Debt Forgiveness for Teachers

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If you are a teacher and still paying off a federal student loan there are a couple of loan forgiveness programs you should be aware of that could serve to reduce or even eliminate the remainder of your student loan debt.

The two plans offer different levels of debt forgiveness and time frames. A five-year plan can be used to reduce your debt by up to $5,000, or $17,500 for certain teachers in certain situations.

Here are a few details about each program that will help you determine if one of them is for you:

TEACHER LOAN FORGIVENESS PROGRAM

For up to $5,000 in debt forgiveness:

- You must have been employed as a full-time, "highly qualified" teacher for five complete and consecutive academic years, at least one of which must have been after the 1997–98 academic year. The program rules define "highly qualified" as: "You must have attained at least a bachelor's degree, received full state certification and not had your certification or licensure requirements waived on an emergency, temporary or provisional basis."
- You must have spent those five years teaching at a "qualifying" public elementary school, secondary school, or educational service agency. You can find out from your state education department if your school qualifies.
- The loan you're seeking forgiveness for must have been made before the end of the five academic years of your qualified teaching service.

For up to $17,500 in debt forgiveness:

- You must be a highly qualified full-time mathematics or science teacher who teaches, or has taught, students at the secondary school level; or
- A special education teacher at either the elementary or secondary level whose primary responsibility is or was to provide special education to children with disabilities.

Public Service Loan Forgiveness Program:

The Public Service Loan Forgiveness Program is designed to help you pay off your loan through affordable monthly payments over a ten-year period. It is not exclusive to teachers. Qualifying employment for the PSLF Program is based on who your employer is. As a public schoolteacher you qualify as being employed by a government, and government organizations at any level — federal, state, local, or tribal — qualify.

The program administrators will determine your monthly payments based on your salary. You file for approval every year, or if you change jobs. If your salary increases, so will your payments. If you get married during that period, you must continue to file your income taxes as single; if you file jointly, your spouse's salary will be included in the amount used to determine your monthly payment.

You can find more detailed information on the Teacher Loan Forgiveness Program at: https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/teacher

For more information on the Public Service Loan Forgiveness Program, go to: https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service#qualifying-employment.

Student loan debt can have long-term negative effects on your financial well-being. Especially harmful is the practice many graduates adopt of making the minimum monthly payments. The interest piles up and they grow deeper into debt as the months and years unfold. These federal loan forgiveness programs could help you avoid some of the worst mistakes people make with their student loans, or even get you out of a hole you've dug for yourself.

It is always wise to consult a financial advisor before you commit to any plan or program designed to eliminate debt. You want a comprehensive plan that will put you on sound financial footing. As holistic financial advisors, HBKS® professionals examine your entire financial condition and circumstances and work with you to develop a financial plan to achieve your unique financial goals, from paying off student debt to investing for a secure retirement.

Call us with your financial questions and concerns. We're here to help.

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Michael serves as a financial advisor in the Fredonia, New York. office of HBKS® Wealth Advisors. He specializes in providing personal financial planning for investments, retirement, protection planning, retirement income, estate planning strategies, education funding, tax management strategies and wealth preservation strategies.

Michael joined HBKS® in 2018 after working as a financial advisor and field director for Northwestern Mutual for six years. He earned his Bachelor of Science degree in Finance from Duquesne University.