



If You Can't Pay Your Student Loan Because of Your Disability

What if I can't pay my student loan debt?

If you get behind on making your student loan payments, the amount of money you owe keeps going up. The debt does not go away if you ignore it. The federal government can get the money back by taking tax refunds or garnishing part of your income. They can even garnish Social Security income. See our fact sheet [Student Loan Problems](#).

If you have a disability, you might not ever be able to earn enough money to pay back the loan amount. But, you may qualify for a Total and Permanent Disability (TPD) Discharge. In some cases, Federal Loans are discharged automatically. In other cases, you must apply for a TPD discharge.



Discharge of Student Loan because of Disability

- Your total and permanent disability (TPD) is grounds for a student loan discharge. This counts if you have federal student loan debt.
- Federal Family Education Loan (FFEL), Direct and Perkins loans can be discharged because of disability. Your TEACH Grant service obligations can also be discharged. Parents with PLUS loans may apply for discharge based on their own disabilities, not those of their children. If 2 parents have a PLUS loan and one becomes disabled, the other parent still has to repay the loan.

Note: Private student loans do not qualify for TPD discharge. But some may have their own programs that are like this one. Contact your lender.

Are my Federal Student Loans discharged automatically if I have TPD?

Your federal student loans are discharged if:

- you have a disability that greatly affects your ability to work,
- you won't ever be able to earn enough money to pay back the loan amount, and
- you meet certain criteria.

But your loans are only discharged **automatically** if:

- your TPD is recognized by the Department of Veterans Affairs. Then your federal student loans are automatically discharged by the Department of Education through a data match.

- your TPD is recognized by the Social Security Administration. Then your federal student loans are automatically discharged by the Department of Education through a data match.

How do I apply for a TPD discharge?

If you don't qualify for an automatic discharge, you may still be eligible to discharge your student loans.

- Let the loan holder's TPD Servicer know that you want to apply. You can apply by phone, email, or the mail. If you want to start your application online, visit the TPD Discharge website at www.disabilitydischarge.com and click on Apply Now.
- The loan servicer helps the Department of Education (DE) in the TPD discharge process. The servicer manages the TPD discharge website. They communicate with borrowers about TPD discharge requests.
- When you let the TPD Servicer know that you want to apply for a TPD discharge, they:
 - give you the information you need to apply for a TPD discharge.
 - review records and find your federal student loans and/or TEACH Grant service obligation that may qualify for a TPD discharge.
 - contact your loan holders and tell them to stop collection activity on your loans for up to 120 days. This means that during the 120-day period you won't have to make payments on your loans.
- Stopping collection activity gives you time to complete the TPD discharge application and return it to the TPD Servicer for processing. If the loan servicer does not get your application within the 120-day period, your loan holders start collection activity on your loans. You have to start making payments again.

How do I show that I am totally and permanently disabled?

- **If you are a veteran**, the loan servicer should get information from the U.S. Department of Veterans Affairs (VA). The information shows that you are unemployed because of a service-connected disability. The loan servicer contacts you by letter to let you know that you are eligible for a TPD discharge.



- **If you are a veteran** and you think that you qualify for a TPD discharge, but the loan servicer didn't contact you, you need documents from the VA. Ask them for documents that show they determined that you are unemployable because of to a service-connected disability. Submit the documents to your servicer.
- **If you get Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI)** and
 - your next scheduled review is at least 3 years from the date of your most recent SSA disability determination,
 the loan servicer should get that information from the Social Security Administration (SSA).

Then the loan servicer contacts you by letter to let you know that you are eligible for a TPD discharge.

- **If you get SSDI or SSI benefits** and
 - your next scheduled disability review is 5 to 7 years from the date of your most recent SSA disability determination, and
 - the loan servicer didn't contact you about a TPD discharge,
 then you need to get documents from SSA.

Ask them for documents showing your disability notice of award for SSDI or SSI benefits. It should also state that your next scheduled continuing disability review has been scheduled at 3 years.

- **If you don't have your disability notice** of award for benefits, ask SSA for a Benefits Planning Query (BPQY). You can also ask for this if you do have your notice but you're not sure it says your disability is permanent. You need Form SSA-2459 to ask for a BPQY. Get one at your local SSA office. Or you can call the main SSA number and have it mailed to you. That number is: 1-800-722-1213.
- **You can also submit certification from a doctor** that you are totally and permanently disabled. Your doctor must certify that you can't take part in any significant gainful activity because of a medically diagnosed physical or mental impairment that:
 - Can be expected to result in death,
 - Has lasted for an ongoing period of at least 60 months, or
 - Can be expected to last for an ongoing period of at least 60 months.



What to Expect after Applying

- The loan servicer reviews your application. Applications that are approved get sent to the Department of Education for final approval. If the Department of Education approves the application, you get a notice stating that your loan is discharged.

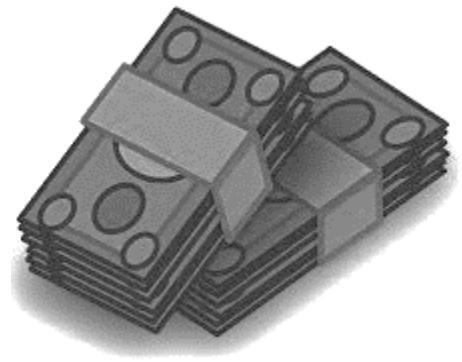
- If you are approved, the discharge is effective starting from:
 - the date the doctor signed the form or
 - the date the Department of Education got the Social Security Administration’s notice of award or
 - the effective date of the VA’s disability determination to the person who made the payments.

Any payments you made after those dates must be returned to you.

- A 3-year period begins on the date the discharge was granted. Your loan is not reinstated as long as you don’t take out any new federal student loans during the 3 years. Or you don’t follow certain other requirements.
- The Department of Education can reinstate the loan in certain circumstances. They would reinstate it if you applied using a Social Security Award notice and you get another notice from Social Security Administration saying you are no longer disabled. Or if you get a notice saying that your disability review no longer meets the required review period.
- As of March 2021, the Department of Education no longer sends automatic requests for earnings information.
- This reinstatement period does not apply to veterans applying through the separate veteran’s process.

ALERT: The amounts discharged due to disability may be taxable income on your federal taxes if they were discharged **before January 1, 2018.**

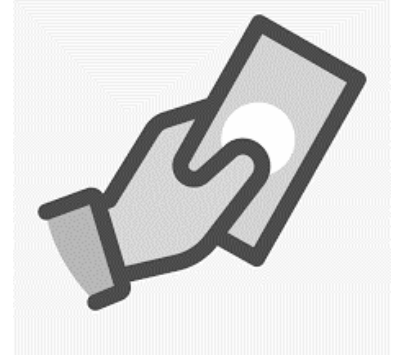
- If your loan discharge is based on the VA’s documentation, any debt greater than \$600 in the year the loan was discharged has to be reported to the IRS as income on your tax return.
- If your loan discharge is based on SSA’s documentation or a physician’s certificate, your loan is discharged at the end of the 3-year monitoring period. But you may not have to pay taxes. It is a good idea to consult a tax professional for more information.



The amounts discharged due to disability are not taxable income on your federal taxes if they were discharged on January 1, 2018 or later (up until December 31, 2025).

What happens if they say no?

- Your loan servicer lets you know about the denial by U.S. Mail.
- Your loan servicer starts collection activity on your student loan account.
- The letter you get says why you were denied. It also has information on how to get instructions on what to do if you:
 - have questions about the decision, or
 - think there is other information that the DE should consider.
- If you have more information that supports your eligibility for discharge you can give it to your loan servicer. You have to do get it to them within 1 year of the date of your denial letter. Then the loan servicer reevaluates your application for a TPD discharge without making you submit a new application.
- If you have more information that supports your eligibility for discharge but you don't get it to the loan servicer in time (within 1 year of the date of your denial letter), you must submit a new TPD discharge application if you want them to reevaluate.
- If your application is denied you may appeal the denial in federal court. You should talk to a lawyer to learn how to do this.



Where do I find more information about TPD discharge?

For complete information about TPD discharge, including an application, visit the Total and Permanent Disability (TPD) Discharge website at www.disabilitydischarge.com.



Fact Sheets are legal information NOT legal advice. See a lawyer for advice.

Don't use this fact sheet if it is more than 1 year old. Ask us for updates, a fact sheet list, or alternate formats.

© 2024 Minnesota Legal Services Coalition. This document may be reproduced and used for non-commercial personal and educational purposes only. All other rights reserved. This notice must remain on all copies. Reproduction, distribution, and use for commercial purposes are strictly prohibited.