



DISCHARGE OF STUDENT LOANS BECAUSE OF DISABILITY

You must repay your loans even if you don't complete your education, can't find a job related to your program of study, or are unhappy with the education you paid for with your loan. However, certain circumstances might lead to your loans being forgiven, canceled, or discharged.

The information below is a quick view of the type of forgiveness, cancellation, and/or discharge of student loans because of 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 will keep increasing. The debt does not go away if you ignore it. The federal government can get the money back by taking tax refunds or garnishing a portion of your income, even social security income. However, individuals with total and permanent disability may apply for a TPD discharge.

WHAT IS A TOTAL AND PERMANENT DISABILITY (TPD) DISCHARGE?

A TPD discharge relieves you from repaying a William D. Ford Federal Direct Loan (direct Loan) Program loan, Federal Family Education Loan (FFEL) Program loan, and/or Federal Perkins Loan (Perkins Loan) Program loan or completing a Teacher Education Assistance for College and Higher Education (TEACH) Grant service obligation on the basis of your total and permanent disability.

HOW DO I APPLY FOR A TPD DISCHARGE?

If you are totally and permanently disabled and think you qualify for a TPD discharge, you may complete a TPD discharge application (<https://www.disabilitydischarge.com/>), apply by phone seven days a week at 1-888-303-7818, or email Nelnet at disabilityinformation@nelnet.net.

The U.S. Department of Education (ED) uses Nelnet Total and Permanent Disability Servicer to administer the TPD discharge process. The servicer manages the TPD discharge website and communicates with borrowers on behalf of ED concerning TPD discharge requests. Your application and supporting documentation, if required, will be reviewed by Nelnet.

MAY I HAVE A REPRESENTATIVE APPLY ON MY BEHALF?

A representative may apply for an individual but must submit an Applicant Representative Designation form online at <https://secure.disabilitydischarge.com/Forms/PrintRepresentative> along with the application, even if the representative has a Power of Attorney.

WHAT HAPPENS WHEN I LET THE TPD SERVICER KNOW THAT I WANT TO APPLY FOR A TPD DISCHARGE?

The loan servicer will:

1. Give you the information you need to apply for a TPD discharge;
2. Review records and find your federal student loans and/or TEACH Grant service obligation that may qualify for a TPD discharge; and
3. Contact your loan holders and tell them to stop collection activity on your loans for a period of 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 will 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**, submit documentation from the U.S. Department of Veterans Affairs (VA) showing that the VA has determined that you are unemployable due to a service-connected disability
- If you receive **Social Security Disability Insurance (SSD)** or **Supplemental Security Income (SSI)** benefits, send in a Social Security Administration (SSA) notice of award for benefits. The notice should state that your next scheduled disability review is in 5 to 7 years from the date of your most recent SSA disability determination
- You can also submit **medical certification** that you are totally and permanently disabled. Your doctor will also need to complete section 4 of the TPD application. Only U.S. Licensed Medical Doctors and Doctors of osteopathic medicine can provide certification,

while providers such as Physician Assistants, Nurses, and Social Workers may not. Your doctor must certify that you are not able to 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 a continuous period of not less than 60 months, or
- Can be expected to last for a continuous period of not less than 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 after submitting VA documentation, the effective disability date is the date the Veterans Administration determines that you are unemployable. Any payments you made after those dates must be returned to you
- If you are approved after submitting an SSA notice of award, the effective disability date is the date the Department of Education receives the SSA notice of award. Any payments you made after those dates must be returned to you
- If you are approved after submitting medical documentation, the effective disability date is the date your doctor completed section 4 of the TPD application. Any payments you made after those dates must be returned to you
- If your discharge is approved after submitting an SSA notice of award or medical documentation, the Department of Education will begin a 3-year monitoring period to determine continued eligibility. The 3-year period begins on the date the discharge was granted

LOAN REINSTATEMENT

Your obligation to repay your loan will be reinstated if at any time during the 3-year monitoring period:

- Your annual earnings exceed the Poverty Guideline amount for a family of two in your state. (<https://www.disabilitydischarge.com/PovertyGuidelines>). This means that you are allowed to try to work, but if you earn more than this amount, the Department of Education will assume you are not permanently disabled
- If you receive a new Direct Loan, Perkins Loan or TEACH Grant
- You receive SSA notification stating that you are no longer totally and permanently disabled or that your disability review will no longer be in 5-7 years
- This reinstatement period does not apply to veterans applying through the separate veterans' process

NOTE: The amounts discharged due to disability may be taxable income. You have to report to the I.R.S. the discharge of any debt greater than \$600 as income in the year that the loan was discharged, not at the end of the three year monitoring period. Discharge taxable income may impact eligibility for premium tax credits in the Health Insurance Marketplace and for IRS tax credits.

If you have questions regarding the 3-year post-discharge monitoring period, you can call the Department of Education seven days a week at 888.303.7818 from 8:00 a.m. to 8:00 p.m. (Eastern), or you can email the Department of Education at DisabilityInformation@Nelnet.net.

WHAT HAPPENS IF THEY DENY MY REQUEST?

- Your loan servicer lets you know about the denial by U.S. Mail.
- Your loan servicer starts collection on your student loan account.
- The letter you get says why you were denied. It also has information on how you can ask for instructions on what to do if you have questions about the decision or if you think there is other information that the Department of Education should consider.
- If you asked for the discharge because of a service-connected disability, then you can ask for re-evaluation of your application by submitting additional documentation from the VA.

- If you applied by submitting an SSA award or medical documentation and application is denied, the denial letter will include instructions to appeal informally. If the informal appeal is denied, you may appeal the denial in federal court. You should talk to a lawyer to learn how to do this.

WHAT HAPPENS IF MY STUDENT LOAN IS DISCHARGED, WILL I BE ELIGIBLE FOR NEW LOANS OR TEACH GRANTS?

If the Department of Education grants a TPD discharge of your federal student loans or TEACH Grant service obligation, you will not be eligible to receive a new Direct Loan, Perkin Loan, or TEACH Grant in the future unless:

- You obtain a certification from a physician that you are able to engage in substantial gainful activity; and
- You sign a statement acknowledging that the new loan or TEACH Grant service obligation cannot be discharged in the future on the basis of any injury or illness present at the time the new loan or TEACH Grant is made, unless your condition substantially deteriorates so that you are again totally and permanently disabled

In addition, if your discharge was granted based on documentation from the SSA or a physician's certification and you request a new Direct Loan, Perkins Loan, or TEACH Grant during the 3-year post-discharge monitoring period described earlier, you must resume repayment on the previously discharged loans or acknowledge that you are once again subjected to the terms of your TEACH Grant service obligation before you can receive the new loan or TEACH Grant.

WHAT ELSE SHOULD I KNOW ABOUT TPD?

- There is a three-year monitoring period
- Discharged loan balances are generally considered income for tax purposes
- Discharged loan balances are not treated as income by SSA for Title II or Title XVI benefits
- Discharge could affect eligibility for health insurance/premiums

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