

## **Public Service Loan Forgiveness: What Every Dental and Dental Hygiene Student, Resident and Fellow Should Know**

### **Quick Facts About Public Service Loan Forgiveness (PSLF)**

- Passed into law in 2007 to encourage borrowers to enter and remain in the public sector for at least 10 years by promising to forgive their remaining federal debt at that time.
- Forgiveness amount under PSLF is not subject to tax under current tax law.
- Not degree specific; any borrower meeting the eligibility requirements can qualify for PSLF, including dental school and dental hygiene graduates.
- PSLF is working and borrowers are qualifying, due in part to better counseling, resulting in more borrowers being better informed about the program and how to qualify and track payments towards eligibility each year. Majority of borrowers initially denied PSLF were using the wrong repayment plans (they were not using income-driven plans) and were trying to get forgiveness on loans the government did not make.
- The Biden administration announced temporary changes to PSLF in October 2021 designed to help make PSLF more accessible. Majority of these changes allow payments made on nondirect federal loans to qualify as eligible payments, regardless of which federal payment plan the borrower has been or is currently using.
- None of the previous proposals to eliminate PSLF have become law, and regardless, the proposals protected current borrowers. The current administration is supportive of PSLF, as evidenced by the changes announced in October 2021, thus there is no reason to expect borrowers interested in PSLF who meet the requirements will not have qualify.

### **How Borrowers Qualify**

- Borrowers must do three things at the same time to qualify for PSLF:
  1. Make 120 timely, qualifying payments with an eligible repayment plan. (For example, Income-Based Repayment [IBR], Pay As You Earn [PAYE] or Revised Pay As You Earn [REPAYE].)
  2. Pay on direct loans (e.g., direct unsubsidized, direct PLUS or direct consolidation).
  3. Must work full time for an eligible public service employer, such as a nonprofit, including academic dentistry institutions.
- Payments do not have to be consecutive nor from the same eligible repayment plan.
- Borrowers do not apply for PSLF until they have made all required payments.
- Borrowers may confirm that their employer is an eligible PSLF employer and get help tracking eligible PSLF payments by submitting the PSLF Form, available at [StudentAid.gov/publicservice](https://studentaid.gov/publicservice). Submission of the PSLF Form each year helps borrowers not only confirm their employer is an eligible PSLF employer, but track their qualifying payments as well.
- Borrowers with nondirect federal loans can consolidate them into the federal direct consolidation loan program to maximize their potential forgiveness amount.
- Many teaching hospitals for advanced dental education qualify as eligible PSLF employers, hence payments tied to income made on direct loans during hospital-based residency may count as eligible payments toward PSLF, if the hospital qualifies as an eligible PSLF employer.

## Potential Forgiveness Amounts\*

Please note the following assumptions used in the repayment estimate tables below:

- \$304,824 educational debt (average debt of indebted borrowers, Class of 2020)
  - \$162,000 direct unsubsidized; remainder direct PLUS (Grad PLUS)
  - Appropriate interest rates used based on year borrowed for Class of 2020
- \$56,112 stipend as first-year, general practice resident; \$180,000 starting salary
- No aggressive payments (no payments over required minimum)
- Single/family size of one for income-driven repayment plan calculations
- PSLF estimates assume the graduate works continuously in nonprofit sector

### Scenario 1: No Residency, Immediately Into Nonprofit Employment

Repayment plan	Years	Monthly payment	Total repayment	PSLF paid PSLF forgiven	Term forgiveness
Standard	10	\$3,899	\$467,844	NA	NA
Extended	25	\$2,315	\$694,448	NA	NA
REPAYE	25	\$1,341 to \$2,902*	\$599,337	\$186,321 <b>\$361,106</b>	\$260,258 taxable

### Scenario 2: One-year General Practice Residency (GPR), Then Nonprofit Employment

Repayment plan	Years	Monthly payment	Total repayment	PSLF paid PSLF forgiven	Term forgiveness
Standard	10	\$3,899	\$467,844	NA	NA
Extended	25	\$2,315	\$694,448	NA	NA
REPAYE	25	\$308 to \$2,810	\$569,297	\$169,329 <b>\$369,885</b>	\$289,739 taxable

\*AAMC/ADEA DLOC used for all repayment and forgiveness estimates, available at [adea.org/DLOC](http://adea.org/DLOC).

Note that monthly payments under both standard 10-year and extended 25-year plans are not dependent on income and family size. Borrowers may start in these plans and apply for an income-driven repayment plan later, if needed. REPAYE is only one income-driven plan, used here simply as an example.

## Resources

- Association of American Medical Colleges/ADEA Dental Loan Organizer and Calculator (AAMC/ADEA DLOC) at [adea.org/DLOC](http://adea.org/DLOC).
  - See DLOC tutorial and fact sheet at [adea.org/DLOC](http://adea.org/DLOC).
- [StudentAid.gov/publicservice](http://StudentAid.gov/publicservice)
  - Details PSLF program and provides access to the PSLF Form.
- [StudentAid.gov/PSLFwaiver](http://StudentAid.gov/PSLFwaiver)
  - Describes the temporary changes to PSLF to help ensure more borrowers can qualify.

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