

Income-Based Repayment and Public Service Loan Forgiveness

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Today's Plan

- Overview of Public Service Loan Forgiveness
- The basics of Income-Based Repayment
- Getting to know your student loans
- Qualifying employment
- Tax concerns, especially for married borrowers
- Ask Heather



The Magic Number

120

**on-time monthly
payments**

Five Steps to Forgiveness



Make the right kind of payments



on the right kind of loan



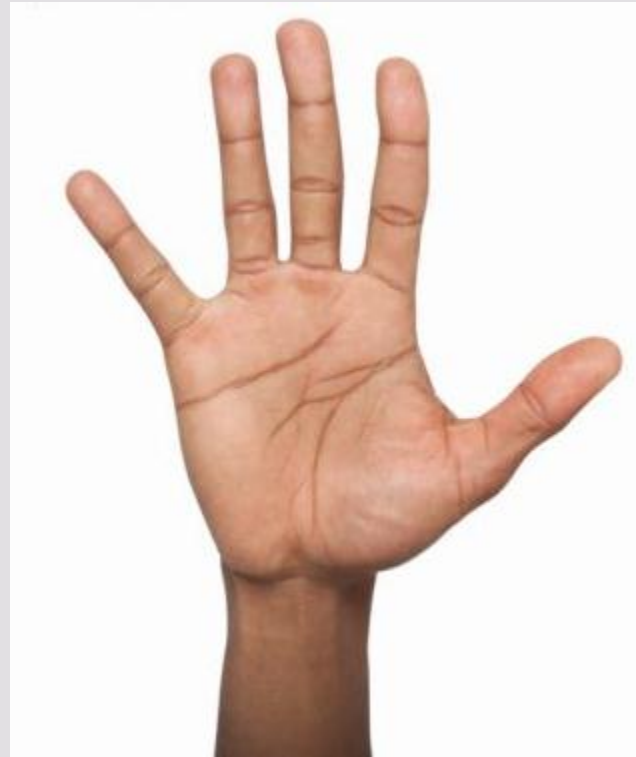
**while you are in the
right kind of job**



repeat 120 times



prove it



Why Heather Loves Public Service Loan Forgiveness

	Initial PI AGI: \$40K	IBR Monthly Payment	30 Year Fixed Monthly	10 Year Fixed (Affordable?)
Year 1:	\$40,000	\$297	\$696	\$1184
Year 2:	\$41,200	\$306	\$696	\$1184
Year 3:	\$42,436	\$315	\$696	\$1184
Year 4:	\$43,709	\$324	\$696	\$1184
Year 5:	\$45,020	\$334	\$696	\$1184
Year 6:	\$46,371	\$344	\$696	\$1184
Year 7:	\$47,762	\$355	\$696	\$1184
Year 8:	\$49,195	\$365	\$696	\$1184
Year 9:	\$50,671	\$376	\$696	\$1184
Year 10:	\$52,190	\$387	\$696	\$1184
Years 11-30:	...	\$0	\$696	\$0
	Total Paid IBR:	\$40,849	Total Forgiven:	\$133,696
	10 Year Fixed:	\$142,158		
	30 Year Fixed:	\$250, 598		

The right kind of job

**full-time
paid work**



Government

501(c)(3)
Non-profit

AmeriCorps
Position

Peace Corps

Public
Service
Organization

Government

Local

State

Federal

Tribal

Government
organizations

Government
entities

Government
agencies

~~Government
contractors~~

Full-time

30 hours

the right kind of job



The right kind of payments

Income-Based Repayment



Income-Based Repayment

Adjusted Gross Income

Family Size

IBR Monthly Payment Amount

Source: United States Department of Education

AGI	Family Size						
	1	2	3	4	5	6	7
\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$20,000	\$47	\$0	\$0	\$0	\$0	\$0	\$0
\$25,000	\$109	\$39	\$0	\$0	\$0	\$0	\$0
\$30,000	\$172	\$102	\$32	\$0	\$0	\$0	\$0
\$35,000	\$234	\$164	\$94	\$24	\$0	\$0	\$0
\$40,000	\$297	\$227	\$157	\$87	\$16	\$0	\$0
\$45,000	\$359	\$289	\$219	\$149	\$79	\$9	\$0
\$50,000	\$422	\$352	\$282	\$212	\$141	\$71	\$1
\$55,000	\$484	\$414	\$344	\$274	\$204	\$134	\$64
\$60,000	\$547	\$477	\$407	\$337	\$266	\$196	\$126
\$65,000	\$609	\$539	\$469	\$399	\$329	\$259	\$189
\$70,000	\$672	\$602	\$532	\$462	\$391	\$321	\$251

Individual or married filing separately tax filing status

**Your
AGI**



**IBR
AGI**

Married filing jointly

**Joint
AGI**



**IBR
AGI**

Income-Based Repayment

Owe more than you earn?

Partial Financial Hardship

Eligible Loans	AGI		
	Family size = 1	Family size = 2	Family size = 3
\$10,000	\$25,541	\$31,271	\$37,001
\$15,000	\$30,145	\$35,875	\$41,605
\$20,000	\$34,748	\$40,478	\$46,208
\$25,000	\$39,351	\$45,081	\$50,811
\$30,000	\$43,954	\$49,684	\$55,414
\$50,000	\$62,637	\$68,097	\$73,827
\$75,000	\$85,383	\$91,113	\$96,843
\$100,000	\$108,399	\$114,129	\$119,859
\$150,000	\$154,431	\$160,161	\$165,891
\$200,000	\$200,464	\$206,194	\$211,924

Source: Jeff Hanson, Hanson Education Services

www.gladvisor.com

erw... x GL Student Debt Advice, Me... x 31 Google Calendar x +

www.gladvisor.com

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GL ADVISOR

Home | Our Services | Resources

Get Started

Student Debt Advice

GL Advisor provides advice and support to medical, dental, veterinary and law school graduates as well as other young professional graduates who have accumulated a large amount of student loan debt, but have neither the tools nor the time to manage it effectively.

1 2 3 4 5

Like 191 people like this. Be the first of your friends.

GL Advisor is a unique service designed to help **professional graduates** navigate financial issues and make the best decisions regarding debt. We provide solutions to the critical issues facing new graduates by assisting with:

- ✓ Minimizing the cost of student loan debt
- ✓ Increasing liquidity through payment relief
- ✓ Saving time so you can focus on your career

www.finaid.org/calculators/ibr.phtml

The screenshot shows a web browser window with the address bar displaying <http://www.finaid.org/calculators/ibr.phtml>. The page title is "FinAid | Calculators | Income-Based Repayment Calculator - Mozilla Firefox". The browser's address bar also shows "finaid ibr calculator".

The page content includes the FinAid logo and the tagline "The Smart Student Guide to Financial Aid". A navigation menu on the left lists "Loans", "Scholarships", "Savings", "Military Aid", "Other Types of Aid", "Financial Aid Applications", "Answering Your Questions", "Calculators", and "Beyond Financial Aid". A search bar is located below the menu.

The main heading is "Income-Based Repayment Calculator". The text explains that the calculator compares the cost of repaying Federal student loans using the Income-Based Repayment (IBR) option and the standard repayment option, including the net present value of those payments. An advertisement for SimpleTuition is displayed on the right, with the text "Find Student Loans. There are options. We have them. View Options."

Below the main heading, there is a section titled "Please click on the field names for help in using this calculator. For more information about discount rates, see also the discussion of net present value." This is followed by a paragraph explaining that a married borrower who files a separate federal income tax return should include only his or her own loans. Public Law 110-153 modified the treatment of income for married borrowers who file separate federal income tax returns. Accordingly, this calculator will include the spouse's income only when the borrower files as married filing jointly.

Another paragraph states that community property states generally attribute half of the earnings of a married couple to each spouse, so in those states, the AGI on the tax return of a married borrower who files a separate tax return will usually include half of the couple's combined earnings, plus any other separate income of the borrower. Therefore, depending on the spouse's earnings, the borrower's AGI on a separate return could be higher or lower than the borrower's own earnings.

A note mentions that the HHS Poverty Tables are typically updated in February.

The calculator form includes the following fields:

- Table Year: 2009
- Family Size: 1
- State of Residence: Continental U.S.
- Discount Rate: 5.80%
- Income Growth Rate: 4.00%
- CPI: 3.0%
- Poverty Level Change Rate: 3.0%
- Loan Forgiveness: Year of Forgiveness: 10 Years (Public Service)
- Tax Filing Status: Single

The bottom of the page shows the Windows taskbar with various open applications, including "Inbox - Microsoft Outlook", "question/concern about...", "Music", "Windows Search", "Timesheets", "Getting your student loan...", "money song list - Micro...", and "FinAid | Calculators ...". The system clock shows 1:46 PM.

on the right kind of loan



Grad PLUS



**Subsidized
Stafford**



**Federal
Loans**



**Unsubsidized
Stafford**



**Federal
Consolidation**

Commercial, private, alternative loans

ick

FFEL



**Federal
Direct**

**Federal
Student
Loans**

Eligible Loans for Public Service Loan Forgiveness

**ONLY
FEDERAL
DIRECT**

**FFEL loans MUST be consolidated
into federal direct**

<http://loanconsolidation.ed.gov/>


www.nslds.ed.gov

National Student Loan Data System for Students - Mozilla Firefox

File Edit View History Bookmarks Yahoo! Tools Help

http://www.nslds.ed.gov/nslds_SA/


Student Aid on the Web Direct Consolidation Loans - Welcome!! IBRInfo - Updates National Student Loan Data Syst...

 **START HERE
GO FURTHER**
FEDERAL STUDENT AID

National Student Loan Data System (NSLDS) for Students

Financial Aid Review Glossary of Terms Browser Information/Setup FAQs Contact Us

[Hurricane Assistance](#)



NSLDS STUDENT ACCESS
National Student Loan Data System

Retrieve Your Loan Information

The National Student Loan Data System (NSLDS) is the U.S. Department of Education's (ED's) central database for student aid. NSLDS receives data from schools, guaranty agencies, the Direct Loan program, and other Department of ED programs. NSLDS Student Access provides a centralized, integrated view of Title IV loans and grants so that recipients of Title IV Aid can access and inquire about their Title IV loans and/or grant data.

[FINANCIAL AID REVIEW](#)

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WhiteHouse.gov | USA.gov | ED.gov

Start Search Desktop 2 Microsoft ... Presentations Windows S... Timesheets Getting your s... Career Scena... New York Cl... West Virginia... money song l... Document1 - ... National S... Career Scena...

2:12 PM

http://loanconsolidation.ed.gov/

The screenshot shows the 'Direct Consolidation Loan - Borrower Services' website. The browser window title is 'Direct Consolidation Loan - Borrower Services - Mozilla Firefox'. The address bar shows 'https://loanconsolidation.ed.gov/AppEntry/apply-online/appendix.jsp'. The website has a purple and white color scheme. At the top, there's a navigation bar with links: CONSOLIDATION HOME, APPLICATION HOME, FORMS & PUBLICATIONS, FAQ, and CONTACT US. Below this, there's a 'Borrower Services' section with a 'Federal Direct Consolidation Loans Information Center' header. The main content area is divided into three numbered steps: 1. Before Beginning, 2. Apply Online, and 3. Follow-up. Each step contains detailed instructions and links. A left sidebar lists various borrower services and additional resources. The bottom of the page shows a Windows taskbar with several open applications.

Borrower Services

Federal Direct Consolidation Loans Information Center

Welcome Applicants!

You may be able to combine your existing Federal education loans into one new consolidated loan that offers several advantages. Click on "Borrower Info" topics to the left for more information about advantages of consolidation.

Here you will find what borrowers need to know about Direct Consolidation Loans. If you don't find it here, [Ask Us](#).

New Income-Based Repayment (IBR) Plan Available!

If you would like eligibility information or to take advantage of this repayment option, [Click Here](#) for more information.

1 Before Beginning

Get organized!

To help you decide if you want to consolidate and/or to simplify the application process, gather and read required documents and other information ahead of time.

- [Application and Promissory Note, Introductory Letter, and Instructions](#)
- What [Web Tips](#) are Essential For Completing The Online Application
- [What Do You Need to Fill Out This Application?](#)
- Check The [Current Interest Rates](#)
- [What's New and Security](#)
- Want to Sign Your Promissory Note Online (E-sign)? [Apply For a PIN!](#)

2 Apply Online

Complete the application!

The process asks about you, your financial information, your spouse, references and more.

- [Apply Online and E-sign Your Promissory Note](#)
- [Apply Online and Print, Sign, and Mail Your Promissory Note](#)
- [Retrieve an In Progress Saved Application](#) (Not Submitted)
- The online application process is the most efficient way to apply, but you could alternatively select 'Forms & Publications' from the top menu to download blank forms to print, complete, sign, and mail.

3 Follow-up

Post-Application Activities!

You can check the status of your application, retrieve your submitted E-signed Promissory Note, application data, and other information.

- [What Happens After I Apply?](#)
- [View Your Application Status](#)
- [Retrieve Your Submitted E-signed Promissory Note and Other Consolidation Application Documents](#)
- [Add Loans to Your Consolidation](#)
- [Apply For a PIN](#) if you don't have one yet

Borrower Info

- [Should I Consolidate?](#)
- [How Do I Benefit?](#)
- [Am I Eligible?](#)
- [What Loans Can I Consolidate?](#)
- [How Do I Apply?](#)
- [How Do I Update or Correct My Application?](#)
- [What is the Status of My Application?](#)
- [What are My Rights and Responsibilities?](#)

ADDITIONAL RESOURCES

- [Direct Loan Servicing](#)
- [NSLDS](#)
- [ED.GOV](#)
- [Online Calculator](#)
- [PIN Request & Information](#)
- [Students.Gov](#)

English Español

www.studentloanborrowerassistance.org

The screenshot shows a Mozilla Firefox browser window displaying the Student Loan Borrower Assistance website. The browser's address bar shows the URL <http://www.studentloanborrowerassistance.org/>. The website has a purple and white color scheme. At the top, the title "Student Loan Borrower Assistance" is displayed next to a logo of two hands forming a circle. The main heading reads "A Resource for Borrowers, their Families and Advocates". A search bar is located on the left side of the main content area. Below the search bar, a vertical navigation menu lists various topics: Home, Get Answers, Find A Solution, Understanding Student Loans, Repayment, Loan Cancellation, Default and Delinquency, Student Loans & Bankruptcy, Collections, Policy & Legal Issues, Where to Go for Help, Glossary, and About Us. The main content area features a paragraph about the National Consumer Law Center's project, followed by two buttons: "Get Answers" and "Find A Solution". Below these buttons, a disclaimer states that the site does not provide legal advice. A "Voices" section with a speaker icon encourages users to share their experiences. On the right side, a "DON'T MISS!" section promotes self-help packets and a blog. Below this, a "New Developments" section lists recent legislative and policy updates. The footer indicates the site was last updated on April 27th, 2010. The browser's taskbar at the bottom shows several open applications, including Microsoft Outlook, the Student Loan Borrower Assistance website, Webinars, and Microsoft PowerPoint.

Student Loan Borrower Assistance - Mozilla Firefox

File Edit View History Bookmarks Tools Help

http://www.studentloanborrowerassistance.org/

Most Visited Getting Started Latest Headlines Customize Links Free Hotmail Windows Marketplace Windows Media Windows

Search the Web

WEB SEARCH

KAYAK Search Results Student Loan Borrower Assistance

Student Loan Borrower Assistance

**A Resource for Borrowers,
their Families and Advocates**

DON'T MISS!
Self-help Packets
Where to go for help
» Our blog «

Search

Home
Get Answers
Find A Solution
Understanding Student Loans
Repayment
Loan Cancellation
Default and Delinquency
Student Loans & Bankruptcy
Collections
Policy & Legal Issues
Where to Go for Help
Glossary
About Us

National Consumer Law Center's **Student Loan Borrower Assistance Project** is a resource for borrowers, their families, and advocates representing student loan borrowers. This site is for people who already have student loans and want to know more about their options and rights.

Get Answers
Browse a wide range of questions and answers to find the information you need.

Find A Solution
A step-by-step guide to determine a strategy to solve your student loan problem.

Please understand that we do not provide legal advice about individual cases. We request that users first review the information on this site and call or e-mail only with general questions not answered here. This web site includes links to [other resources](#) for those who seek individualized legal advice or other help not offered here.

Voices

We encourage you to share your student loan experiences with us.

Last updated: April 27th, 2010

New Developments

- U.S. Senate and House [Introduce Legislation](#) to Make Private Student Loans Dischargeable in Bankruptcy
- U.S. House Passes [Student Loan Reform Legislation](#) (March 2010)
- Sallie Mae [Announces](#) Death and Disability Discharges for Some Private Student Loans
- Department of Education Posts Questions and Answers About [IBR and Public Service Forgiveness](#) (Jan/Feb. 2010)
- SLBA [Brief](#) on For-Profit Higher Education (Jan. 2010)
- [FAQs on Loan Rehabilitation](#)

Federal Direct

- The one and only **RIGHT** kind of loan

FFEL, Perkins

- Could become right, but **only if you take action**

Private,
alternative,
commercial,
bar study loan

- **WRONG** and can't ever be right

the right kind of loan



Repeat 120 times

**on time payments
once a month for 10-years**



Prove it
apply for forgiveness



Prove it

verify income & family size annually



certify employment annually



apply for forgiveness

And some other notes

- IBR 25-year forgiveness and taxation
- PSLF not taxable as income
- PSLF secure (ish)
- Help Heather help others

Remember these 5 steps:

1. **Make the right kind of payments,**
2. **on the right kind of loans,**
3. **while you are in the right kind of job.**
4. **Repeat 120 times.**
5. **Prove it.**



HEATHER JARVIS
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askheatherjarvis.com