

# ***The Student Loan Repayment Plan Every Lawyer Should Know About***

By Heather Jarvis

Law school is expensive. Typical law grads borrow more than \$100,000 to finance their legal educations. In today's tight job market, it's no wonder attorneys are concerned about how to manage their student loan debt.

Income-Based Repayment (IBR) is a unique student loan repayment option provided under a recent federal law that can:

- substantially reduce monthly student loan payments,
- provide a valuable interest subsidy,
- and enable attorneys to earn forgiveness of student loan debt.

A typical recent law graduate owing \$100,000 in federal student loans and earning \$60,000 would pay less than \$550 per month under Income-Based Repayment.

**IBR will also forgive remaining debt, if any, after 25 years of qualifying payments.**

[IBRinfo.org](http://IBRinfo.org) has a simple calculator you can use to determine if you are eligible to choose IBR. Typically, borrowers who earn less than they owe in federal student loans will be eligible to choose IBR.

## **Government and Non-profit Attorneys Can Earn Forgiveness in Only 10-Years**

Student loan borrowers can earn loan forgiveness:

- after 25-years of repayment in the Income-Based Repayment program, or
- for public service workers, after 10-years.

The public service loan forgiveness program is designed to encourage individuals to enter and continue full-time public service employment.

To qualify for Public Service Loan Forgiveness (PSLF), a borrower must:

- make the right kind of payments,
- on the right kind of loans,
- while working in the right kind of job,
- for 10-years.

### **The Right Kind of Job**

Qualifying public service employment under Public Service Loan Forgiveness is full-time paid work in:

- the government;
- a 501(c)(3) nonprofit;
- an AmeriCorps or Peace Corps position; or
- for a private "public service organization."

"Full-time" for most lawyers is an annual average of at least 30 hours per week, unless the employer requires a greater number of hours for full-time status.

### **The Right Kind of Loans**

Only Federal Direct Loans are eligible for Public Service Loan Forgiveness. Federal Direct loans are federal student loans issued directly by the United States Department of Education.

If you started borrowing student loans (like Stafford loans and GradPLUS loans) before July 2010:

- you might have borrowed federal student loans from a bank or private lender through the FFEL program (Federal Family Education Loans, and
- you must consolidate FFEL loans into Federal Direct Loans for those loans to be eligible for Public Service Loan Forgiveness.

Find out what kind of student loans you have using the National Student Loan Data System at [www.nsls.gov](http://www.nsls.gov).

Some students also borrow commercial loans from state or private lenders. Unfortunately, commercial loans are never eligible for Public Service Loan Forgiveness.

### **The Right Kind of Payments**

Qualifying payments technically include more than just payments made under the Income-Based Repayment plan, but Income-Based Repayment is the only choice that makes sense for most borrowers in public service.

Qualifying payments do not need to be consecutive. You can take time off from public service (for example, to stay home with children). But be careful to get the payments in on time, because late payments don't count toward forgiveness.

### **Learn More Using Heather's Favorite Student Loan Information Sites**

Income-Based Repayment can help many lawyers manage their student loan debt. Some will earn either 25-year IBR Forgiveness or 10-year Public Service Loan forgiveness. But borrowers must take specific actions in order to benefit. Here are some other sources of information:

[Student Loan Borrower Assistance.org](http://StudentLoanBorrowerAssistance.org) Information about repayment options, avoiding and getting out of default, and dealing with collections agencies.

[Project on Student Debt](http://ProjectonStudentDebt) State-by-state data, research, and policy analysis.

[IBRinfo.org](http://IBRinfo.org) Clear information about Income-Based Repayment and Public Service Loan Forgiveness. Check out the groovy animated student debt monster!

[FinAid! The Smart Student Guide to Financial Aid](http://FinAid!) An online resource for comprehensive information about all aspects of financial aid.

[GL Advisor](http://GLAdvisor) A financial advisory firm designed to help students and young professionals manage their student loan debt. Heather recommends their [Free Personalized Student Loan Assessment](http://FreePersonalizedStudentLoanAssessment).

### **Questions?**

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