

PSLF Waiver Summary and FAQ

The Institute of Student Loan Advisors

Summary

- On October 6, 2021, the ED issued a press release announcing that in recognition of the operational struggles' borrowers had experienced successfully pursuing PSLF, they would be instituting a one-time waiver of several PSLF rules. You can read the Department of Education's info on this waiver [here](#).

Under this waiver,

- Payments made under the Federal Family Education Loan program or Perkins will count as long as the loan is consolidated into the Direct Loan program (via www.studentaid.gov) and a [PSLF form](#) has been submitted prior to 10/31/2022
 - If you already have all Direct Loans, you do not need to consolidate
- Payments made under **any** repayment plan on or before 10/21/2021, or until the borrower consolidates before October 2022, will count as long as the borrower has a Direct Loan and has filed at least one approved [PSLF form](#) as of October 31, 2022
- Payments made while in default will continue not to count
- Loans that are already paid in full cannot benefit from this waiver
- Many borrowers who made more than 120 qualifying payments will receive a refund. If the extra payments were made prior to a consolidation, they will not receive a refund.
- For this waiver only, the ED will be counting months in repayment. They will not be looking at past servicer records to determine how much was paid or when it was paid. Instead, they will review loan status records, which they have been collecting for decades. This includes payments made under the FFEL or Perkins programs
- Borrowers with periods of active-duty military service, which can count as eligible employment for PSLF purposes, will have those months count even if they were in military deferment or forbearance

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- All other months where the loan was in a deferment, forbearance or some other non-repayment status will not be counted
- For months that will count, borrowers must still submit proof of qualifying full-time employment
- This waiver applies even if the borrower will not have reached 120 eligible payments by October 2022
- Beginning in 2022, most federal workers, including those serving full time in the military, will have their employment automatically certified
- None of these changes apply to Parent PLUS Loans, consolidation loans that contain a Parent PLUS loan, or loans that have been paid in full
- These changes do apply to Stafford and Graduate PLUS loans as well as consolidation loans
- The Department of Education will be reviewing ALL denied PSLF applications in the coming months
- Once the initial review is completed, borrowers with further disputes will be given a clear channel for appeal

Frequently Asked Questions



- 1. I have been working in qualifying public service for twenty years but never pursued PSLF because I have all FFEL loans, can I get credit under this waiver for the last 20 years and get forgiveness right away? This sounds too good to be true!**
 - a. Under the waiver, months you were in repayment status, regardless of when you paid, how much you paid, or what payment plan you were on will count for PSLF forgiveness as long as you:
 - i. Were working full time in eligible employment for those months
 - ii. Submit proof of such employment with the PSLF form prior to October 31, 2022, and
 - iii. Consolidate the FFEL and/or Perkins loans into a Direct Loan prior to October 31, 2022

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- iv. Only months in repayment on or after October 2007 will count as PSLF did not exist prior to that date

2. I have been on an alternative/graduated/extended repayment plan in the past and was told this plan didn't count. Will I get credit for these months under the waiver?

- a. Yes! All repayment plans count under the waiver. So do late payments and short payments. The only months in repayment that will not be counted are those when a loan was in default, and those where the borrower does not submit proof of eligible employment for that period. As previously mentioned, months where the loan was in a non-repayment status such as deferment (other than military deferment), forbearance, in-school status or grace will also not count.

3. I was in an in-school deferment for a period of time but I was still working for an eligible employer, will I get credit for those months?

- a. I'm afraid not. With the exception of military deferment, only months where you were in an actual repayment status will be counted.

4. If I made more than 120 eligible payments, will I get a refund?

- a. It depends. If the eligible payments made in excess of 120 were made after the consolidation (if you needed to consolidate) then yes, you will get a refund. But if the excess payments were made prior to the consolidation, you will not. If you didn't need to consolidate at all and there are payments beyond the 120 you will get the refund

5. I know Parent PLUS are not included in the waiver but what if they are consolidated?

- a. Even consolidated Parent PLUS are not included in the waiver unfortunately.

6. I've already consolidated my federal student loans twice. I took out my first loans in 2008 (both FFEL and Direct) and consolidated them in 2015. I then took out new loans in 2018, and in 2019 consolidated those with the

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first consolidation from 2015. Will I get credit for the eligible payments I made prior to the 2015 consolidation (between 2008 and 2015)?

- a. Unfortunately, no. You will however get credit for payments made after the 2015 consolidation. Loans consolidated more than once lose credit for months prior to the first consolidation.

7. I have two federal student loans. One has 60 eligible payments, and one has 80. If I consolidate them how many payments will the new consolidation receive credit for?

- a. The new consolidation will receive credit for 80 payments. This is because the waiver gives consolidation loans credit for the larger number of eligible payments made on the underlying loans.

8. I have submitted proof of employment in the past, but it was denied due to an eligible payment plan or ineligible loans. Do I have to resubmit the form?

- a. No

9. I'm worried they won't count my past payments because there was a problem with the records from my prior servicer. Should I submit bank statements or my own proof?

- a. No. They are not using prior servicer records. Nor are they looking at how much you paid, when you paid or what plan you were on. They are only looking at months you were in a repayment status, which is data the ED has had all along as it is submitted to them monthly and has been for decades.

10. Do I have to have reached 120 payments by October 2022 to get credit under this waiver?

- a. No. Even if you don't reach 120 eligible payments for years to come, if you fulfill the requirements of having Direct Loans and submitting proof of employment by October 2022 you will get credit for your past eligible payment months.

11. If I make 120 payments now and then consolidate does that mean I will get forgiveness right away?

- a. No. You cannot receive forgiveness under PSLF in less than 120 months and you can never have a single month count for more than 1 eligible payment

12. I will benefit from this waiver, but I won't have reached 120 payments.

What payment plan should I choose once I consolidate/after the COVID waivers are lifted?

- a. That depends. After the waiver, only payments made under a ten-year standard plan, or an income driven plan will count for PSLF (which are the existing rules). However, under the TEPSLF, payments made under an extended, standard consolidation or graduated repayment plan also count. If your lowest payment is an IDR payment than that's what you should choose. If your lowest payment is one of the others, and you won't have many years left to reach 120, you could choose one of the other plans and hope there's still money left under the TEPSLF fund. You can run the numbers by using the calculator on our repayment page on our site

13. I will benefit from the waiver, but I won't have reached 120 payments.

When I run the numbers, it appears I will pay the loans off before reaching 120 payments. Will I get any type of forgiveness?

- a. No.

14. How long will it take the ED to count these months under the waiver?

- a. For borrowers who already have all Direct Loans and who have submitted proof of employment in the past, the counts have already started and should be completed by the end of the year. You will receive a letter from the ED directly, not from FedLoans. FedLoans will update their system, but not until March or so of 2022. For borrowers who have to consolidate and/or submit proof of employment to be considered for the waivers, expect the count to take 90 days once you complete the criteria

15. How long does a consolidation take?

- a. Generally, they take 45 days however we could see a longer timeframe due to expected extra volume due to these waivers

16. I have a pending dispute with FedLoans over my eligible payment count.

How does this affect me?

- a. The Department of Education is reviewing ALL accounts where an employment form or application for forgiveness has been received, including prior and pending disputes. You do not need to take any action other than ensuring FedLoans and www.studentaid.gov has your correct contact information.

17. I have requested a FOIA to get all my servicer history. Should I send this to the ED to help with the count?

- a. No. They aren't using any servicer records for this waiver. Just the data they already have showing the months you were in repayment. They receive that data monthly and have been for years, so it is very accurate. They will not look at servicer history at all for this. As an aside, while FOIA's can be useful tools in some circumstances, they are not for disputing PSLF in most cases. The majority of the information received in a FOIA will not assist in a PSLF dispute. A payment history and proof of eligible employment are all that are needed if there is a dispute in the future.

18. FedLoans is leaving servicing at the end of the year. Who should I choose as my servicer for the consolidation?

- a. You can still choose FedLoans. They will actually still be servicing the PSLF accounts into 2022. Those are not moving to a new servicer until at least the spring. It has not been announced yet which servicer will be taking over PSLF.

19. Is there a chance these waivers will be made permanent?

- a. For the most part no. The Secretary of Education used an exception under the HEROES Act to make these temporary changes. As a rule, the Secretary cannot do anything that is in conflict of federal law and many of the rules these waivers change are set in the law. HEROES expires October 2022 which is why the expiration of these waivers is set then. With that said, the ED is in the process of [negotiated rulemaking](#) and has included PSLF on the agenda of regulations to be amended. While they cannot change federal law under this process and have made it clear that most of what is being done under the waivers cannot be made permanent or

extended, they are discussing other changes that should make pursuing PSLF easier in the future. Watch our PSLF page for updates in the fall of 2022.

20. I believe I am eligible for forgiveness now under this waiver as I will have 120 months in repayment while working for an eligible employer. Once I consolidate do I need to get on an income driven plan?

- a. If you are certain you will have 120 eligible payment months you do not need to get on an income driven plan. If you will not have enough payments you will need to get on an income driven plan to complete the eligibility for PSLF. If you will only have a few payments left to reach the 120 you should check out the TEPSLF. You can find more info on the TEPSLF on the :PSLF page of our site or at www.studentaid.gov

Case Studies and Examples

- 1. Alice has two FFEL Loans and two Direct Loans. She has been working in eligible employment for the last eight years and currently has 96 PSLF eligible payments under her Direct Loans and none on her FFEL loans. Should she consolidate all of her loans together and if she does will she lose the 96 payments she has on her Direct Loans?**

Alice should consolidate prior to October 31, 2022. Doing so will mean the entire consolidation will be credited with the 96 payments she has already been credited on her Direct Loans. She will not lose those payments.

- 2. James has all Direct Loans but has never consolidated them. He currently has 24 PSLF eligible payments on these loans. Does James need to**

consolidate his loans? What if James has other payments that should have counted but haven't been due to servicer error.

No. Because James already has all Direct Loans he has no need to consolidate. Assuming the payments that haven't been counted yet were made while the loan was in a repayment status and James was working full time for eligible employment those months will be counted automatically as the Department of Education reviews each account.

3. Pat has a consolidated FFEL loan. She made 8 qualifying payments before it was consolidated in 2008 and has made 75 qualifying payments since then. Does she need to consolidate to get credit for the waiver and if so how many payments will she get credit for?

Yes, Pat should consolidate and submit proof of eligible employment prior to October 31, 2022. She will get credit for the 75 payments she made after the 2008 consolidation. Loans that are consolidated twice do not get credit for payments prior to the first consolidation.

4. Jack has all FFEL loans and has made over 120 payments while working for an eligible employer. If he consolidates now and submits proof of eligible employment, will he get a refund?

No. Jack should receive forgiveness of his remaining balance in this scenario but he will not receive a refund of the payments over 120 because they were made prior to the consolidation.

5. George had FFEL and Perkins loans and had made 80 payments while working for a eligible employment prior to his consolidation into Direct Loans in 2015. Since that consolidation he has made an additional 60 eligible payments while working for eligible employment. Will George get

credit for the payments made prior to the Direct Loan consolidation in 2015? Will he get a refund?

Yes. George will get credit for the 80 payments made under the FFEL and Perkins as soon as he submits proof of eligible employment for that period. At that point he will get a refund of the extra 20 payments he made because those extra 20 were made after the Direct Loan consolidation.

6. Amy's loans have been in repayment since 2006 but did have periods where she was in forbearance, deferment or was late on her payments. She has worked full time for a PSLF eligible employer this entire time. Will all of this time be counted under the waiver if she submits proof of eligible employment?

No. Any months where Amy was in a forbearance or deferment status (unless it was military deferment) will not count. Any months prior to October, 2007 also won't count because PSLF did not exist before then. She will however get credit for all the other months she was in repayment, even if her payment was late.

7. Justin has four Direct Loans with different payment counts. He has been disputing this for some time as he feels they should all have the same count and some loans are missing eligible payments. Should Justin consolidate?

No. The Department of Education is reviewing all PSLF accounts and giving credit under the waivers for any month the loan was in a repayment status. This review will likely result in all four loans being given credit for the maximum number of months.

8. Nicole has previously been denied eligible payments due to "no bill" or "no payment due" or "missing or corrupt servicing records" or "incorrect repayment plan." What can Nicole expect from this waiver? Should she submit her banking or other records?

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Nicole can expect that all of these months should be credited to her once the ED completes their review. Any month in a repayment status while the borrower was working in eligible employment, prior to October 2021, will be counted. She does not need to submit any type of proof as the ED is not looking at that. They are only looking at months the loan was in a repayment status which is data they already have, even in situations of missing or corrupt servicing records. They collect loan status data monthly and have been for decades.

9. Jodi has eight Direct Loans. Four are from undergrad and have 90 PSLF eligible payments. Four are from graduate school and have 30 eligible payments. Should she consolidate? On a similar note, Jodi's sister has four FFEL loans with 100 eligible months and two Direct Loans with 20. What will her outcome be?

Yes, Jodi should consolidate. By doing so Jodi's consolidation will be given credit for the higher eligible payment count of 90. Jodi's sister should consolidate and submit her proof of eligible employment for those periods and her consolidation loan will be given credit for 100 months.

10. Fred has been paying on his FFEL loans for the last 15 years. He just started working for a PSLF eligible employer four years ago. His remaining balance on this FFEL loans is \$10K and his adjusted gross income is \$80K. Should Fred consolidate and if so which payment plan should he pick?

Fred will probably not benefit from PSLF or the TEPSLF as his remaining balance is low compared to his income. Because he only has at best 48 eligible payments under his belt and will need to make another six years of qualifying payments, it is very likely he will pay the loan off well before seeing any type of forgiveness.

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