

Public Service

CHECKLIST:

- Find out what kind of student loan you have
- Make sure you have an eligible loan
- Choose an eligible repayment plan
- Make qualifying payments for ten years while working in public service
- Receive loan forgiveness



Congressman Sarbanes meets with nursing students at the University of Maryland Nursing School to discuss public service careers.

ELIGIBLE LOANS:

- All Federal Direct Loans
- Federal Perkins Loans
- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans

For More Information Contact:

Office of Congressman John Sarbanes

202-225-4016

www.sarbanes.house.gov

US Department of Education

1-800-4-FED-AID (1-800-433-3243)

www.studentaid.ed.gov

Live by your

DREAMS

not by your loans.





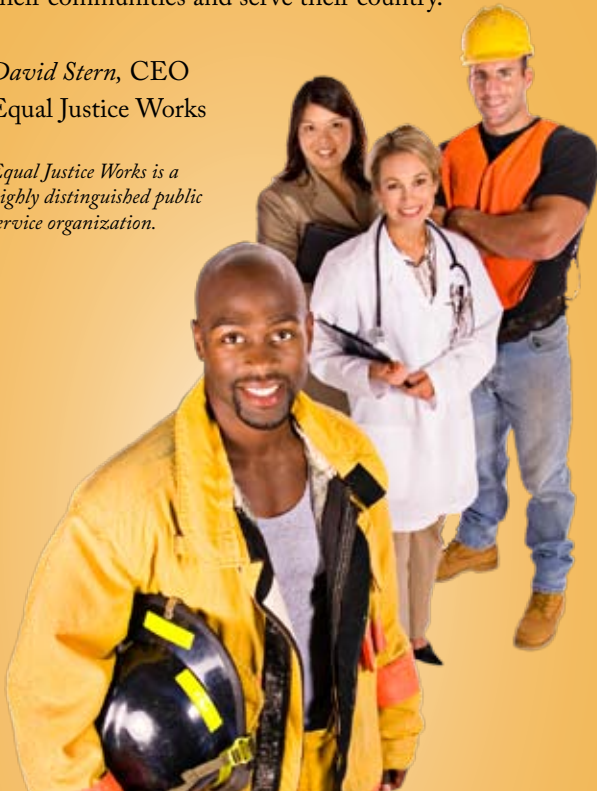
Congressman
John Sarbanes
wants you to know...

It just got a lot easier to pursue a career in public service.

“The **Sarbanes Public Service Loan Forgiveness Option** is one of the most significant breakthroughs I’ve seen in the 15 years I’ve worked to advance public interest law. Thanks to the tireless efforts of many public interest advocates, for the first time in this generation we have an opportunity to reduce educational debt and give those who aspire to a career in public service the chance to follow their dreams, better their communities and serve their country.”

*David Stern, CEO
Equal Justice Works*

Equal Justice Works is a highly distinguished public service organization.



HOW THE SARBANES PUBLIC SERVICE LOAN FORGIVENESS OPTION CAN WORK FOR YOU:

Typically a graduate who faces financial hardship and qualifies for reduced monthly loan repayments must wait 25 years to have the balance of a federal loan forgiven. Under the Public Service Loan Forgiveness Option, if you opt for public service you earn loan forgiveness after only ten years.

How does the Public Service Loan Forgiveness Option work with the new Income Based Repayment Plan (IBR)?

Congress created an income-based repayment plan for graduates who demonstrate “partial financial hardship.” Under IBR, students with federally guaranteed loans can benefit from significantly reduced monthly payments.

The Public Service Loan Forgiveness Option provides further relief by forgiving the total outstanding balance of an IBR participant who works in public service for ten years.

Public Service Includes:

- Teachers
- Community Physicians and Nurses
- Emergency Personnel
- Social Workers
- Public Interest Lawyers
- Civil Servants
- Employee at a 501(c)(3) organization
- Government Employees

SECURING YOUR FUTURE

How does the Public Service Loan Forgiveness Option work?

Jane Student started out owing \$100,000 in qualifying debt at 6.8% interest and took a full time public service job starting at \$40,000 with annual increases of 5%.

Jane qualifies for loan forgiveness because of her high debt to income ratio.

Jane, who has a Direct Loan (a qualifying loan) elects the income-based repayment (IBR) plan. In her first year, Jane’s monthly payments under IBR are **limited to \$309** (as opposed to \$1151 under a standard ten-year repayment).

Jane continues to work in public service and make monthly payments in IBR over ten years. In year ten her monthly payments are \$526. Jane stayed in public service and paid \$49,132 over ten years under the IBR plan. Under the Public Service Loan Forgiveness Option, the **federal government would forgive Jane’s remaining principal and interest balance of \$118,868.**

After ten years in public service and having made consecutive loan payments, Jane Student would have no more education debt!

