

# Public Service Loan Forgiveness – Early Start Options

Maximize the PSLF benefits during a low/\$0 payment period under an Income Driven Repayment Plan

## 1. LOANS IN DEFERMENT OR FORBEARANCE

[e.g., Direct Grad PLUS, Direct Consolidation Loans, prior Direct Subsidized/Unsubsidized (Stafford) Loans that have used their grace period]

### AS SOON AS YOU GRADUATE:

- Apply for an IDR Plan at [StudentAid.gov](https://studentaid.gov) (select the option to “Apply for an Income Driven Repayment Plan” from the “Manage Loans” dropdown on your dashboard).
- Answer **YES** to question about ending the deferment/forbearance now.
- If you filed a federal tax return in either of the two most recent tax years, you will be asked the following question after you transfer your recent AGI from the IRS website (IRS Income Confirmation): **“Has your income significantly decreased since you filed your most recent federal tax return, for example have you lost your job or experienced a drop in income?”** – You should answer **NO** to this question if your current income is greater than or equal to your prior year’s AGI (i.e., the example included in the question does not apply—you now do not have LESS income).

This will allow you to put any loans (e.g., Direct Grad PLUS, prior Direct Subsidized/Unsubsidized (Stafford) Loans that no longer have a grace period) that currently are in deferment or forbearance on an IDR plan so that you start receiving PSLF qualifying payments and interest subsidy benefits under certain IDR plans (SAVE) sooner.

## 2. LOANS IN GRACE PERIOD

[e.g., Direct Subsidized/Unsubsidized (Stafford) Loans, Perkins Loans, HPSL/LDS/NSL loans borrowed during current degree program]

### ONCE LOANS HAVE BEEN PLACED IN GRACE PERIOD BY LOAN SERVICER(S):

[Direct loans that are in their Grace Period (e.g., Direct Subsidized/Unsubsidized (Stafford) Loans) cannot be put on IDR plans while in a Grace Period—you have to wait until the Grace Period has ended and the loan(s) have entered repayment to be able to put the loans on a repayment plan. However, they can be consolidated (refinanced) once they are in their Grace Period with a Federal Direct Consolidation Loan. The Direct Consolidation Loan does not have a Grace Period, and therefore, can be put on an IDR plan as soon as it is funded.]

- Apply for a **Federal Direct Consolidation Loan** to **CONSOLIDATE** (refinance) those **DIRECT SUBSIDIZED/UNSUBSIDIZED** (Stafford) **LOANS** and other federal student loans (e.g., Perkins) loans that are in their **GRACE PERIOD** at [StudentAid.gov](https://studentaid.gov) (select the option to “Consolidate My Loans” from the “Manage Loans” dropdown on your dashboard).
  - The Direct Consolidation Loan does not have a grace period and so the loan goes into repayment as soon as it is funded. As such, this debt can be put on the IDR plan sooner.

Select only your Direct Unsubsidized Loans (Loan Type “L”)/Direct Subsidized Loans (Loan Type “D”) that are in their GRACE period—do not select the Direct Grad PLUS Loans (Loan Type “I”)—when selecting the loans you want to consolidate in Step 1 of the application. In addition, select the any Perkins loans from your loan listing and manually enter any HPSL/LDS/NSL loans you also want to consolidate.

- Select **“DO NOT DELAY PROCESSING”** when responding to the question about the GRACE PERIOD in Step 1 of the application.
- Select the **IDR** plan as the payment plan you want to use in Step 2 of the application.
  - If you filed a federal tax return in either of the two most recent tax years, you will be asked the following question after you transfer your recent AGI from the IRS website (IRS Income Confirmation): **“Has your income significantly decreased since you filed your most recent federal tax return, for example have you lost your job or experienced a drop in income?”** – You should answer **NO** to this question if your current income is greater than or equal to your prior year’s AGI (i.e., the example included in the question does not apply—you now do not have LESS income).

This will allow you to force any loans (e.g., Direct Stafford Loans, Perkins) that currently are in their GRACE PERIOD into repayment early so that the debt (as a new Direct Consolidation Loan) can be put on the IDR plan and start receiving PSLF qualifying payments and interest subsidy benefits under certain IDR plans (SAVE) sooner.