

Career Payback: Loan-Forgiveness Programs Can Ease Financial Burden of College

By *Elizabeth Weiss McGolerick*

Many students leave college and grad school weighted down by dread at the years of student loan repayment that lie ahead of them. But new loan forgiveness programs, which cancel all or part of educational debt, are emerging in an effort to encourage students to work in high-needs public service positions in such careers as social work, education, law, and health care.

It pays to look into loan forgiveness programs, says Dr. Michael Franzblau, a financial planner based in upstate New York. Franzblau developed the "Tuition Without Tears" financial planning program. "Loan payments make it difficult to survive financially," he says. "If students don't structure their loans to minimize the impact on their financial future when they start a career, debt may interfere with their progress."

For students interested in giving back to society in fields such as social work, education, criminal justice, and health care, you just may be able to lighten your loan load.

Social work

Those who work in social services are dedicated to helping people improve their lives. Emily Pittman, a licensed mental health therapist in Latrobe, PA, works part-time with high-risk youth who are dealing with drug and sexual abuse, violence, and mental health issues. "Social service jobs are not high-paying, but they are very challenging and rewarding," says Pittman, who holds a master's degree in social work.

Pittman discovered another reward when working full-time with at-risk youth - she qualified for 50 percent forgiveness on her undergraduate Perkins loan. Having already put in two years of service with her employer, her eligibility was pro-rated from her date of hire. "[The loan forgiveness] took two years off my payback time," and cut her \$4,000 loan in half, Pittman says.

Clinical social workers who work with the underserved and have qualifying educational loans can apply for loan repayment through the [National Health Service Corps](#) (NHSC) or their State Loan Repayment Program. NHSC has numerous eligibility requirements which vary based on the social worker's chosen field. The National Institutes of Health (NIH) offer loan forgiveness programs for social workers pursuing research careers. An extensive list of loan forgiveness programs is available through the [National Association of Social Workers](#).

Teaching

The National Defense Education Act provides a portion of Perkins loan forgiveness for full-time teachers who instruct students from low-income families. A growing percentage of the loan is forgiven over five years of service at certain schools. In addition, the [American Federation of Teachers](#) maintains a list of loan forgiveness programs by state in response to teacher shortages in critical subject areas which often include math, science, and special education.

For those who did not major in education but are interested in teaching, there is [Teach for America](#), a national corps that recruits outstanding recent college graduates from all fields of study. Members of this program agree to teach for two years in public schools of low-income communities - they are paid directly by the school district for which they work and receive the same salary and health benefits as other beginning teachers. In return, participants receive educational awards of \$4,725 for each year of service which may be used for student loan repayment or future educational endeavors.

Legal and federal work

Law school doesn't come cheap. Many people pursuing law careers graduate with sizable debt. According to a report by Equal Justice Works, the Partnership for Public Service, and the National Association for Law Placement, "comparatively lower salaries and flat earnings potential among public interest and government employers" impede public service-oriented graduates from pursuing work in such fields. Instead, many are forced to seek higher-paying jobs in the private sector in order to pay off their loan.

To counter the salary disparity, Equal Justice Works offers training and support for law students who do choose public interest or non-profit positions. These professionals may be eligible for loan forgiveness from their law school (a list is provided on the [Equal Justice Works' Web site](#)) if they meet specific requirements, which often include maintaining a salary under a certain amount. For instance, graduates of American University Washington College of Law who are hoping to benefit from the school's debt relief availability must maintain an income of no more than \$40,000. Likewise, Duke Law School has a salary ceiling of \$60,000.

To retain and recruit employees, the federal government implemented the [Federal Student Loan Repayment Program](#). Individual government agencies were granted discretionary authority to set up their own repayment programs to attract or retain highly qualified employees. The U.S. Office of Personnel Management reports that "any employee is eligible, except those occupying a position excepted from the competitive civil service because of their confidential, policy-determining, policy-making, or policy-advocating nature."

An attorney with the federal government, Traci Patton began participating in her department's loan forgiveness program by agreeing to stay with the department for three years and maintain satisfactory job performance. In return, "They agreed to pay up to \$6,000 per year for three years toward my loans - up to the amount I actually paid during the last calendar year," Patton shares. Federal government agencies can repay up to \$10,000 yearly in federal student loans with a cumulative maximum of \$60,000 per employee.

But, there are a few hitches. "The actual amount applied to the loans is considerably less, as taxes are taken out first," Patton explains, and the contributions only go toward federal student loans, not private loans. In addition, Patton can't automatically renew this benefit when her three years are up. "I have to reapply with the entire pool of new applicants."

Medical professions

Eligibility varies, but from physician assistants to dentists, midwives to psychologists, and nurse practitioners to physicians, medical professionals have a variety of generous loan forgiveness opportunities available to them.

The [NHSC](#) offers loan forgiveness to medical professionals who devote a set number of years to working in communities in need of health professionals. Participants can apply to potentially eliminate up to \$50,000 in loan debt over the course of two years of service. Mark Kantrowitz, the publisher of FinAid, a comprehensive source of student financial aid information, says that occupational and physical therapists are often recruited by hospitals and private health care facilities through loan forgiveness options as well. A database of loan repayment programs for medical school students is maintained by the American Association of Medical Colleges (AAMC), and the NHSC Web site offers a listing of state-based loan repayment programs for those in the medical field.

Medical school students can also benefit from the Disadvantaged Health Professions Faculty Loan Repayment Program, Indian Health Service (IHS) Loan Repayment Program, and the multiple NIH Educational Loan Repayment Programs, one of which includes loan forgiveness of up to \$35,000 a year for U.S. citizens conducting clinical medical research.

The Nursing Education Loan Repayment Program is available to nursing graduates through the Health Resources and Services Administration (HRSA). Individual states are also creating incentives for nurses. In response to California's nursing shortage, ALL Student Loan, the state's largest nonprofit provider of student loans, developed a loan forgiveness program to encourage students to pursue a nursing career.

Volunteer work

For those who wish to spend significant time giving to communities or countries in need, there are several options that say thank-you in return. Volunteer organizations like the Peace Corps, AmeriCorps, and Volunteers in Service to America (VISTA) offer loan forgiveness, with varying requirements, to those who spend a set amount of time serving high-need areas.

Volunteers who complete a two-year term in the Peace Corps, aiding the lives of people in developing countries, can eliminate 15 percent of their Perkins loan balance for each year of service and also defer their loan payments while serving. AmeriCorps volunteers meet needs in education, health, and the environment. VISTA works with non-profits to eliminate hunger, homelessness, poverty, and illiteracy. Those who serve in AmeriCorps for 12 months, or in VISTA for 1,700 hours, can receive \$4,725 to defray their loans.

Scoring forgiveness on that loan

Though they may not be well-known or oft-advertised, loan forgiveness programs are abundant. In addition to the many opportunities listed above, the military offers the Armed Forces Loan Forgiveness Program, and the federal government may forgive all or a portion of both Stafford and Perkins loans if a student enlists in the military. Full-time law enforcement and corrections officers are also eligible for some programs.

Though it may seem tedious to research, apply, and maintain certain requirements for eligibility in a loan forgiveness program, the financial rewards can far outweigh the sacrifices. "I still have a long way to go to pay off all my student loans, but the program has definitely shortened the time I'll spend repaying these loans by three to five years," Patton says.

Kantowitz advises professionals to contact their human resources department to find out where loan forgiveness possibilities may exist. The financial aid office of a student's college or university may also be able to provide information. Patton only discovered the federal government's loan forgiveness program after working there for five years. Pittman adds, "These programs seem to be quite hush-hush. I was lucky to have someone tell me. Any loan forgiveness enhances your life."

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