

Loan Relief: Frequently Asked Questions

ABOUT PUBLIC SERVICE LOAN FORGIVENESS (PSLF)

What is PSLF?

Congress established the PSLF program in 2007 with passage of the College Cost Reduction and Access Act. It was enhanced in 2009 and 2012 with the introduction of Income-Driven Repayment (IDR) options. To participate, you must work full-time for a qualified not-for-profit and make 120 qualifying payments to your qualified student loans, any remaining balance will be forgiven tax free by the federal government. PSLF is a discharge provision written in the Direct Loan Master Promissory Note, entitling you to take advantage of the program. This is your guarantee and peace of mind that you are eligible for PSLF!

What is a qualifying payment?

A qualifying payment is an approved Income Driven Repayment (IDR) that is made on-time; within 15 days of the due date while working full-time.

What is considered full-time?

If you work in one or more jobs for a qualifying employer(s) for an annual average of at least 30 hours per week, or for a contractual employment period of at least 8 months averaging 30 hours per week, then you will be considered as full-time.

Do all student loans qualify for the program?

No, only Direct federal student loans qualify for the program. Federal student loans must be the proper loan to be eligible for loan forgiveness. Do not worry, we can provide guidance on how to make your loans qualify if they do not already. Private student loans are not eligible for the program.

If I refinance with a private lender, can I still benefit from loan forgiveness?

No, if you refinance then you are no longer eligible for PSLF. Your Advisor will explain further.

How does PSLF work for parents?

If you have Parent Plus loans for your children or even grandchildren, Fiducius will help you determine how these loans can qualify for PSLF.

Are there any tax implications if I participate in PSLF?

Forgiveness provided after 120 qualifying payments is tax-free, regardless of the amount. Your tax filing status, e.g., filing jointly vs. separately, is one strategy Fiducius may evaluate for you as part of the Student Loan Financial Planning service. For example, Fiducius may recommend filing your annual tax return as married, filing separately, to increase your debt-to-income ratio, which in turn increases the amount of your forgiveness. Any tax implications are provided in your Student Loan Financial Wellness Plan. We'll even explain the details to your accountant if needed.

Can I participate if I've already restructured my loans from the 10-year standard payment? It's very common for individuals who work with Fiducius to have already restructured their loans using options including graduated extended payments or an IDR plan. Fiducius will evaluate your current situation to determine your best options.

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ABOUT THE LOAN RELIEF BENEFIT

Can I be “grandfathered in” if I previously worked at another not-for-profit organization?

As part of the process, your Fiducius Advisor will help individuals who are not currently participating in the PSLF program determine if prior years of service or payments can qualify towards forgiveness. This is dependent on many factors, including loan type, employment status, etc.

What happens if I am no longer employed by a not-for-profit organization?

With loan forgiveness (PSLF), one requirement is that you must remain employed with a not-for-profit organization. Many individuals choose to remain at their not-for-profit organization because of the high level of financial relief provided by PSLF.

What if I start the Loan Relief benefit and leave RWJBarnabas Health?

Loan Relief is a portable benefit, so you can continue using it outside of RWJBarnabas Health, with some qualifications. For PSLF, you must continue to work at a not-for-profit organization. Note, the PSLF program is flexible to accommodate leaves of absence, like FMLA or maternity leave. You can take time off and not lose credit for any qualifying payments already made.

Can Fiducius help my family members who do not work at RWJBarnabas Health?

Yes, Fiducius can work with your family members, if they live in your household. Fiducius will work with you for student loans you have for yourself, your children or grandchildren.

Is this program only for student loans?

Yes, the Loan Relief benefit can only provide help with your student loans. Both existing and new loans could qualify for some type of loan assistance. Fiducius offers specialized help if you're considering a return to school.

How does participating in pre-tax benefits affect loan forgiveness?

As part of the Student Loan Financial Planning process, Fiducius will quantify how participation in pre-tax benefits, such as a retirement plan, a Flexible Spending Account (FSA) or Health Savings Account (HSA) can lower your monthly student loan payment. In general, every \$100 you contribute to a pre-tax benefit will lower your monthly student loan payment by \$18-20.

Are my loan payments entered as payroll deductions?

No, you are required to make payments directly to the loan servicer.

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ABOUT FIDUCIUS

Who is Fiducius?

Fiducius is a for-profit benefits provider, offering student loan and education assistance benefits that help individuals achieve financial wellness. Fiducius uses a unique Student Loan Financial Planning service to educate individuals on the best loan restructuring option for their situation. Learn more at: www.getfiducius.com.

Does Fiducius charge any fees for its services?

As part of the voluntary benefit provided by RWJBarnabas Health, you will have unlimited access to your online dashboard and your dedicated Advisor, all at no cost. Once you have your personalized Student Loan Financial Wellness Plan, you can either implement the plan on your own or hire Fiducius to handle all the work for you. There may be a fee depending on your loan restructuring option, but your Advisor will explain all the details.

Is Fiducius a lender or loan consolidation company?

No. We avoid any potential bias and do NOT act as a lender. While our implementation service may require loan consolidation, we are a student loan benefit company providing in-depth financial analysis and implementation support for a range of student loan restructuring options, including PSLF. If you are considering refinancing your loans, we partner with qualified third parties.

Is Fiducius a part of the Department of Education?

No. Fiducius is not affiliated with the Department of Education nor any academic or governmental entity. Fiducius is a for-profit company. While the technology and services provided by Fiducius could be performed without paid assistance, they are similar to how more than 60% of Americans hire an accountant to correctly prepare their taxes and minimize their tax liability.

On October 6, 2021 the Department of Education announced a Limited Waiver Opportunity (LWO) for the Public Service Loan Forgiveness (PSLF) program. The 'currency' of PSLF is qualifying payments, with 120 required to receive loan forgiveness. Through October 31, 2022, an estimated 550,000 federal loan borrowers may now receive additional qualifying payments based on their past payment history, moving them closer to forgiveness. An estimated 50,000 of these borrowers could receive enough additional qualifying payments to have their loans forgiven immediately.

While the LWO temporarily relaxes some requirements for PSLF, it does not address the underlying problems which have led to only 2% of applicants receiving forgiveness. The Student Loan Financial Planning service from Fiducius ensures borrowers receive all the forgiveness they deserve.

Should I make payments on my federal loans in when administrative forbearance ends?

Yes, you should continue making payments, particularly if you are already participating in or eligible for PSLF. You will receive a refund for any payment(s) made in excess of the required 120 qualifying payments. Note, the Department of Education will refund each excess payment individually and not in a lump sum. For example, if you made five over-payments, you will receive five separate refunds paid to your account on file.

Which PSLF requirements have been temporarily waived?

Two requirements have been **temporarily waived** until October 31, 2022:

- 1) Past payments made under any repayment plan type may qualify.
- 2) Past ineligible loan payments due to improper loan type may qualify.

Will payments made on Parent Plus loans qualify under the Limited Waiver Opportunity?

No, Parent Plus loans are not eligible under this waiver. In addition, direct consolidated loans containing Parent Plus loans are also ineligible.

When can I expect to see a change in my qualifying payment count?

The Department of Education has said that borrowers affected by the change in requirements will have their payment history reviewed, but that it could take several months to reflect the new qualifying payment count. Some borrowers who had completed all documentation correctly are already being notified.

What if I receive additional qualifying payments that bring my total to more than 120?

You will receive a refund for any qualifying payments made in excess of 120. This may take several months for the Department of Education to process. Again, you will receive a separate refund for each overpayment.

Will I get a refund for payments approved under the LWO if my loans were already forgiven under PSLF?

No, you will not receive a refund if your loans have already been forgiven through PSLF.

Are there employment requirements to apply for the Limited Waiver Opportunity?

The Limited Waiver Opportunity did not change the existing employment requirements for PSLF:

- You must be considered full-time by a government, 501(c)(3) not-for-profit, or other not-for-profit organization that provides a qualifying service at the time payments were made.
- You can also be considered part-time with at least two separate government, 501(c)(3) not-for-profit, or other not-for-profit organizations that provide a qualifying service for over 30 total hours per week, at the time payments were made.

What if I was previously told that I was ineligible for qualifying payments or forgiveness?

You will receive credit for qualifying payments as long as you met the employment requirement at the time of payment.