



PACE LAW SCHOOL  
P A C E U N I V E R S I T Y

PUBLIC INTEREST LAW CENTER

## **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](mailto: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.