

# Overview of Federal Student Loan Repayment Options

| Repayment Option                  | Eligible Loans                                                                                                                                                                                                                             | Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| Standard (Default)                | <ul style="list-style-type: none"> <li>Direct Subsidized and Unsubsidized Loans</li> <li>Subsidized and Unsubsidized Federal Stafford Loans</li> <li>all PLUS loans</li> <li>all Consolidation Loans (Direct or FFEL)</li> </ul>           | <ul style="list-style-type: none"> <li><b>Lowest interest amount</b> paid out over the course of the loan compared to other plans</li> <li>Typically 10 year schedule for payments (some consolidated loans may be up to 30 years)</li> <li>Consistent monthly payment</li> <li>Higher monthly payment compared to most other plans</li> <li>May be difficult to budget for situations where income is low coming out of school (e.g., residency training)</li> </ul>                                                                                                                                                                                                                                                                                                                          |
| Graduated                         | <ul style="list-style-type: none"> <li>same as Standard Repayment Option</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>Payments are lower to begin with and then increase over time (usually every 2 years)</li> <li>Typically 10 year schedule for payments (some consolidated loans may be up to 30 years)</li> <li>Pay more over the life of the loan in interest compared to the Standard plan (because of more interest accruing in early years)</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                               |
| Extended                          | <ul style="list-style-type: none"> <li>same as Standard Repayment Option</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>Lower monthly payment (fixed or graduated payment up to 25 years)</li> <li>Pay more over the life of the loan in interest compared to the Standard plan (because of more interest accruing over a longer period of time)</li> <li>Direct or FFEL borrowers must have &gt;\$30,000 in outstanding loans</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Income Driven Plans               |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Revised Pay as You Earn (REPAYE)* | <ul style="list-style-type: none"> <li>Direct Subsidized and Unsubsidized Loans</li> <li>Direct PLUS loans made to students</li> <li>Direct Consolidation loans that do not include PLUS loans (Direct or FFEL) made to parents</li> </ul> | <ul style="list-style-type: none"> <li>Monthly payments are 10% of discretionary income (defined as "difference between your income and 150 percent of the poverty guideline for your family size and state of residency")</li> <li>If married, both your and your spouse's income will be considered regardless of how you file taxes</li> <li>Outstanding balance after 20 (if all loans from undergraduate studies) or 25 (if any loans from graduate/professional studies) years will be forgiven</li> <li>Payments vary each year based on your income changing</li> <li>May have to pay income tax on any amount forgiven</li> <li>Interest rate subsidy available with REPAYE for unsubsidized loans</li> <li>Monthly payment CAN be higher than the 10 year Standard option</li> </ul> |

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| Pay as You Earn (PAYE)*<br>(Must be a new borrower on or after Oct. 1, 2007, and have received a disbursement of a Direct Loan on or after Oct. 1, 2011.) | <ul style="list-style-type: none"> <li>Same as REPAYE Repayment Option</li> </ul>                                                                                                                                                                                                                     | <ul style="list-style-type: none"> <li>Maximum monthly payments are 10% of discretionary income (defined as “difference between your income and 150 percent of the poverty guideline for your family size and state of residency”)</li> <li>Monthly payment will never be higher than the 10 year Standard option</li> <li>If married, your spouse’s income is only considered if filing taxes as married filing jointly</li> <li>Outstanding balance after 20 years will be forgiven</li> <li>Payments vary each year based on your income changing</li> <li>May have to pay income tax on any amount forgiven</li> <li>Must have a high debt:income ratio to qualify</li> </ul> |
| Income-Based Repayment (IBR)*                                                                                                                             | <ul style="list-style-type: none"> <li>Direct Subsidized and Unsubsidized Loans</li> <li>Subsidized and Unsubsidized Federal Stafford Loans</li> <li>all PLUS loans made to students</li> <li>Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS made to parents</li> </ul> | <ul style="list-style-type: none"> <li>Payments are % of discretionary income (10 or 15% depending if you are a new [after July 1, 2014] borrower or not)</li> <li>Monthly payment will never be higher than the 10 year Standard option</li> <li>If married, your spouse’s income is only considered if filing taxes as married filing jointly</li> <li>Outstanding balance after 20 (new borrower after July 1, 2014) or 25 (not a new borrower) years will be forgiven</li> <li>May have to pay income tax on any amount forgiven; have to have a high debt to income ratio</li> <li>Must have a high debt:income ratio to qualify</li> </ul>                                  |
| Income Contingent Repayment (ICR)*                                                                                                                        | <ul style="list-style-type: none"> <li>Direct Subsidized and Unsubsidized Loans</li> <li>Direct PLUS Loans made to students</li> <li>Direct Consolidation Loans</li> </ul>                                                                                                                            | <ul style="list-style-type: none"> <li>Monthly payment is lesser of 20% of discretionary income or amount you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income.</li> <li>Payments vary each year based on your income, family size, etc.</li> <li>If married, your spouse’s income is only considered if filing taxes as married filing jointly</li> <li>Any outstanding balance is forgiven after 25 years</li> <li>Only available income drive plan available to parent PLUS loan borrowers (after consolidation)</li> </ul>                                                                                                 |

\* Option for those that are participating in the Public Service Loan Forgiveness (PSLF) program

Reference: Federal Student Aid: An Office of the US Department of Education. How to Repay Your Loans. Available at <https://studentaid.ed.gov/sa/repay-loans>