



Financial Information, Resources,
Services, and Tools

Public Service Loan Forgiveness (PSLF)



FIRST is a program of the
Association of American Medical Colleges

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Medical Students and Residents,

If you borrowed money for undergraduate, graduate, or medical school through the federal student loan program and are considering a career in public service, you may be eligible for the Public Service Loan Forgiveness (PSLF) program. Successful completion of this program can lead to the forgiveness of a portion of your eligible federal student loans. This booklet explains the PSLF program, eligibility requirements, and steps you will need to take to support your eligibility for the PSLF program.

The booklet is a service of the AAMC's Financial Information, Resources, Services, and Tools program ([FIRST](#)). FIRST helps students and former students make smart and informed financial decisions.

Be sure to check out these additional resources from FIRST:

- [MedLoans® Organizer and Calculator \(MLOC\)](#). Currently enrolled medical students, graduates, and medical school administrators at LCME-accredited U.S. medical schools have FREE premium access to MLOC, a calculator designed specifically to help securely organize and track student loans and calculate potential repayment scenarios.
- [Financial Aid Fact Sheets](#). FREE, easy-to-read downloadable articles designed to answer a variety of questions about paying for medical school, the financial aid process, and types of available loans, as well as potential loan forgiveness and repayment assistance programs.

At FIRST, we believe that the more financial knowledge you have today, the better equipped you will be to make financial decisions tomorrow and beyond. Please visit the FIRST website at aamc.org/FIRST.

Questions and feedback are welcome. Please contact us at FIRST@aamc.org

The information provided in this booklet is accurate as of July 2018 and is subject to change. Please consult with your servicer to confirm the current details of the Public Service Loan Forgiveness program. The AAMC is providing this information as a public service and cannot guarantee your eligibility for this or any program.

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WHAT IS PUBLIC SERVICE LOAN FORGIVENESS (PSLF)?

The Public Service Loan Forgiveness (PSLF) program is a federal program intended to encourage individuals to enter and continue to work in full-time public service jobs after graduation. If you are thinking about working in a public service position (which includes federal, state, or local government or not-for-profit organizations), the PSLF program is a great opportunity to provide service and, in return, qualify for loan forgiveness.

The program provides forgiveness for the remaining balance (principal and interest) on your **eligible Direct Loans** after you have worked for a qualifying public service employer while making 120 on-time qualifying monthly payments.

Find out more in this booklet about the eligibility requirements, how you can maximize forgiveness under PSLF, and the steps you should take to participate in PSLF.





WHAT ARE THE ELIGIBILITY REQUIREMENTS?

A borrower must meet three requirements in order to be eligible for PSLF.

1. HAVE ELIGIBLE LOANS

- Direct Loans
 - Subsidized and Unsubsidized
 - PLUS Loans
 - Consolidation Loans
- Other federal loans may be eligible if they are consolidated into a Direct Consolidation Loan (for example, Perkins Loans and FFEL Loans)

2. MAKE QUALIFYING PAYMENTS

- Only payments made after October 1, 2007, qualify for PSLF
- Must make 120 on-time monthly payments, which means the payment cannot be received more than 15 days after the due date
- Payments must be full, monthly, scheduled payments (you cannot “pay ahead”)
- Payments qualify as long as they are made when your loans are in good standing and you are working full time for a qualifying employer

- Must be enrolled in an eligible repayment plan:
 - Standard Repayment (or a plan in which the payment is not less than the monthly amount required under the 10-year Standard Repayment Plan)
 - Pay As You Earn (PAYE)
 - Revised Pay As You Earn (REPAYE)
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)



3. MEET EMPLOYMENT REQUIREMENTS

- Must be employed full time (at least 30 hours per week)
- Part-time employment with multiple employers may qualify if you work a combined average of 30 hours per week
- Work for an employer that is tax exempt by the IRS and qualifies as a 501(c)(3) (may include federal, state, or local government agencies or organizations)
 - Certain private not-for-profit employers may qualify if they provide a specified public service

For more information about eligibility, visit studentaid.ed.gov/publicservice or use the Department of Education's PSLF Help Tool, at aamc.org/pslfhelptool, to receive personalized guidance in your pursuit of PSLF.

TIP: To maximize forgiveness under the PSLF program, you should repay your loans under one of the [income-driven repayment plans](#) (Pay As You Earn [PAYE], Revised Pay As You Earn [REPAYE], Income-Based Repayment [IBR], or the Income-Contingent Repayment [ICR]) that qualifies for PSLF. These repayment plans require smaller monthly payments, resulting in a longer repayment period, which means you'll likely have a balance that can be forgiven when you qualify for PSLF after you've made your 120th payment.

DOES MY RESIDENCY PROGRAM QUALIFY AS A PUBLIC SERVICE POSITION?

“Qualifying public service positions” include work in 501(c)(3) nonprofit organizations, which may include some medical schools and teaching hospitals. Sample fields include:

- Emergency management
- Government
- Military service (active duty)
- Public safety
- Public health

To verify employer eligibility, you can contact [FedLoan Servicing](#) (the servicer responsible for PSLF requests) or submit the [Employment Certification Form](#) (ECF).

Additionally, you can find more information on the [Federal Student Aid](#) website.

WHAT STEPS SHOULD I TAKE TO HELP ENSURE ELIGIBILITY FOR PSLF?

STEP ONE

Request an income-driven repayment plan (PAYE/REPAYE/IBR/ICR) from your [servicer\(s\)](#).

- These [income-driven repayment plans](#) qualify for the PSLF program and offer the lowest monthly payment compared with traditional repayment plans:
 - Pay As You Earn (PAYE)
 - Revised Pay As You Earn (REPAYE)
 - Income-Based Repayment (IBR)
 - Income-Contingent Repayment (ICR)

STEP TWO

Apply to consolidate your FFEL/Perkins Loans when you separate from school (skip this step if you only have Direct Loans).

- Apply to consolidate the FFEL/Perkins Loans by logging into your account at studentloans.gov.
- Select [FedLoan Servicing](#) as your servicer.
- Indicate your interest in PSLF by completing the [Employment Certification Form](#) (ECF).
- Establish an online account with FedLoan Servicing to track your application and payments (highly recommended).

TIP: Because processing a consolidation loan can take 30 to 60 days, request that processing begin a month or two before your grace period is over so that payments are not due before the consolidation is disbursed.

STEP THREE

Keep track of your eligibility by using the [Employment Certification Form \(ECF\)](#), starting with your first full-time residency position.

- Submitting an ECF to FedLoan Servicing allows you to receive a confirmation of qualifying employment and Direct Loan payment eligibility.
- When you submit the ECF, all your existing Direct Loans will be transferred to FedLoan Servicing. You may view your progress toward forgiveness through your online FedLoan Servicing account.
- FedLoan Servicing recommends that you submit the ECF annually to help you keep track of your 120 qualifying payments necessary to apply for PSLF.
- At least 10 years of employment with an approved qualifying public service employer while you are making qualifying payments is required. Employment may be with multiple employers, and employment does not need to be consecutive or with the same employer for all 10 years.

STEP FOUR

Make your on-time, required PAYE/REPAYE/IBR/ICR payments.

- Most Direct Loans will have a six-month grace period that begins when you graduate, leave school, or drop below half-time status. You must start making payments as soon as your grace period ends.
- If you make a payment that is less than what you are required to pay for that month, it will not count as one of the 120 qualifying payments.
- You must make separate, on-time monthly payments. Lump-sum payments or advance payments for future months do not count as qualifying payments.
- On-time payments are those received by the servicer no later than 15 days after the scheduled payment due date.
- Only qualifying payments made after October 1, 2007, count toward PSLF.
- Only payments made toward your eligible Direct Loans while employed by a qualifying public service organization will count toward the required 120 monthly payments.

STEP FIVE

Apply for PSLF after you make your 120th qualifying payment.

- You must be working for a qualified public service organization **at the time you submit the application** for forgiveness and **at the time the remaining balance on your loan is forgiven**.
- If you ultimately do not meet the eligibility requirements for PSLF, you will be responsible for repaying the balance of your loan.
- Student loan amounts forgiven under PSLF are not considered income for tax purposes and, therefore, are nontaxable.

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**Good luck as you pursue
public service employment!**

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