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Public Service Loan Forgiveness:
What Every Dental 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 graduates.

How Borrowers Qualify

- Borrowers must do three things at the same time to qualify for PSLF:
    1. Make 120 timely, scheduled payments with an eligible income-driven repayment plan (Income-Based Repayment [IBR], Pay As You Earn [PAYE) or Revised Pay As You Earn [REPAYE]),
    2. On direct loans (e.g., direct unsubsidized, direct PLUS or direct consolidation), and
    3. Work full time for an eligible public service employer (such as a nonprofit, including academic dentistry institutions).
- Payments do not have to be consecutive.
- 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 Employment Certification Form (ECF), available at www.StudentAid.ed.gov/publicservice. While not required, it is highly recommended that borrowers interested in PSLF submit the ECF each year and always when they change employers.
- 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 should count as eligible payments toward PSLF, if the hospital qualifies.

Resources

- Association of American Medical Colleges/ADEA Dental Loan Organizer and Calculator (AAMC/ADEA DLOC) at www.ADEA.org/DLOC.
    - Upload your federal loan data from the National Student Loan Data System at www.NSLDS.ed.gov and see PSLF estimates based on your federal debt and career plans.
- www.StudentAid.ed.gov/publicservice (look for the PSLF Q&A document).
- www.MyFedloan.org.
    - Fedloan Servicing is the designated loan servicer for borrowers interested in PSLF.

Potential Forgiveness Amounts*

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

- $262,119 educational debt (mean for indebted students in the class of 2016).
  - $162,000 direct unsubsidized; $100,119 direct PLUS (Grad PLUS).
  - Appropriate interest rates used for each loan based on year borrowed.
- $53,243 stipend as first-year resident (GPR); $160,000 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 during first 10 years of repayment.

Scenario 1: No residency, immediately into nonprofit employment

Repayment plan	Years	Monthly payment	Total repayment	PSLF paid **PSLF forgiven**	Program forgiveness
Standard	10	$3,456	$414,679	NA	NA
Extended	25	$2,055	$616,489	NA	NA
REPAYE	25	$1,185 to $2,472	$526,271	$163,910 **$320,648**	$237,033 taxable
PAYE	20	$1,185 to $2,122	$386,628	$163,910 **$337,967**	$310,156 taxable

Scenario 2: One-year general practice residency (GPR), then nonprofit employment

Repayment plan	Years	Monthly payment	Total repayment	PSLF paid **PSLF forgiven**	Program forgiveness
Standard	10	$3,546	$414,679	NA	NA
Extended	25	$2,055	$616,489	NA	NA
REPAYE	25	$295 to $2,393	$499,070	$148,358 **$328,688**	$262,900 taxable
PAYE	20	$295 to $2,054	$363,896	$148,358 **$353,519**	$334,714 taxable

* AAMC/ADEA DLOC used for all repayment and forgiveness estimates.

Please note that the initial payments under PAYE and REPAYE are much lower during residency (when salary or stipend compared with debt is often substantial), which causes the forgiveness amounts with PSLF to increase. Borrowers doing longer hospital-based residency programs should see higher forgiveness amounts, since payments should be lower for a longer period of time.

Note also that monthly payments under both Standard 10-year and Extended 25-year plans are not dependent on income and family size. However, borrowers may start in these plans and apply for PAYE or REPAYE later if needed.

Finally, Income Based Repayment (IBR) is an older income-driven repayment plan and is not displayed here. However, the AAMC/ADEA DLOC will run repayment and forgiveness estimates under IBR for borrowers who might be interested in IBR.

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