



STUDENT LOAN REPAYMENT PLANS

When repaying your student loan, consider which repayment plan could best meet your needs. Choosing the right plan for your situation is important when keeping your finances in order. Contact the loan servicer (customer service provider) for your student loans to find the best option for you. You can find out which company services your loan by visiting nslds.ed.gov.

Standard Repayment (Direct & FFELP Loans)¹

- Fixed monthly payment over a 10 year repayment term
- Monthly payments are at least \$50
- Loan is repaid in the shortest amount of time
- Least amount of interest is paid

Graduated Repayment (Direct & FFELP Loans)

- Payments start low and increase every two years over a 10 year repayment term
- This plan works well if you expect your income to increase steadily over time
- The minimum amount due will be enough to cover at least the amount of accrued interest
- Monthly payments will never be more than three times greater than the initial payment amount under this plan
- You will pay more for your loan over time than under the Standard Repayment Plan

Extended Repayment (Direct & FFELP Loans)

- Fixed Standard or Graduated repayment (up to 25 years)
- Must have a total amount of FFELP loans exceeding \$30,000 or a total amount of Direct Loans exceeding \$30,000 (the \$30,000 minimum cannot be a combination of both loan types); Extended Repayment would then apply based on eligible loan program (e.g., if you have \$30,000 in Direct Loans and another \$5,000 in FFELP loans, Extended Repayment would only apply to the eligible Direct Loans)
- More interest is paid due to the longer loan term
- All loans under the qualifying program (FFELP or Direct) must have been disbursed on or after October 7, 1998

Income-Contingent Repayment (ICR) (Direct Loans Only)

- Payments are based on family size, adjusted gross income (AGI), and total balance of all eligible Direct Loans
- The monthly payment amount must be renewed annually
- Any unpaid interest (due to payment amount) is capitalized annually
- If you haven't paid your loan in full after 25 years of qualifying payments, the remaining balance could be forgiven

- You may have to pay income tax on any amount that is forgiven
- If you do not renew, your monthly payment amount will change to what would have been required under a 10-year Standard Plan for the balance at the time you entered ICR
- Any forbearance or deferments applied while in the ICR Plan will follow normal interest capitalizing guidelines

Income-Based Repayment (IBR) (Direct & FFELP Loans)

- Your monthly payment will be no more than 15% (or 10% if you are a new borrower²) of your discretionary income³
- To be eligible, you must have a Partial Financial Hardship⁴—which is based on your total eligible FFELP and Direct Loan debt, adjusted gross income, and family size
- Your payments will change as your income and family size change
- If you haven't paid your loan in full after 25 (or 20 if you are a new borrower²) years of qualifying payments, the remaining balance will be forgiven
- You may have to pay income tax on any amount that is forgiven
- While you can request to change to a different repayment plan at any time, you are required to make a payment after exiting the IBR plan before a new repayment plan can be applied⁵

Pay As You Earn Repayment (Direct Loans Only)

- You must not have had an outstanding loan balance on a Direct or FFELP loan as of October 1, 2007, or no outstanding balance on a Direct or FFELP loan when you received a new loan on or after October 1, 2007
- Consolidation loans disbursed on or after October 1, 2007, which include (paid off) loans that were disbursed prior to October 1, 2007, do not qualify
- You must have received a disbursement of a new Direct Loan on or after October 1, 2011
- Your monthly payment will be no more than 10% of your discretionary income³
- To be eligible, you must have a Partial Financial Hardship—which is based on your total loan debt, adjusted gross income, and family size
- Your payments will change as your income and family size change
- If you haven't paid your loan in full after 20 years of qualifying payments, the remaining balance will be forgiven
- You may have to pay income tax on any amount that is forgiven

¹A Direct Loan is a loan borrowed directly from the Department of Education. A FFELP Loan is a loan that was borrowed from a company such as a bank, lender, or non-profit organization under the Federal Family Education Loan Program (FFELP). ²You are a new borrower for the IBR plan if you have no outstanding balance on a Direct Loan or FFEL Program loan as of July 1, 2014 or have no outstanding balance on a Direct Loan or FFEL Program loan when you obtain a new loan on or after July 1, 2014. ³Discretionary income is your income minus 150% of the poverty guidelines for your family size. ⁴You have a Partial Financial Hardship if the monthly amount you would be required to pay on your IBR or Pay As You Earn eligible loans under a Standard Repayment Plan with a 10-year repayment period is higher than the monthly amount you would be required to repay under IBR or Pay As You Earn. ⁵The required payment must be either the amount you would pay under a Standard Plan taking into account the remaining maximum repayment period or under a reduced payment forbearance agreement.