



FINANCE AND ADMINISTRATION CABINET
KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

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Money Tip 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 the Kentucky Higher Education Assistance Authority (KHEAA), 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.

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 the state agency that administers Kentucky's grant and scholarship programs, including the Kentucky Educational Excellence Scholarship (KEES). The agency also provides financial literacy videos at <http://itsmoney.kheaa.com> and free copies of "It's Money, Baby," a guide to financial literacy, to Kentucky schools and residents upon request at publications@kheaa.com.

For more information about Kentucky scholarships and grants, visit www.kheaa.com; write KHEAA, P.O. Box 798, Frankfort, KY 40602; or call 800-928-8926, ext. 6-7214.

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