



Five differences between Public Service Loan Forgiveness (PSLF) and Teacher Loan Forgiveness (TLF)

Teachers may be eligible for both forgiveness programs, but one may be a better fit.

Many borrowers confuse the eligibility criteria for these two programs or are unaware they are different options. Both forgive some, if not all, a teacher's federal student loan; teachers may be eligible for both but it is critical to understand the differences before enrolling in either program. Here are the five major differences:

- 1. Eligible loans** – Only direct loans are eligible for PSLF, while both direct loans and Federal Family Education Loans (FFEL) are eligible for TLF. Borrowers may consolidate FFEL, Perkins and federal health professions loans into direct loans to be eligible for PSLF. It is critical to understand this eligibility requirement for PSLF – borrowers often overlook this, make payments and then realize they weren't eligible for PSLF. Before pursuing either option, be sure you understand the differences and have confirmed you meet all eligibility requirements.
- 2. Forgiveness period** – PSLF forgives your remaining balance after you have made 120 eligible payments on eligible direct loans while working full time (30 hours/week) for an eligible public service or nonprofit employer. TLF has a forgiveness period of five consecutive years. Some may conclude that TLF is the better plan to pursue because of the shorter forgiveness period, but this is not always the case. Though you may make payments for twice as long under PSLF, you may be eligible for greater forgiveness. Please note, while you can apply for both programs, you cannot do so for the same payment periods. You could apply for forgiveness after five years under TLF, but you would need to make an additional 10 years of qualified payments to apply for PSLF.
- 3. Employment requirement** – As the title of the program states, TLF is only for eligible teachers. Those who work outside of the teaching profession – and even some teachers – are not eligible. You must be employed at a school or educational service agency that serves low-income students and be a full time, highly qualified teacher. PSLF is a more inclusive forgiveness plan. It's about where you work and not what you do – with few exceptions. Borrowers will not qualify if they work for such organizations as a partisan political party, labor union or for-profit. Teachers at public or nonprofit schools who meet the qualification requirements can opt for either program.

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- 4. Amount forgiven** – Currently there is no cap on the amount forgiven under PSLF. PSLF provides an incentive for college graduates to enter fields when they may not have been able to and still make ends meet with high student loan payments in conjunction with low salaries. TLF is limited up to \$5,000 or \$17,500, depending on when you borrowed the loans and your teaching qualifications and subject matter. PSLF requires you to repay under an income-driven repayment plan to receive forgiveness. IDR plans limit your payments to between 10 and 20 percent of your discretionary income; typically this allows the borrower to pay less over 10 years than standard plans. It is important for a borrower to estimate their payments under an IDR plan and how much they'll pay within the 10 years to determine if working toward PSLF is the best choice. Borrowers can repay with an IDR plan and apply for TLF. It's important for the borrower to compare how much they'd have to repay on loans after paying for five years and receiving either \$5,000 or \$17,500 under TLF. The best course of action is to choose the option that allows the borrower to pay the least.
- 5. Consecutive service** – For TLF, you must meet teaching service eligibility requirements for five consecutive years. There are exceptions to this rule, including leaves due to the Family Medical Leave Act and military deployment. Periods of unemployment, switching subject areas or moving to a different school that is not TLF-eligible would cause you to lose eligibility for TLF forgiveness. PSLF does not require consecutive qualifying service. If you switch to non-eligible employer and eventually back to an eligible employer, you don't lose any previous qualifying payments you've made and can resume your progress toward forgiveness. Switching between eligible and non-eligible employers will mean you'll take longer than 10 years to reach the 120 qualified payments. However, PSLF gives you flexibility to explore your career options without the fear of completely losing eligibility for loan forgiveness.

For additional information please visit [StudentAid.gov](https://studentaid.gov).

- **Teacher Loan Forgiveness**
<https://studentaid.gov/manage-loans/forgiveness-cancellation/teacher>
- **Public Service Loan Forgiveness**
<https://studentaid.gov/manage-loans/forgiveness-cancellation/public-service>

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