



Financial Information, Resources,  
Services, and Tools

# Public Service Loan Forgiveness (PSLF)



FIRST is a program of the  
Association of American Medical Colleges

[www.aamc.org/FIRST](http://www.aamc.org/FIRST)

# FIRST

Dear Student,

**Congratulations!** When you graduate from medical school, or when you are no longer enrolled at least half-time, your (eligible) federal students loans will go into a grace period (generally six to nine months). After the grace period ends, you will need to choose to either postpone loan payments or select a repayment plan. If you have loans that do not qualify for a grace period, you will need to contact your servicer(s) to discuss options.

If you are thinking about going into public service, you may be eligible for the Public Service Loan Forgiveness (PSLF) program. This e-book explains the PSLF program, eligibility requirements, and the steps you will need to take to ensure eligibility for the PSLF program.

You can also find more helpful resources on the AAMC's Financial Information, Resources, Services, and Tools ([FIRST](#)) website, which is designed to help you understand financial aid, manage your loans, and prepare for life's everyday financial decisions.

Be sure to check out these 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, and 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.
- [SALT™](#)—FREE access to resources about budgeting, money management, credit, and other practical financial information. [Sign up](#) for a SALT account today!

Now is the time to tap into a wealth of information to help you manage your finances. The more financial knowledge you acquire today, the better equipped you will be to make financial decisions tomorrow and beyond. Visit the FIRST website at [aamc.org/FIRST](http://aamc.org/FIRST), and follow us on Twitter ([@aamcfirst](#)) and Facebook ([AAMCFIRST](#)).

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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 and 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 qualifying monthly payments.

Find out more in this e-book 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)
  - Income-Contingent Repayment (ICR)
  - Income-Based Repayment (IBR)
  - Pay As You Earn Repayment (PAYE)



### 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 and organizations)
  - Certain private not-for-profit employers may qualify if they provide a specified public service

**For more detailed information, visit the Federal Student Aid website at [studentaid.ed.gov/publicservice](https://studentaid.ed.gov/publicservice).**

**TIP:** To maximize forgiveness under the PSLF program, you should repay your loans under one of the [income-driven repayment plans](#) (Income-Based Repayment [IBR], Pay As You Earn Repayment [PAYE], 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 and most medical schools and teaching hospitals. Sample fields include:

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

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 (IBR/PAYE/ICR) from your servicer(s). ([studentloans.gov](https://studentloans.gov))

- These [income-driven repayment plans](#) qualify for the PSLF program and offer the lowest monthly payment compared with traditional repayment plans:
  - Income-Based Repayment (IBR)
  - Pay As You Earn (PAYE)
  - 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 at [studentloans.gov](http://studentloans.gov)
- Indicate your interest in PSLF by completing the [Employment Certification Form](#) (ECF)
- [Select FedLoan Servicing](#) as your servicer
- 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.

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## 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 of 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.
- If you do not submit the ECF (either annually or with each new employer), you will still be required to submit a form for each qualifying employer at the time you apply for forgiveness.
- 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 IBR/PAYE/ICR payments.

- For most Direct Loans, you will get a six-month grace period that begins the day after 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 on your Direct Consolidation Loan while employed by a qualifying public service organization will count toward the required 120 monthly payments. Payments made on other federal loans prior to consolidation do not 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.

**FIRST**

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

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