

**CINCINNATI PUBLIC SERVICE
EMPLOYERS GUIDE
TO
PUBLIC SERVICE LOAN
FORGIVENESS PROGRAM**

A toolkit for Non-Profit Organizations, School Districts and other Public Service Employers

How does loan forgiveness work?

The PSLF program allows eligible borrowers to qualify for forgiveness of remaining balance of their Federal Direct Loan Program loans; following 10 years of full-time service within a public service organization, while making 120 qualifying payments.

Employees benefit the most when they have high debt relative to their income.

1

Talk about the benefits of loan repayment

Public Service Loan Forgiveness (PSLF) is a program that allows for the forgiveness of certain federal student loans after 10 years of payment. By helping your employees take advantage of this program, you might help your employees save thousands of dollars.

Get Started

- Review the toolkit. The City of Cincinnati Human Resources Department has combined a start-up kit within this packet, including a one-page “Path to Loan Forgiveness” for employees, a set of frequently asked questions to help you get started. The Cincinnati Human resources webpage also has information and resources to get you up to speed. Please visit cincinnati-oh.gov/hr/pslf
- Share the information with your employees. Distribute the one-page “Path to Loan Forgiveness” sheet to employees during the on-boarding process and ensure they are taking advantage of the program. Remember, the earlier they get started, the more they will save.
- Identify a point-of-contact. Designate someone within your organization to help your employees understand their options. You can also contact the City of Cincinnati Human Resources Department or visit our website for help in getting your employees started.

2

Help your employees certify

To track progress toward student loans forgiveness, your employees will need to complete and submit the Employment Certification for Public Service Loan Forgiveness form. You may download a copy of the form from the City of Cincinnati Human Resources Department website.

3

Remind employees to certify annually

Check in annually with employees to ensure they recertify their employment, by completing the Employment Certification Form. Consider distributing the PSLF Certification Form your benefits open enrollment season.

We're Here to Help

The City of Cincinnati Human Resources Department has a number of resources available to assist you in helping your employees take advantage of the benefits of the Public Service Loan Forgiveness Program. Please visit our website at cincinnati-oh.gov/hr/pslf

Employer Frequently Asked Questions (FAQs)

Q1. How do I help my employees know whether the student loans they have qualify for loan forgiveness?

Only Federal Direct Loans are eligible for Public Service Loan Forgiveness.

However, if your employees have other federal loans originated under the Federal Family Educational Loan (FFEL) program or the Perkins loan program, they may be able to consolidate those loans into a new Direct Loan to qualify.

Borrowers can learn more about what type of loan they have through the National Student Loan Data System (NSLDS), available at www.nsls.ed.gov/. This database only contains information about federal student loans. If your employees have private (non-federal) student loans, they will not appear through this system and are not eligible for loan forgiveness.

Consolidating federal loans may cause borrowers to forfeit other benefits. Employees with Perkins loans or those serving in the military should talk to their servicers about the risks associated with consolidation. For more information, see Question 7.

Q2. How do I help my employees know whether they are in the best repayment plan?

For most student loan borrowers seeking Public Service Loan Forgiveness, *Income-Based Repayment (IBR)* is the best repayment plan. IBR sets a borrower's monthly payment at a fixed percentage of his or her income. As a borrower's income rises, his or her monthly payments will also rise, so it is very important for your employees to enroll early and maximize their savings under Public Service Loan Forgiveness.

To enroll in Income-Based Repayment, borrowers should contact their servicers and ask for this option directly. It is important to make sure that they have a loan that qualifies for Public Service Loan Forgiveness before they enroll in IBR (See Question 1). Although IBR is the best choice for most borrowers, there may be circumstances where another payment plan is better for an individual employee. Borrowers can learn more about other options from the U.S. Department of Education, available at www.studentaid.ed.gov/publicservice.

Q3. Public Service Loan Forgiveness requires ten years of monthly payments for an employee to obtain forgiveness. How do I explain to my employees that this isn't a sure thing?

The path toward loan forgiveness presents some risks for borrowers. Because this program is an “all-or-nothing” benefit, it is important for your employees to understand that they must make 120 on-time, qualifying monthly payments in order to obtain loan forgiveness. If your employee leaves public service even one monthly payment short of the required 120, he or she will not be eligible for loan forgiveness and will be required to repay in full. It is also important to know that these *payments do not have to be consecutive*. If your employee makes a late payment or leaves public service for a brief period, he or she will still be able to pick up where he or she left off and continue down the path to loan forgiveness. However, to obtain the biggest benefit under Public Service Loan Forgiveness, your employees should strive to make their 120 on-time, monthly payments in 120 months.

Q4. During what time of year should I have my employees complete the Employment Certification for Public Service Loan Forgiveness form?

In addition to having your employees complete an Employment Certification for Public Service Loan Forgiveness as part of their onboarding process, employers should assist employees in re-certifying annually. It may make sense for you to include this as part of your organization’s “Open Season” for benefits enrollment or during tax season when you distribute W-2s to your employees.

But remember, your employees should always check with their servicers to make sure the proper forms were received and that they remain on the path toward loan forgiveness.

Q5. Who can sign the Employment Certification for Public Service Loan Forgiveness form?

The Employment Certification for Public Service Loan Forgiveness form can be signed by any staff member (an “authorized official”) who has access to the borrower’s employment or service records and is authorized by your organization to certify the employment status of your current or former employees.

This can be a member of your human resources team or an individual employee’s supervisor. It may make sense for employers to designate a single human resources team member to sign the forms for all eligible employees.

Q7. I understand that there may be other benefits for certain teachers. Is Public Service Loan Forgiveness always the best choice?

Highly-qualified teachers in certain low-income schools may be eligible for a different benefit that provides \$5,000 in loan forgiveness after the completion of five academic years as an elementary or secondary school teacher. Highly-qualified math, science or special education teachers may be eligible for up to \$17,500 in loan forgiveness after the completion of five academic years as a teacher in an eligible school.

Your employees cannot obtain a benefit under both the teacher loan forgiveness program and Public Service Loan Forgiveness. For borrowers with low-to-moderate student loan debt who meet other program criteria, Public Service Loan Forgiveness may not be the best choice. For borrowers with high student loan debt, it may still make sense to pursue this option.

Remember, taking the first steps toward Public Service Loan Forgiveness will not jeopardize eligibility for teacher loan forgiveness, so it may make sense for teachers to get started on this path while they weigh their options. To learn more about loan forgiveness for teachers, visit www.studentaid.ed.gov/tc.

Q8. My employee has private student loans. Are there repayment benefits that can help? What other options do they have to tackle this debt?

Private student loans are not qualifying loans under the existing federal loan repayment benefits.

Generally, private student loans have fewer flexible repayment options than federal student loans, but the best thing that your employee can do is to contact their student loan servicer to learn more about the options that might be available.

Path to Loan Forgiveness

Action Guide for Employees

1 Understand your options

Public Service Loan Forgiveness (PSLF) is a program that allows certain federal student loans to be forgiven after 120 on-time qualifying monthly payments. To benefit, you need to have a qualifying loan and sign up for a qualifying repayment plan.

Things to Consider

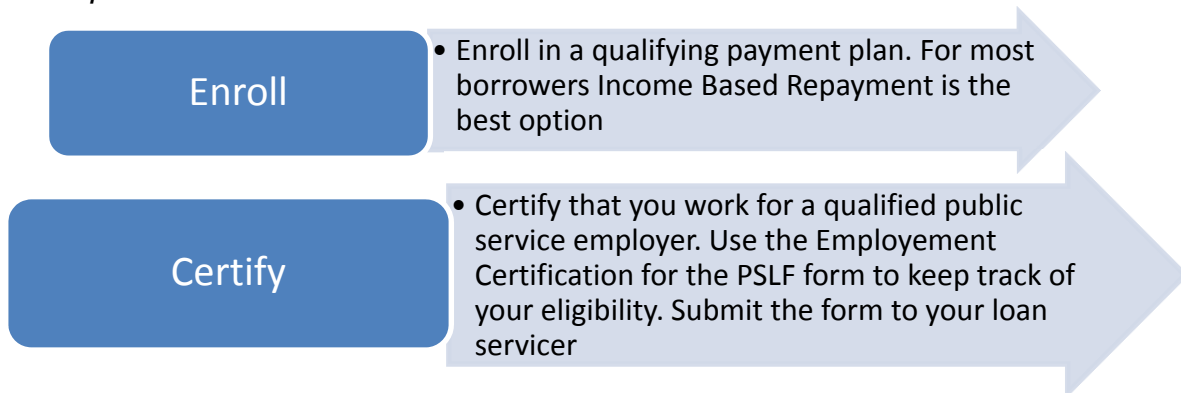
Generally, payments above or at the amount set under a standard 10—year repayment plan qualify for PSLF. However, most City employees will likely pay off their entire student loan before they are eligible for the loan forgiveness. Considering this, City employees are urged to enroll in an Income Based Repayment (IBR) plan.

For more information on IBR plan, please contact the City of Cincinnati Human Resources Department.

2 Enroll and Certify

Starting early is the best way to get the most out of the Public Service Loan Forgiveness Program. Once you have a qualifying loan and have decided the best payment plan for you, you'll need to enroll and certify.

Next Steps



3 Follow up with your servicer

Each year you should resubmit the Employment Certification for Public Service Loan Forgiveness form so that you can keep track of your qualifying service and payment. This way you can ensure you're stay on the path to loan forgiveness.

We're Here to Help

The City of Cincinnati Human Resources Department has a number of resources available to assist you in helping your employees take advantage of the benefits of the Public Service Loan Forgiveness Program. Please visit our website at cincinnati-oh.gov/hr/pslf

Public Service Loan Forgiveness Program

Employee Frequently Asked Questions

What is Public Service Loan Forgiveness (PSLF)?

This federal program eliminates, or forgives, federal student loans for specific borrowers. To qualify, you must be employed full time in an eligible public service or nonprofit job, and you must have made 120 eligible on-time payments in no less than 10 years.

Payments don't have to be consecutive, so you can gradually work toward forgiveness over time. However, only eligible payments made during eligible employment count toward that 120 number.

Which federal student loans are eligible for forgiveness under the PSLF?

Any non-defaulted loan made under the Federal Direct Loan Program (FDLP) is eligible for public service loan forgiveness, including Direct Subsidized and Unsubsidized, Direct PLUS, and Direct Consolidation loans.

Although public service loan forgiveness is available only for loans made under the FDLP, loans made under the Federal Family Education Loan Program, Federal Perkins Loan Program, and certain health professions and nursing loan programs — may qualify for forgiveness if they are consolidated into a Direct Consolidation loan. However, only payments made on the Direct Consolidation loan will count toward the 120 monthly payments required for forgiveness.

What counts as an eligible payment?

Any payment made on a loan from the government's direct loan program is eligible. If you have other federal loans, you can consolidate them into this program to potentially qualify. However, any payments you've made up until that point won't count toward your 120.

What types of public service occupations will qualify for loan forgiveness under the PSLF?

The borrower must be employed full time (in any position) by a public service organization, or must be serving in a full-time AmeriCorps or Peace Corps position. For purposes of the PSLF, the term "public service organization" means: A federal, state, local, or Tribal government organization, agency, or entity (includes most public schools, colleges, and universities).

Public service jobs include teachers, first responders (police, fire, EMT), public librarians, social workers, public defenders and prosecutors, and people who work for tax-exempt charitable organizations, non-profit 501 (c). It also includes people who work for the government, (Federal, State, Local or Tribal) and the military.