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 is servicing your loan by visiting nslds.ed.gov.

Standard Repayment
(Direct & FFELP Loans)[1]

- Fixed monthly payment until your loan is paid in full
- 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
- This plan works well if you expect your income to increase steadily over time
- Amount due each month must cover interest
- The monthly payments will never be more than three times greater than the initial payment amount under this plan

Extended Repayment
(Direct & FFELP Loans)

- Fixed annual 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, 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 will be forgiven
- You may have to pay income tax on any amount that is forgiven

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

- Your monthly payment will be no more than 15% of your discretionary income[2]
- To be eligible, you must have a Partial Financial Hardship[3]—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 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 applied[4]

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, that 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 income[2]
- 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

[1]A 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). [2] Discretionary income is your income minus 150% of the poverty guidelines for your family size. [3] You 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. [4] The 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.

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

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

	Standard	Graduated	Extended	Income-Contingent[1] (Direct Loans only)	Income-Based[2]	Pay As You Earn[3] (Direct Loans only)
Monthly Payment	$230	Years 1–2: $158 Years 3–4: $192	N/A	Initial payment: $157 Maximum payment: $182	$166	$110
Term	10 years	10 years	N/A	16 years	17 years	20 years
Total Interest	$7,619	$9,111	N/A	$13,927	$13,725	$26,490
Total Paid	$27,619	$29,111	$7,619	$33,927	$33,725	$26,490

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

	Standard	Graduated	Extended	Income-Contingent[1] (Direct Loans only)	Income-Based[2]	Pay As You Earn[3] (Direct Loans only)
Monthly Payment	$575	Years 1–2: $395 Years 3–4: $480	$347	Initial payment: $314 Maximum payment: $465	Minimum: $166 Maximum: N/A	$110
Term	10 years	10 years	25 years	18 years	25 years	20 years
Total Interest	$19,048	$22,777	$54,112	$40,215	$49,800	$26,490
Total Paid	$69,048	$72,777	$104,112	$90,215	$49,800	$26,490

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

	Standard	Graduated	Extended	Income-Contingent[1] (Direct Loans only)	Income-Based[2]	Pay As You Earn[3] (Direct Loans only)
Monthly Payment	$1,151	Years 1–2: $395 Years 3–4: $480	$694	Initial payment: $314 Maximum payment: $988	Minimum: $170 Maximum: $N/A	$110
Term	10 years	10 years	25 years	25 years	25 years	20 years
Total Interest	$38,096	$45,555	$108,222	$171,628	$49,800	$26,490
Total Paid	$138,096	$145,555	$208,222	$196,465	$49,800	$26,490

[1] The 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 Direct Loan student borrowers. [2] The 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. [3] The Pay As You Earn plan example is calculated based on an annual salary of $30,000 and a family size of one living in the contiguous United States. Monthly payment amounts under the Pay As You Earn plan may change annually based upon the borrower's annual gross income and family size. Any remaining balance, including interest, is forgiven after 20 years of qualifying payments under this plan.

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