

# Peace Corps | Student Loans



Taking care of your loans is your responsibility, but as a Volunteer you may be able to take advantage of benefits that make it easier.

## Federal vs. Private Loans

### Private

If you have private loans (i.e., through your bank) you will need to talk to your lender about deferment or other benefits they may offer. You also have the option to use up to 75 percent of the readjustment allowance you earn per month as a Volunteer toward repaying your loans.

### Federal

Many federal loans qualify for some type of benefit during Peace Corps service. These may include deferment, partial cancellation, income-driven repayment, or eligibility for the Public Service Loan Forgiveness program.

### Deferment

This allows you to delay payments on your loans, but you should talk with your lender to see how interest is managed. Depending on the type of loan, you may still be responsible for interest payments during service even if principle payments are deferred.

### Partial Cancellation

For the first year of service, Perkins Loans are eligible for 15 percent cancellation, then another 15 percent for the second year, another 20 percent for the third year, and another 20 percent for a fourth year. Partial years do not qualify. This is a potential

cancellation of 30–70 percent of the loan. Note: Perkins Loans will no longer qualify for cancellation if you consolidate them.

Volunteers with Stafford, Perkins, Federal Direct, and Federal Consolidation loans are eligible for up to 3 years of deferment during service; Volunteers with Perkins loans are eligible for an additional 6-month grace period after completing service.

### Income-Driven Repayment

Some Volunteers may have the option to sign up for a repayment plan that calculates loan payments based on income. Since Volunteers do not make a significant income, the monthly payment during service could be \$0.

### Forgiveness

Peace Corps service counts toward the Public Service Loan Forgiveness program (more information below).

## Preparing for Service

Contact your lender as soon as you accept your Peace Corps invitation and start researching your options. It is recommended that you assign a power of attorney to manage your loans while you are abroad. Be sure that you and your power of attorney know your lender's policies, including what forms to fill out annually and how to verify your status as a Volunteer. Your power of attorney will also need copies of your loan documents and power of attorney document.

For information on federal loans, visit [studentloans.gov](https://studentloans.gov), or for information on the Peace Corps' role, visit [peacecorps.gov/loans](https://peacecorps.gov/loans).

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## Public Service Loan Forgiveness

If you are planning to work full-time in public service after your Peace Corps service and you have William D. Ford Federal Direct Loans or a Direct Consolidation Loan, you may want to consider Public Service Loan Forgiveness (PSLF), a Department of Education program, to help you manage your loans.

Under PSLF, you may qualify for loan forgiveness after you have made 120 qualifying payments (i.e., 10 years' worth of payments, which do not need to be consecutive) on your loans while employed full-time by certain types of public-service employers. Serving in the Peace Corps is considered qualifying employment.

## Frequently Asked Questions

### Who would benefit from PSLF?

Most Volunteers can benefit from PSLF, but not everyone. If you plan to work for a public-service organization, such as federal, state, or local government or a qualifying nonprofit after your Peace Corps service, PSLF could reduce the amount you pay over the life of your loan. However, if you plan to work for a private company that is not a qualifying employer, it may increase your total repayment.

### How do I know if I should sign up for PSLF?

Review your options with your lender carefully. Whether PSLF will benefit you depends on if you plan to go into public service, how much loan debt you carry, and what type of loan you have. Call FedLoan Servicing at 855.265.4038 to see if your loans qualify. If you are volunteering as a Master's International student, contact your school and FedLoan Servicing to see if and how you qualify for repayment.

### When do I need to decide?

To receive the greatest benefit from PSLF you will need to sign up for a qualifying repayment plan at the very beginning of your service. Once you sign up, your monthly payments (which might be \$0 on an income-driven repayment plan) will count toward your 120 qualifying payments. If you wait until after your service to sign up, you will (1) have to use a portion of your readjustment allowance and may only qualify for up to 12 months of payments instead of 27 and (2) only have six months after your close of service to sign up to have your service count toward PSLF.

### How do I learn more?

Visit [studentaid.gov/publicservice](https://studentaid.gov/publicservice) for more information, or for resources specific to the Peace Corps, visit [peacecorps.gov/loans](https://peacecorps.gov/loans).

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Be a Volunteer.*



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