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 (DE) through a data match.

- your TPD is recognized by the Social Security Administration. Then your federal student loans are automatically discharged by the DE 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 https://studentaid.gov/. Click on *Loan Forgiveness* then *Total and Permanent Disability (TPD) Discharge*.

- 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 you qualify for a TPD discharge, but the loan servicer didn't contact you, submit a TPD application. Include documents from the VA that show you have a VA disability determination. The determination must be because you:
  - have one or more service-connected disabilities that are 100% disabling, or
  - are totally disabled based on an individual unemployability rating

- **If you qualify for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI):**
  But you don't get a letter notifying you of your eligibility for PBD, submit a TPD application. You need to include:
  - a copy of your SSA notice of award or
  - your Benefits Planning Query

  For you to qualify for TPD because of your SSDI or SSI eligibility, one of these must be true:
  - Your next continuing disability review has been scheduled within 5 to 7 years from the date of your last SSA disability determination.
  - Your next continuing disability review has been scheduled at 3 years.
  - You have a medical onset date for SSDI or SSI of at least 5 years before you apply for TPD discharge.
  - You qualify for SSDI or SSI based on a compassionate allowance.
  - You get SSA retirement benefits now, and right before you qualified for retirement benefits, you met one of the requirements described in A–D above.

- **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 have your notice but you're not sure if 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: 1-800-772-1213.

- **You can also submit certification from a doctor**
  The certification should show 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.



To certify your disability for TPD discharge, your doctor must be licensed to practice in the US. They also need to have one of these qualifications:

- Doctor of medicine (MD)

- Doctor of osteopathy/osteopathic medicine (DO)

- Nurse practitioner (NP)
- Physician's assistant (PA)
- Certified psychologist at the independent practice level

What to Expect after Applying

- The loan servicer reviews your application. Applications that are approved get sent to the Department of Education (DE) for final approval. If the DE 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 DE 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.

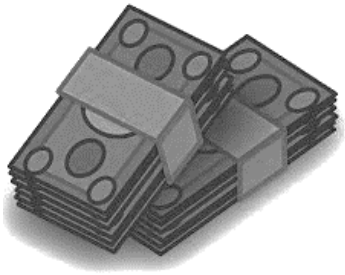
  Any payments you made after those dates must be returned to you.

- 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. If your TPD discharge is based on documentation from the VA, the 3-year period does not apply to you

- The DE 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.

- The DE no longer sends automatic requests for earnings information.

- This reinstatement period does not apply to veterans applying through the separate veteran's process.



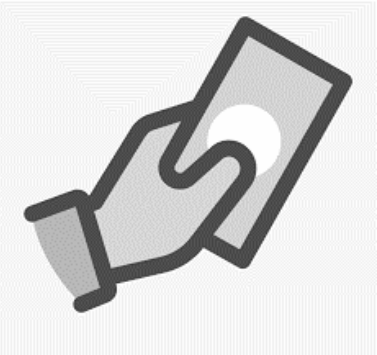
ALERT: The amounts discharged due to disability may be taxable income on your federal taxes if they were discharged **before January 1, 2018**.

- 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, 2026).

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 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 services within 1 year of the date of your denial letter, you have to do a new TPD discharge application.
- 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 TPD Discharge website at https://studentaid.gov/. Click on *Loan Forgiveness* then *Total and Permanent Disability (TPD) Discharge*.



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