Take Charge America Helps Consumers Navigate Student Loan Forgiveness

Nonprofit credit counseling and student loan counseling agency breaks down five forgiveness programs for former students struggling to repay debt

PHOENIX – (May 13, 2015) – As the cost of college continues to rise, student loan debt is rising too. In fact, total student debt now exceeds $1.26 trillion nationwide, according to the Consumer Financial Protection Bureau.

“Repaying debt can be an overwhelming burden for new grads,” said Mike Sullivan, director of education for Take Charge America, a national nonprofit credit counseling and student loan counseling agency. “Many students struggle with huge monthly payments that impact all of their daily living expenses, but there are numerous options for former students in a variety of life situations.”

Sullivan notes student loan forgiveness is a repayment option many consumers qualify for, but often don’t realize it. Forgiveness results in the cancelation of some or all of a borrower’s federal student loan balance. The most common types include:

- **Pay As You Earn:** This program was created for students facing a partial financial hardship. Monthly payments are based on income, family size and state of residency, and are capped at 10 percent of discretionary income. For borrowers with an on-time payment record, balances are forgiven after 20 years.

- **Income-Based and Income-Contingent Repayment:** These options are available for students with a high debt-to-income ratio. Both plans calculate monthly payments based on income and family size, and forgive remaining loan balances after 25 years.

- **Public Service:** People who work full-time public service jobs – for the government, military, public schools or not-for-profit organizations – may be eligible for the Public Service Loan Forgiveness Program, which requires them to make 120 qualifying payments on their loans before the remaining balance is forgiven. There is also a separate program specifically for teachers, in which borrowers can qualify for up to $17,500 in forgiveness.

- **Loan Forgiveness for Military:** Programs have been created to help military personnel get out of debt. While qualifications and benefits vary, these programs offer service members up to $65,000 in debt forgiveness.

- **Loan Discharge:** Discharge is rare and is only granted to borrowers who are unable to repay debt due to permanent disability, death or other events, such as identity theft or school closure.

Consumers struggling with student loans can visit Take Charge America at studentloans.takechargeamerica.org or call (877) 784-2008 to find out if they qualify for student loan forgiveness or other repayment options.
About Take Charge America, Inc.

Founded in 1987, Take Charge America, Inc. is a nonprofit agency offering financial education and counseling services including credit counseling, debt management, student loan counseling, housing counseling and bankruptcy counseling. It has helped more than 1.6 million consumers nationwide manage their personal finances and debts. To learn more, visit www.takechargeamerica.org or call (888) 822-9193.

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