

Get out of Debt Faster with Student Loan Forgiveness

Peace Corps Fellows have a lot of wonderful things in common, such as their Peace Corps experience, compassion, and a commitment to service. Unfortunately, though, many Fellows also have debt, stemming from both undergraduate and graduate student loans. And, like most of us, you're probably planning on paying off these loans well into your golden years.

That might not be necessary. In fact, you may be able to get rid of your student loans in a mere 10 years under the new Public Service Loan Forgiveness Option. This federal law was created in order to encourage and reward public service by providing loan forgiveness to college graduates who take up careers in the public service or nonprofit sector, as many returned Peace Corps volunteers do. Careers in health care, education, and civil service are just some of the included professions. Additionally, people serving as Peace Corps volunteers also qualify.

Under the law, eligible candidates will make regular payments for a period of 10 years, after which time the remaining interest and principal will be forgiven. There are, however, some important stipulations in regard to loan forgiveness. For example, only federal direct loans are eligible for forgiveness.

Individuals with student loans are now able to reduce their monthly payments through the Income Based Repayment Plan. Through this plan, monthly payments are determined by a debt to income ratio. That way, your loan payments won't constitute such a large percentage of your monthly income that you're forced to move back in with Mom and Dad.

Altogether, this means returned Peace Corps volunteers working in the public service or nonprofit sectors may be able to make reduced monthly payments on their federal direct student loans and then have the remaining balance cancelled after 10 full-time years of public service. Translation: get out of debt faster!

[IBRinfo](#) has useful information on the Public Service Loan Forgiveness Program, as well as an IBR calculator. Detailed descriptions of the option can also be found at the [National Association of Student Financial Aid Administrators](#) and the [Department of Education](#) websites.