

**Loan Forgiveness Panel**

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**Subsidized/Unsubsidized Loan/PLUS/Grad PLUS Discharge**

Death of Borrower  
Bankruptcy - Not automatic!!  
Total and Permanent Disability  
Couldn't complete because school closes\*  
Loan Eligibility was Falsely Certified by school\*  
Identity Theft\*  
School's failure to pay refund to student\*

\*In certain cases and these instances do not guarantee a discharge



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**Stafford Loan Forgiveness Program for Teachers**

- Up to a combined total of \$17,500 in principal & interest on a DL/FFEL
- Received a DL/FFEL after 10/1/98
- May not have received Americorp Benefits
- Loan must have been made prior to the end of 5 academic years of teaching service
- Must have taught as a full time teacher in a qualifying school district after 1997/98
  - Designated Low Income Schools for Teacher Cancellation



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**Public Service Loan Forgiveness (PSLF)**

- Beginning after October 1, 2007
  - Encourage Public Service
    - Borrower must make 120 monthly loan payments on a Direct Loan
      - May apply after making the last of the 120 monthly payments
      - Employed Full Time by a qualifying Public Service organization\*

\* see list at [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov)



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**Loans Eligible for PSLF**

- Federal Direct Stafford/Ford
  - Subsidized
  - Unsubsidized
- Federal Direct PLUS
  - Parents
  - Graduate Students
- Federal Direct Consolidation Loans



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**PSLF Borrower Eligibility**

- Borrower must not be in Default on loans they are asking for forgiveness
- Borrower must be employed full time by a public service organization
  - Making 120 monthly loan payments;
  - At the time they apply; and
  - At that time the remaining balance on the eligible loans are forgiven



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**TEACH Grant – Service Obligation Discharge**

- Death
- Total and Permanent Disability
- Called to active duty military service for a period of more than 3 years

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**Perkins Loan Cancellation Conditions (1 of 2)**

- Bankruptcy – if would cause undue hardship – 100%
- Closed school – loans on or after 1/1/86 – 100%
- Death – 100%
- Total and Permanent Disability – 100%
- Full time teacher in;
  - Qualifying low-income school district\*
  - Special education\*
  - Early intervention services for the disabled\*
  - Math, Science, Foreign Languages, Bilingual education or other areas designated as high-need\*

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\* Up to 100%




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**Perkins Loan Cancellation Conditions (2 of 2)**

- Full time employee of a public/nonprofit child- or family-services agency providing services to high-risk children & their families in low-income communities\*
- Full time nurse or medical technician\*
- Full time law enforcement or corrections officer\*
- Full time staff member in the education part of a Head Start Program\*
- Vista or Peace Corps volunteer – Up to 70%
- Service in the U.S. Armed Forces – Up to 50% in areas of hostilities or imminent danger

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\* Up to 100%




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**Total & Permanent Disability**

- Total and Permanent Disability (TPD) is when an individual
  1. is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death, has lasted for a continuous period of not less than 60 months, or can be expected to last for a continuous period of not less than 60 months; or



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**Total & Permanent Disability**

2. Has been determined by the Secretary of Veterans Affairs to be unemployable due to a service-connected disability. An individual that meets this definition is considered totally and permanently disabled



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**Total & Permanent Disability**

- The Discharge is granted upon the Department's determination that the discharge application supports the conclusion that the borrower is totally and permanently disabled
- A three-year post-discharge monitoring period begins on the date the discharge is granted by the Department (Date of Discharge)



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## Total & Permanent Disability

- As a result of the three year monitoring:
  - Borrower remains eligible; or
  - Secretary reinstates a borrower's obligation to repay a discharged loan if, within three years after the date of discharge, the borrower—



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## Total & Permanent Disability

**www.disabilitydischarge.com**

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## Resources

- Borrower Rights and Responsibilities
- Studentaid.ed.gov
- Your Federal Student Loans Brochure
- Funding Education beyond high school



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