



Student Loan Repayment

The authority to repay student loans is one of several flexibilities available to the OIG to attract highly qualified candidates for employment. This policy implements the Student Loan Repayment (SLR) Program in the OIG as a recruitment incentive to pay all or part of any outstanding federally-insured student loan for new hires to the Federal Government.

To whom will student loan repayment (SLR) be offered?

The SLR may be offered to newly hired, highly qualified candidates into the Federal Government on a permanent appointment, or employees converted to a permanent appointment from the Student Career Experience Program, Federal Career Intern Program, or Presidential Management Fellows Program. Current OIG employees, employees from other Federal agencies, or employees who have defaulted on their student loans are not eligible.

What are the qualifications of SLR candidates?

Highly qualified candidates who have a degree or a diploma and who have outstanding student loans are qualified. Only loans taken out prior to being hired or converted are included.

What is the SLR process?

Prior to recruitment, supervisors submit a written request to the Deputy Inspector General through the Assistant Inspector General (AIG) level that documents that the position is difficult to fill with a highly qualified candidate. Supervisors submit the SF-52, Request for Personnel Action, with the approval attached. A statement offering student loan repayment will then be included in the vacancy announcement.

Do eligible employees apply for the student loan repayment?

The student loan repayment program is a three-step process. Supervisors determine the need to offer SLR prior to recruitment, it is offered to eligible candidates upon selection, and then appropriate paperwork is completed prior to entry on duty.

Once the candidate is offered SLR, how do they apply?

The candidate completes the service agreement at <http://www.opm.gov/oca/pay/StudentLoan/HTML/sample1-attach2.asp> and also completes Attachment 1, Student Loan Repayment, Outstanding Loan Information (attached).

What is the service agreement?

The service agreement is a written agreement to serve a minimum of 3-years with the OIG regardless of the amount of repayment authorized. The 3-year period will begin when the first payment is made to the holder of the loan.

Any further repayment made after the initial agreement has been completed will extend your agreement by one additional year for each additional payment made.

Who approves the service agreement?

The Deputy Inspector General approves the agreement.

What is the maximum amount the candidate may receive?

SLR may be approved for up to \$10,000 per calendar year but not more than \$60,000 cumulative. The amount of the benefit paid is subject to budget availability.

What types of student loans are eligible for payment under this authority?

If the loan is made, insured or guaranteed under parts B, D or E of Title IV of the Higher Education Act of 1965 or is a health education assistance loan made or insured under part A of Title VII or part E of Title VIII of the Public Health Service Act. See Attachment 2 for a listing of qualified loan types.

Will the candidate receive the loan repayment check?

No, payments will be made directly to the loan holder on a quarterly basis.

Is the amount of the student repayment loan reported to the Internal Revenue Services (IRS)?

Yes, the amount of the SLR will be reported to IRS and the amount will be added to salary and wages on the W-2.

Are loan payments taxed?

Yes, a flat-tax rate of 28% will be withheld. The flat-tax method is when all employment taxes (federal, state, local, social security and medicare) are deducted from your gross loan amount and a net payment is made to your lender/note holder. All taxes paid will be recorded on the W-2. For example, if the gross amount of annual loan repayment is \$10,000, approximately \$3,000 is withheld and reported on your W-2. A net payment of approximately \$7,000 is made to your lender/note holder. For information, please see <http://www.opm.gov/oca/pay/StudentLoan/HTML/QandAsTax.asp>.

I received student loan re-payments at my previous agency; may I continue to receive them at OIG?

No, employees from other Federal agencies are not eligible to receive SLR.

Can my loan re-payment be terminated?

Yes, if you leave the OIG for any reason, if you fail to maintain a satisfactory level of performance, or if you violate any of the conditions of the service agreement.

Do I have to repay the OIG if I fail to comply with the service agreement?

Yes, if you voluntarily, or because of poor performance or misconduct, do not to complete the agreed-upon period of service, you refund the full amount of benefits received during the initial three-year period. If you fail to complete the period of service covered under a one-year extension, you repay the amount of the benefits received in the extension year only.

Who do I call?

For questions about this policy, please contact the Office of Management at (202) 927-5200 or OIG-OM@oig.treas.gov.

**STUDENT LOAN REPAYMENT
OUTSTANDING LOAN INFORMATION**

NAME: _____

SSN#: _____

The following information is required for each lender of loan(s) being considered under the Student Loan Repayment Program

1. Loan Information (Please attach an official document/letter by the loan institution providing the Loan Information below).
 - a. Name of the Federally funded loan received, e.g., Federal Stafford Loan, Federal Plus Loan, Federally Insured Student Loan, etc.;
 - b. Date Loan was Obtained;
 - c. Remaining Balance of Loan; and
 - d. Loan Number
2. Name, address and telephone number for the lending institution holding the loan, e.g. bank, educational institution.
3. Name, address and telephone number of servicing agent of the loan to whom payments are sent (if different from #2).
4. Name, title and telephone number of authorized official for the Lending Institution.
5. Federal Tax Identification Number or EIN (Required for sending payments).

ELIGIBLE STUDENT LOANS

Higher Education Act of 1965:

Federal Family Education Loans (FFEL)

- Subsidized Federal Stafford Loans
- Unsubsidized Federal Stafford Loans
- Federal PLUS Loans
- Federal Consolidation Loans

William D. Ford Direct Loan Program (Direct Loans)

- Direct Subsidized Stafford Loans
- Direct Unsubsidized Stafford Loans
- Direct PLUS Loans
- Direct Subsidized Consolidation Loans
- Direct Unsubsidized Consolidation Loans

Federal Perkins Loan Program

- National Defense Student Loans (made before July 1, 1972)
- National Direct Student Loans (made between July 1, 1972 and July 1, 1987)
- Perkins Loans (made after July 1, 1987)

Public Health Service Act:

- Loans for Disadvantaged Students (LDS)
- Primary Care Loans (PCL)
- Nursing Student Loans (NSL)
- Health Professions Student Loans (HPSL)
- Health Education Assistance Loans (HEAL)