-type: none">• Direct Subsidized Loans• Direct Unsubsidized Loans• Direct PLUS Loans• Direct Consolidation Loans• Joint Federal Consolidated Loans	<ul style="list-style-type: none">• Direct Parent PLUS Loans*• Federal Family Education Loans (FFEL)*• Perkins Loans*• Private Loans

- Loans marked with an asterisk (*) can become eligible if they are consolidated into the Direct Loan Program
 - Parent PLUS Loans cannot be consolidated with other federal student loans that the student received
- Consolidation will restart your payment count at zero

Qualifying Full-Time Employment

- Any government organization
- 501 (c)(3) non-profit organization
- Other non-profit organizations, if public serving
 - E.g., public education, public health, public library services, emergency management, military service, public safety, law enforcement
- Must meet employer's definition of full-time or work at least 30 hours per week or more
- If employed by multiple qualifying part-time jobs **at the same time**, they may be combined to equal full-time employment count

What Happens Now the Limited Waiver Has Ended?

- As of **November 1, 2022**, traditional rules for PSLF are in effect
- If you used the PSLF Help Tool to generate a completed PSLF form by 10/31/22, ED has this record, and your account will be reviewed under the limited waiver
 - If your employer was identified as, likely ineligible/undetermined, but you believe your employer qualifies and used the help tool, ED has this record. If your employer is deemed qualifying, your account will be reviewed under the limited waiver
- If you submitted a manual PSLF form your employer's signature must have been dated on or before 10/31/22 to have your account reviewed under the limited waiver



PSLF Program: New Rules

What do you mean there are new rules?!

- Due to the significant overhaul the PSLF program, ED established new rules
- The new rules take effect **July 1, 2023!**
- Many of these rules build upon the flexibilities during the Limited Waiver
- New rules were created for:
 - Qualifying employment
 - Qualifying payments
 - Consolidation
 - Reconsideration Requests

Qualifying Employment

Traditional Rules

- Government Organization (Local, state, federal or tribal), 501 (c)(3) non-profit organizations, other non-profit organizations that provide a qualifying public serving
- Must meet employer's definition of full-time or work at least 30 hours per week or more
- A government contractor isn't considered a government employer, unless your W-2 was issued by a qualifying employer

Rules in Effect on July 1, 2023

- Government Organization (local, state, federal or tribal), 501 (c)(3) non-profit organizations, other non-profit organizations that provide a qualifying public serving
- Adopt a single standard of full-time employment at 30 hours a week
- Allows a qualifying employer to certify a contractor if that individual is providing a public service that is barred by state law
- Requires employers to give adjunct and contingent faculty credit of at least 3.35 hours of

Qualifying Payments

Traditional Rules

- Make 120 payments on-time and for the full amount under a qualifying repayment plan
- Payments made when not required, do not qualify

Rules in Effect on July 1, 2023

- Receive credit for payments that are made late, in installments, or in a lump sum
- Receive credit for certain forbearance/deferment periods:
 - Cancer treatment deferment
 - Military service deferment
 - Post-active-duty student deferment
 - Economic hardship deferment
 - AmeriCorps and National Guard service forbearances
 - U.S. DOD Student Loan Repayment Program forbearance
 - Administrative or mandatory administrative forbearances

Consolidation & PSLF

Traditional Rules

- When loans are consolidated, previous qualifying payments will not count towards the new loan
- For example: A borrower with 60 qualifying payments on one Direct loan with a balance of \$30,000 who consolidates their loan with another Direct Loan with zero qualifying payments, will receive a payment count of zero

Rules in Effect on July 1, 2023

- Receive a weighted average of existing qualifying payments
- For example: A borrower with 60 qualifying payments on Direct Loan with a balance of \$30,000 who consolidates their loan with another Direct Loan with a balance of \$30,000 with zero qualifying payments will have a new payment count of 30 payments

Formal Process for Reconsideration

- The reconsideration process was introduced during the limited waiver
- If a borrower believes an error was made during the review process, they can submit a request to be reviewed again



PSLF & One-Time Adjustment

What is the one-time adjustment?

Borrowers who have been on an IDR plan can become closer to forgiveness through a one time payment adjustment that will address past inaccuracies

In Spring 2023, payment and accounts will be updated for:

Borrowers who reach 20 or 25 years worth of payments on an IDR plan

Borrowers who reach 10 years worth of payments for PSLF

Everyone else, will receive payment updates through Summer 2023

Which loans are eligible?

- Direct Loans and ED-held FFEL loans are eligible
- Commercially held FFEL, Perkins, and Health Education Assistance Loan (HEAL) loans are not eligible ***unless the loans are consolidated by May 1, 2023***

Which payments are eligible?

- Any month considered in repayment:
 - Whether a payment was partial or late, the loan type, or the repayment plan
 - Prior to consolidation on consolidated loans
- 12 or 36 or more months of cumulative forbearance
- Months spent in any deferment (**except in-school deferment**) prior to 2013
- Months spent in economic hardship or military deferments after 2013
- Periods of default will not be considered as month in repayment towards the adjustment

Is this going to cost me anything?!?

- Unlike traditional rules with IDR plans, any loan amount that is forgiven through January 1, 2026 will not be subject to federal taxation
 - Amounts forgiven could be taxable in some states
- Will I receive a refund? Potentially!
 - If you made qualifying payments that exceed 20 or 25 years of repayment, you will receive a refund for an overpayment
 - Refunds will not be considered income or be subject to federal taxation
 - Refunds could be taxable in some states

What does this mean for PSLF?

If you have applied or will apply for PSLF, ***you are eligible*** and may receive an increase in your payment count

These changes will be ***applied automatically*** to PSLF-eligible Direct Loans, including consolidated and unconsolidated parent PLUS loans

For commercially or federally held FFEL loans that are consolidated before the adjustment, ***will also receive PSLF credit***



What to Expect After Applying

General Timelines

Consolidation

- Takes **at least** 30 days, depending on loan servicer

PSLF Application Processing

- After application is submitted and received, expect **at least** 60-90 days for processing
- May take longer depending on application value

Refunds

- Processed by MOHELA in 1-2 weeks, but may take longer for you to receive depending on other processing times
- Payments made to a prior servicer may also take longer

What Happens Next?

- During the PSLF review process, your loans will be automatically transferred to MOHELA, the PSLF servicer
- Receive updated payment count
 - If you reach 120 (or more) qualifying payments, you will be notified that the remaining balance of your Direct Loans will be forgiven, including interest and principal
 - If you have not reached 120 qualifying payments, continue to certify IDR and employment information annually

Thank You!

For **questions**, contact us at
isac.borrowersupport@illinois.gov.

Please do not send your PSLF application to this email as ISAC is not designated to receive, certify, or process PSLF applications

For questions on loans, contact
Federal Student Aid at
studentaid.gov/help-center/contact