



EdFed

Federal Lender Code 834241

America's Top Student Loan Consolidator

175 South Lake Ave, Suite 200, Pasadena, California 91101

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www.Edfed.com

Loan forgiveness for Volunteer Work and Service to the Nation

By Shaileja Mammen

The federal government will cancel all or part of an educational loan under certain conditions. Cancellation is available provided there has been no default on the loan. This practice of canceling the loan is also called Loan Forgiveness.

One of the conditions under which education loans are cancelled is when the borrower under takes some **volunteer work**.

The volunteer organizations that offer loan forgiveness are

- AmeriCorps
- Peace Corps
- Volunteers in Service to America (VISTA)

When the borrower works for **AmeriCorps** for a period of 12 months, he/she is entitled to receive a stipend up to \$7400 plus \$4725 towards repayment of the education loan.

The volunteers for **Peace Corps** can apply for deferment of Stafford, Perkins, and Consolidation loans. The Perkins loans can be forgiven partially up to 70 percent of the total loan amount. The loans are forgiven up to 15 percent for each year of service up to 70 percent in total.

Volunteers in Service to America (VISTA) are those who work for private, non-profit groups that work for public interest. These non-profit groups work to eradicate poverty, illiteracy, homelessness, and hunger. If volunteers provide 1700 hours of service then they receive \$4725 for repaying the education loan.

Service to the nation and **other public service** are other conditions for cancellation of education loans.

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Military Service

Students who work for the U.S. Armed Forces can receive forgiveness of up to 50% of the loan provided they work in areas of hostility or imminent danger.

Teaching

The Perkins Loans can be cancelled up to 100% if students become full-time teachers:

- In elementary and secondary schools for students from low-income families.
- For special education, including teaching children with disabilities in public or other nonprofit elementary or secondary schools.
- Of math, science, foreign languages, bilingual education, or other fields designated as teacher shortage areas.

Other public service

The other conditions under which the Perkins loans can be cancelled up to 100% are if the student is a full-time:

- Qualified professional provider of early intervention services for the disabled.
- Employee of public or nonprofit child or family-services agency providing services to high-risk children and their families from low-income communities.
- Nurse or medical technician
- Law enforcement or corrections officer.
- Staff member in the education component of a Head Start Program

Many law schools and medical colleges have instituted loan repayment assistance programs.

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Loan Repayment Programs (LRP) are sponsored by national, state, and local governments. Some private organizations and non-governmental organizations also sponsor such programs.

A typical LRP provides living stipends and funds to repay educational loans to participants. A two to four year commitment is required under the contract, though individual programs differ. Scholarship opportunities and tax relief are some of the other benefits that may be available to participants.

Some of the professionals eligible for LRP are lawyers, nurses, nurse faculty, physical and occupational therapists, social workers, speech pathologists, physician assistants, teachers at some designated schools, and teachers in some specific areas of certification.

On the Net

Funding Education Beyond High School

www.finaid.org/loans/forgiveness.phtml