

Understanding Student Loan Forgiveness

Category: Financial Aid | - More Info/Frequently Asked Questions | - Repayment Issues

Location

Federal Student Aid

Website

<https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>

Phone

(800) 557-7394

Description

CAN FEDERAL STUDENT LOANS BE FORGIVEN, CANCELED OR DISCHARGED? Yes. In certain situations, federal student loans can be forgiven, canceled, or discharged. Accepting some eligibility requirements can have serious implications on earning ability for the borrower and those living in the same household. For example, if a borrower discharged on Total and Permanent Disability Discharge, they will be subject to a 3-year post-discharge monitoring period. One of the 3-year post-discharge monitoring period requirements is that their annual employment earnings cannot exceed the Poverty Guideline amount for a family of two in their state, regardless of their actual family size. The loan servicer will monitor this requirement through annual completion of a form that documents earnings from employment.

As of January 2020, a household of 1 can only earn \$12,760, a household of 2 can earn \$17,240. For current poverty guidelines, please visit www.disabilitydischarge.com/PovertyGuidelines.

WHAT IS THE DIFFERENCE BETWEEN "LOAN FORGIVENESS" AND "LOAN DISCHARGE"? "Loan forgiveness" generally refer to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan if the borrower works full-time for a specified period of time in certain occupations or for certain types of employers. "Loan discharge" generally refers to the cancellation of a borrower's obligation to repay some or all of the remaining amount owed on a loan due to circumstances such as school closure, a school's false certification of a borrower's eligibility to receive a loan, a school's failure to pay a required loan refund, or the borrower's death, total and permanent disability, or bankruptcy.

ARE THERE DIFFERENT TYPES OF FORGIVENESS, CANCELLATIONS AND DISCHARGES? Yes. There are several types of forgiveness, cancellation and discharges available for different types of federal student loans, including but not limited to the following:

• Public Service Loan Forgiveness

• Teacher Loan Forgiveness

• Closed School Discharge

• Perkins Loan Cancellation and Discharge

• Total and Permanent Disability Discharge

• Discharge Due to Death

• Discharge in Bankruptcy (in rare cases)

• Borrower Defense to Repayment

• False Certification Discharge

• Unpaid Refund Discharge

HOW CAN STUDENTS APPLY FOR LOAN FORGIVENESS? Students should contact their loan servicer (the company/organization that handles the billing and other services on the federal student loan) if they think they qualify for loan forgiveness.

ARE PARENT BORROWERS ELIGIBLE FOR FORGIVENESS, CANCELLATION OR DISCHARGE? Yes.

CAN STUDENTS APPLY FOR TEMPORARY RELIEF? Yes. Students in a short-term financial bind may qualify for a deferment or a forbearance in which student loan payments are temporarily suspended (interest may continue to accrue).

IS THERE ANY GUIDANCE FOR STUDENTS EXPERIENCING REPAYMENT ISSUES DUE TO COVID-19? Students

concerned about their studies or loan repayment can visit "[Coronavirus and Forebearance Info for Students, Borrowers and Parents.](#)"

ABOUT FEDERAL STUDENT AID: Federal Student Aid, a part of the U.S. Department of Education, is the largest provider of student financial aid in the nation. At the office of Federal Student Aid, 1,200 employees help make college education possible for every dedicated mind by providing more than \$120 billion in federal grants, loans, and work-study funds each year to more than 13 million students paying for college or career school.

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