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# HRDG 4537 - Repayment of Student Loans - Section A

Last Modified:

**Subchapter 4537 - Repayment of Student Loans**

**Section A - When Student Loans Can/Can't be Repaid**

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**Student loans may be repaid  
for (5 CFR 537.104):**

**Student loans may not be  
repaid for:**

**Appointments  
Covered/ Not  
Covered**

- Permanent employees;
  - Temporary employees serving on appointments that will be converted to a term appointment of at least 3 years or permanent appointments;
  - Term employees with at least 3 years left on their appointment; or
  - Employees serving on excepted appointments that will be converted to term, career, or career conditional, (e.g., Career Intern, Presidential Management Fellows, or Senior Presidential Management Fellows appointments).
- Schedule C appointees
  - Term employees with less than 3 years remaining on the appointment. (These employees are not eligible because they cannot meet that 3 year service requirement specified in 5 USC 5379), or
  - Non career Senior Executive Service appointees.

**Loan Repayment  
Incentive may be used:**

**Loan Repayment Incentive may  
not:**

**Incentive Uses**

- For academic degrees at all levels (level or type of academic degree may be considered in determining incentive eligibility)
- Even if a degree, diploma or certificate has not been awarded (may still be used as a factor in determining program eligibility)
- If your employee has defaulted on a qualifying student loan
- For loans that are purchased or sold by the original loan holder.
- Be used to retain an employee who is leaving the Agency to work for another Federal agency
- Be used to recruit current Federal employees from other agencies
- Follow Agency employees who leave to work for another Federal agency (including other USDA agencies). The gaining agency is not obligated to continue making any previously agreed upon loan payments.

In determining the amount of loan repayments, take into account your employee's value to the agency and how far in advance you can commit funds. If budgetary considerations are an issue, you can determine the repayment benefit every year (you must include this consideration in your written agreement with your employee).

### **Limits on Loan Payments**

Payment amounts are subject to the following limits:

\$10,000 per employee per calendar year, and

A total career payment of \$60,000 per employee (per Public Law 108-123).

**Note:** You may repay more than one loan as long as the loan repayments do not exceed the allowable limits.

- Payments may only be applied to the indebtedness existing at the time you and your employee enter into the agreement.
- Payments may not begin before your employee enters on duty.
- Loan benefits are in addition to basic pay and any other form of compensation payable to your employee.
- The use of this incentive is not subject to the aggregate limitation on pay.
- The National Finance Center (NFC) will make payments directly to the holder of the loan by electronic funds transfer.
- MRP agencies are not responsible for paying lender-assessed late fees for late loan payments. Employees are responsible for any late fees.

### **Loan Payment Facts**

**Note:** Human Resources Division's Leave and Compensation Unit, Minneapolis, Minnesota, in conjunction with NFC, will work diligently to ensure that the timing of payments to the lender coincides with the date the loan payment is due.

**Other Available  
Pay  
Flexibilities**

You may use this incentive in addition to other pay flexibilities (e.g., Recruitment bonus, retention allowance).

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