WHAT YOU NEED TO KNOW WHEN CONSOLIDATING INTO THE DIRECT INCOME-BASED REPAYMENT (IBR) PLAN AND TRACKING TOWARD PUBLIC SERVICE LOAN FORGIVENESS (PSLF)

With graduation, comes the start of repaying your student loans. You have many questions, and want to know what you should do, and what you can expect. Many of you are considering a career in public service. This path provides certain benefits, including the government's Public Service Loan Forgiveness (PSLF) program, which will pay off your remaining loan balance and accrued interest after 120 qualifying payments have been made. The following points are provided to help you better understand the Direct Loan Consolidation process, what you need to do to apply for the IBR repayment plan option, and how you begin making loan payments that qualify for the PSLF.

- Borrowers of Federal student loans generally are given a period of 6 months after graduation before they are required to begin making loan payments. This means students graduating in May will have their first payment scheduled for sometime in November. Borrowers planning to consolidate their loans should allow 60 - 90 days for the entire process to be completed. Servicing experts have recommended the consolidation process should be initiated between 30 - 60 days prior to the date of repayment.

- Borrowers should begin by either contacting their current servicer, or Federal Direct Loan Servicing at 1-800-557-7392 and www.loanconsolidation.ed.gov. These resources will help guide the individual into making the best choices for their particular situation.

- The Department of Education has recently provided an Electronic Income-Based Repayment (IBR) Application available on the StudentLoans.gov web site. The application provides interfaces with the National Student Loan Data System (NSLDS) and the Internal Revenue Service (IRS), and thus streamlines the application process. It can be used by a borrower who has at least one Direct Loan or FFEL program loan that is eligible to be repaid under the IBR plan and that is serviced by Great Lakes, FedLoan Servicing, Granite State - GSMR, MOHELA, NelNet, Sallie Mae, or ESA/EdFinancial (effective December 2012).

- Once the servicer has received the complete IBR application, processing can take between 2 -3 days during non-peak periods, and between 7 - 10 days during the May/June and November/December peak season. Once the IBR has been approved, the first payment is scheduled between 30 - 60 days in the future depending on the billing cycle.

- An important component of the Direct Loan IBR in relation to the PSLF is tracking the loans eligible for the 120 payment goal. The Department of Education has created the Employment Certification Form (ECF) to track your periods of qualified employment and your qualifying payments. And, they have designated FedLoan Servicing (formerly known as PHEAA) as THE servicer of all borrowers tracking towards the PSLF. Following consolidation, you should complete the ECF, and submit it to FedLoan Servicing, following the instructions on the form. It is available at www.studentaid.ed.gov/publicservice or at www.myfedloan.org. FedLoan Servicing will review the form, and determine whether your employment qualifies and how many payments were qualifying.
payments during the certification period. Upon approval, they will also transfer any federally held
loans not currently serviced by FedLoan Servicing.

- The transfer of loans to FedLoan Servicing can take up to 2 weeks to request the transfer of loans
and 2 weeks for the loan transfer to take place. Additionally, it will take 1 - 2 weeks to load the
loans onto their system. The borrower will receive a welcome notification letter from the servicer,
once the transfer has been completed.

ANNUAL REQUIREMENTS FOR BORROWERS CONTINUING IN THE DIRECT LOAN IBR

- IBR Direct Loan Borrowers must submit annual documentation to the direct loan servicer to
maintain eligibility in the IBR repayment plan option. This includes a new IBR application with
updated information about income and family size, and the current Federal tax return from the
previous year. If current income is not reflected accurately on the return, the borrower must send
in additional proof of income and the form "Alternative Documentation of Income". This form is

- The IBR borrower should plan to apply for re-certification between 30 - 60 days prior to the IBR
calendar anniversary. Renewal notification is sent to the borrower 60 days prior to the last
payment on the Income-Based schedule each year. If the borrower returns an application earlier
than needed, FedLoan Servicing will hold the application up to 60 days.

- Borrowers who do not submit their annual documentation when requested, will have their loan
payments reset to the amount required under the Standard Repayment Plan. Any payment made
under this plan does not constitute a qualifying payment in the PSLF. Additionally, the servicer may
need to place the loan in forbearance for a month or two, while they wait to receive the updated
information and recalculate the IBR loan payment. This situation can impact any PICAP award, as
benefit is provided based on regularly scheduled IBR payment amounts, and would result in an
over-award and money due back to UC Hastings.

- Borrowers may reapply for the IBR as frequently as their income changes, but no less than once a
year.

- The Department of Education recommends the IBR borrower submit the ECF regularly "if you want
us to keep track of your progress toward meeting the PSLF eligibility requirements". "If you do not
periodically submit the form, you will still be required to submit a form for each employer that you
want considered for PSLF at the time you apply for forgiveness". Securing this information on an
annual basis, ensures you get the employer's certification while you are still employed at the
organization, or shortly after leaving.

- IBR borrowers serviced by FedLoan Servicing can view the number of qualifying payments, by
creating an online account and signing in to Account Access. The payment count is updated when
the new ECF is approved certifying dates of qualifying employment or when a deferment or
forbearance is added, removed, or adjusted.