

# NEWS FROM

KHEAA–Alabama

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## Money Tips for Students, August 2016

### Federal government offers student loan forgiveness programs

The federal government may forgive all or part of your student loans if you meet certain requirements. The forgiveness options for federal student loans, according to KHEAA–Alabama, include:

Teacher loan forgiveness. To qualify, you must teach at least five full years in a low-income school in an eligible district. Depending on your field, you may have up to \$17,500 in student loans forgiven.

Public service loan forgiveness. You must work full time in a public service job and make 120 monthly payments to qualify. You also have to be working in public service when you make the 120 payments and when you apply for loan forgiveness. All of your remaining loan balance may be forgiven.

Nursing loan forgiveness. You must be at least a registered nurse and agree to work two years in a critical shortage facility at least 32 hours per week. If you fulfill your agreement, 60 percent of your loan balance will be forgiven. Another 25 percent will be forgiven if you work a third year.

For complete details on these and other programs, visit [www.ed.gov](http://www.ed.gov).

One thing to remember is that the Internal Revenue Service counts the amount forgiven as income. You should talk with a tax professional to understand the impact it may have on your taxes.

KHEAA is a public, non-profit agency established in 1966 to improve students' access to college. It provides information about financial aid and financial literacy at no cost to students and parents. KHEAA also helps colleges manage their student loan default rates and verify information submitted on the Free Application for Federal Student Aid (FAFSA).

For more information about financial aid and college planning, visit [www.alstudentaid.com](http://www.alstudentaid.com).