



# STUDENT LOAN PAYMENT OPTIONS

When repaying your student loan, consider the flexible repayment options available. Choosing the right one for your situation is important to keep your finances in order. Contact the customer service provider (servicer) for your student loans to find the best option for you. Find out which company is servicing your loan by visiting [nslds.ed.gov](http://nslds.ed.gov).

## **Standard Repayment** (Direct Loans & FFEL Loans)

- Fixed monthly payment until your loan is paid in full (up to 10 years)
- Monthly payments are at least \$50
- Loan is repaid in the shortest amount of time
- Least amount of interest is paid

## **Graduated Repayment** (Direct Loans & FFEL Loans)

- Payments start low and increase every two years (for up to 10 years)
- This plan works well if you expect your income to increase steadily over time
- Amount due each month must cover interest
- No single payment will be more than three times greater than any other payment

## **Extended Repayment** (Direct Loans & FFEL Loans)

- Fixed annual or graduated repayment (up to 25 years)
- Must have a total amount of FFEL loans exceeding \$30,000
- Must have a total amount of Direct Loans exceeding \$30,000
- More interest is paid due to the longer loan term

## **Income-Based Repayment (IBR)** (Direct Loans & FFEL Loans)

- Payments are capped at the amount determined to be affordable based on your adjusted gross income and family size and are adjusted annually
- To be initially eligible, you must have a Partial Financial Hardship—which is based on your total loan debt, adjusted gross income, and family size
- After you are no longer in Partial Financial Hardship status, payments will not be any higher than they would have been under a 10 year standard repayment schedule
- Balance remaining after 25 year term is forgiven

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

- Payments are calculated based on adjusted gross income, family size, and total Direct Loan debt
- Payments are adjusted annually
- Any unpaid interest (due to payment amount) is capitalized annually
- Remaining balance after 25 year term is forgiven

## **Income-Sensitive Repayment** (FFEL Loans Only)

- Payments are based on adjusted gross income
- Payments are adjusted annually
- Maximum repayment term of 10 years

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Consider the total interest accrued and the total amount paid under each option when choosing a repayment plan option. All dollar amounts and repayment terms are estimates.

**Example 1: Loan balance = \$20,000; interest rate = 6.8%**

	Standard	Income-Based <sup>1</sup>	Graduated	Income-Sensitive <sup>2</sup> (FFELP only)	Income-Contingent <sup>3</sup> (FDLP only)	Extended
<b>Monthly Payment</b>	\$230	\$170	Yrs. 1-2: \$158 Yrs. 3-4: \$192	Yr. 1: \$100 Yrs. 2-10: \$250	Initial payment: \$160 Maximum payment: \$185	N/A
<b>Term</b>	10 years	10 years	10 years	10 years	16 years	N/A
<b>Total Interest</b>	\$7,619	N/A	\$9,111	\$8,216	\$13,511	N/A
<b>Total Paid</b>	\$27,619	N/A	\$29,111	\$28,216	\$33,511	N/A

**Example 2: Loan balance = \$50,000; interest rate = 6.8%**

	Standard	Income-Based <sup>1</sup>	Graduated	Income-Sensitive <sup>2</sup> (FFELP only)	Income-Contingent <sup>3</sup> (FDLP only)	Extended
<b>Monthly Payment</b>	\$575	Min: \$170 Max: N/A	Yrs. 1-2: \$395 Yrs. 3-4: \$480	Yr. 1: \$100 Yrs. 2-10: \$648	Initial payment: \$319 Maximum payment: \$467	\$347
<b>Term</b>	10 years	N/A	10 years	10 years	18 years	25 years
<b>Total Interest</b>	\$19,048	N/A	\$22,777	\$21,229	\$39,023	\$54,112
<b>Total Paid</b>	\$69,048	N/A	\$72,777	\$71,229	\$89,023.71	\$104,112

**Example 3: Loan balance = \$100,000; interest rate = 6.8%**

	Standard	Income-Based <sup>1</sup>	Graduated	Income-Sensitive <sup>2</sup> (FFELP only)	Income-Contingent <sup>3</sup> (FDLP only)	Extended
<b>Monthly Payment</b>	\$1,150	Min: \$170 Max: N/A	Yrs. 1-2: \$790 Yrs. 3-4: \$960	Yr. 1: \$100 Yrs. 2-10: \$1,312	Initial payment: \$319 Maximum payment: \$1,004	\$694
<b>Term</b>	10 years	25 years <sup>1</sup>	10 years	10 years	25 years	25 years
<b>Total Interest</b>	\$38,096	N/A	\$45,555	\$42,917	\$170,634	\$108,221
<b>Total Paid</b>	\$138,096	N/A	\$145,555	\$142,917	\$199,213	\$208,221

<sup>1</sup> The Income-Based Repayment (IBR) plan example is calculated based on an annual gross income of \$30,000, not married, and a family size of one living in the contiguous United States. Monthly payment amounts under the IBR plan may change annually based upon the borrower's annual gross income and family size. Any remaining balance, including interest, is forgiven after 25 years of qualifying payments under this plan. <sup>2</sup> The Income-Sensitive Repayment plan example is calculated based on an annual salary of \$30,000 and 4% monthly adjusted gross income allocation to the loan payment. Total interest paid over the life of the loan and the term will vary depending on the percentage of income that the borrower chooses to allocate each year to his or her loan payment. This plan is only offered to student loan borrowers of the Federal Family Education Loan Program (FFELP). <sup>3</sup> The Income-Contingent Repayment (ICR) plan example is calculated based on an annual gross income of \$30,000, not married, and a family size of one living in the contiguous United States. This repayment amount will be recalculated annually and is subject to change based on the poverty guidelines per family size as determined by the U.S. Department of Health and Human Services. This plan has a maximum term of 25 years and is only offered to student loan borrowers of the Federal Direct Loan Program (FDLP).