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Student Loan Forgiveness Changes: Who Qualifies, And How To Apply Under Biden's Expansion Of Relief



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Personal Finance

I'm an attorney focused on helping student loan borrowers.

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US President Joe Biden on October 5, 2021. (Photo by Nicholas Kamm / AFP) (Photo by NICHOLAS ...

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The Biden administration this week announced [sweeping changes to Public Service Loan Forgiveness \(PSLF\)](#), a key federal student loan forgiveness program that has been mired in problems and low approval rates since its inception.

The administration will be relaxing key requirements that had restricted eligibility for PSLF to only certain types of federal student loans and certain repayment programs. The result will be a significant expansion of the program that could ultimately benefit nearly 600,000 student loan borrowers, according to the Department of Education.

Here's an overview of the new changes to the PSLF program, including who may be eligible and how to request relief.

All Repayment Plans Will Now Qualify For Public Service Loan Forgiveness (PSLF)

The Department of Education has indicated that under the new changes, payments made under any repayment plan can now count as a qualifying payment towards PSLF. “Any prior payments made while working for a qualifying employer will count as a qualifying payment, regardless of loan type or repayment plan,” said the Department of Education.

Previously, only payments made under an income-driven repayment plan or the 10-year Standard repayment plan could count as a qualifying payment. Payments made under Extended repayment plans, Graduated repayment plans, and other fixed or level plans with terms greater than 10 years were excluded. Now, payments made under these plans will count, as long as the borrower was working in qualifying PSLF employment at the time that the payment was made.

Importantly, the changes are retroactive to the creation of the PSLF program in October of 2007, but not before that date. So payments made prior to October of 2007 still cannot be counted towards PSLF. Most periods

of non-payment including in-school deferments, hardship forbearances, and periods of default will still not count towards PSLF.

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Payments Made on Non-Direct Federal Student Loans — including FFEL loans — Can Now Qualify for PSLF

The Department is also relaxing PSLF criteria that restricted eligibility to payments made on Direct federal student loans only. Payments made on other types of federal student loans, such as Perkins loans and older FFEL-program loans, have historically not counted as qualifying PSLF payments. “Counting prior payments on additional types of loans will be particularly important for borrowers who have or had loans from the Federal Family Education Loan (FFEL) Program,” wrote the Department of Education in its announcement. “Around 60 percent of borrowers who have certified employment for PSLF fall into this category.”

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Under the new changes, the Department will count payments made on non-Direct federal student loans, including FFEL loans and Perkins loans, towards PSLF, provided the borrower was working in qualifying PSLF employment when those payments were made. Borrowers would still need to consolidate these loans via the federal Direct consolidation loan program to obtain the benefit.

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Some loans still will not qualify for PSLF, however. For example, payments made on private student loans, and payments made on Parent PLUS loans

prior to Direct loan consolidation, will still not qualify.

Payments Made Prior To Direct Loan Consolidation Can Count Towards PSLF

Another major change the Department is implementing involves counting payments made prior to Direct loan consolidation towards PSLF.

Historically, consolidating loans effectively “restarts the clock” on a borrower’s repayment term, including for purposes of PSLF.

Consolidating will still restart the clock on a borrower’s broader repayment term (which is something to be aware of), but now the Department will allow payments made prior to Direct loan consolidation to be counted towards PSLF, provided the borrower was working in qualifying employment when the payments were made. “Payments prior to a Direct Loan consolidation are... covered” by the changes, wrote the Department in its announcement.

As noted above, however, payments made on Parent PLUS loans prior to Direct loan consolidation will still not qualify for PSLF.

PSLF Payments Rejected Due To Technicalities Will Be Reinstated

The Department will also be taking steps to reverse rejections of payments due to technicalities. “Too many payments do not count toward PSLF due to technical requirements around borrowers’ choice of payment plan, timing, and amount of the payment,” wrote the Department. “In some instances, borrowers missed out on credit toward PSLF because their payments were off by a penny or two or late by only a few days.”

The Department will be conducting an audit over the next few months, and indicated it will automatically adjust qualifying PSLF payments for borrowers who were unfairly rejected due to these kinds of technicalities.

Special PSLF Changes For Those In The Military

The Department also announced sweeping PSLF changes for military service members. The Biden administration “will allow months spent on active duty to count toward PSLF, even if the service member’s loans were on a deferment or forbearance rather than in active repayment,” which is typically a requirement for PSLF. “This change ensures that members of the military will not need to focus on their student loans while serving our country.”

The Department will also take steps to automate enrollment in PSLF for military service members and federal government employees.

How To Apply For Relief Under Expanded PSLF

The Department is characterizing the changes to the PSLF program as a “Limited PSLF Waiver” that is being implemented using emergency executive authority. As a result, there is a limited time window during which the relief can be offered: one year, and the deadline is October 31, 2022.

The Department will be providing some of the relief automatically. For example, the Department indicated that it will be automatically adjusting payments that were rejected due to identifiable technicalities.

For other borrowers, however, action may be required. Borrowers who have not consolidated their FFEL loans and Perkins loans, for instance, will need to consolidate their loans via the federal Direct consolidation program by October 31, 2022 to get prior payments on those loans to count towards PSLF. Before consolidating, borrowers should be absolutely certain that their employment during the requisite time period would qualify for PSLF.

Borrowers who already have all Direct-program federal loans will either need to apply for student loan forgiveness under PSLF by October 31, 2022 (if they have made the required 120 total payments), or they will need to

certify their employment by that date to qualify for the PSLF waiver benefits.

The Department indicated that it would release more information in the coming weeks to help guide borrowers.

Further Reading

[Biden To Transform Public Service Loan Forgiveness With Huge New Changes: Key Details](#)

[What Navient And FedLoan Borrowers Should Know As Major Student Loan Servicing Changes Loom](#)

[These Student Loans Are Excluded From Biden's Loan Forgiveness And Relief Programs — Here's Why](#)

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