Federal Student Loan Forgiveness
The College Cost Reduction and Access Act – CCRAA*

The CCRAA can help you when you graduate by:

1) Lowering monthly student loan payments on federally guaranteed student loans (Income Based Repayment – IBR); and/or

2) Canceling any remaining unpaid debt after 10 years of public service employment.

Income Based Repayment (IBR)

If you elect IBR, you can reduce your monthly payments if you have high debt and a low salary. This applies to any type of employment – it does not have to be public interest. Your annual educational debt payments would be capped at 15% of your discretionary income.

- Depending on your debt and income, your monthly payments could be reduced to as low as $300-500, compared to $900-1200 under a standard 10-year repayment plan.
- A married borrower must file a separate tax return from her spouse if she does not want the spouse’s income included in the calculation of her income.
- All Federal Direct Loans (FDL) and Federally Guaranteed Loans (FEEL) are eligible – but ONLY Federal Direct Loans are eligible for Public Service Loan Forgiveness (described below).
- Loans made by a state or private lender and not guaranteed by the federal government are NOT eligible.

Public Service Loan Forgiveness

If you work full time in public service law for 10 years, making 120 qualifying loan payments on a Federal Direct Loan, the remainder of your unpaid loan will be forgiven.

- Your employment must be a nonprofit organization or government to qualify as “public service.” This includes DA’s offices and most legal aid and legal services offices.
- ONLY payments made on Federal Direct loans count toward the 120 payments.

For more information contact the Public Interest Law Center at PublicInterest@law.pace.edu or stop by the Financial Aid Office on the first floor of Aloysia Hall. For more information on this and other student debt relief information go to: http://www.equaljusticeworks.org/ed-debt

* These materials were produced using information provided by Equal Justice Works.