Repayment Plans:

You have a choice of several repayment plans that are designed to meet the different needs of individual borrowers. The amount you pay and the amount of time to repay your loans will vary depending on the repayment plan you choose. To calculate your estimated loan payments, go to: https://studentloans.gov/myDirectLoan/repaymentEstimatorLoginRedirect.action

If you have specific questions about repaying student loans, contact your servicer. If you don’t know who your servicer is, go to www.nslds.ed.gov to find out.

When it comes time to start repaying your student loan(s), you can select a repayment plan that’s right for your financial situation. Generally, you’ll have from 10 to 25 years to repay your loan, depending on which repayment plan you choose. To get an idea of how much your payments would be with the different repayment plans, go to: http://studentaid.ed.gov/repay-loans/understand/plans/standard/comparison-calculator

1. Standard Repayment – Under the standard plan, you’ll pay a fixed amount each month until your loans are paid in full. Your monthly payments will be at least $50, and you’ll have up to 10 years to repay your loans.(Up to 30 years for consolidation loans). Your monthly payment under the standard plan may be higher than it would be under the other plans because your loans will be repaid in the shortest amount of time. For that reason, when you use the 10 year repayment plan you generally pay the least interest.

2. Graduated Repayment – Under this plan, your payments start out low and increase every 2 years. You will have up to 10 years to repay your loans. This is a good plan if you expect your income to increase steadily over time. Your monthly payment will never be less than the amount of interest that accrues between payments. Although your monthly payments will increase, no single payment under this plan will be more than 3 times greater than any other payment.

3. Extended Repayment – Under the extended plan, you’ll pay a fixed annual or graduated repayment amount over a period of 25 years. If you’re a Direct Loan borrower, you must have more than $30,000 in outstanding Direct Loans. If you’re a FFEL borrower, you must have more than $30,000 in outstanding FFEL Program loans. For example, if you have $35,000 in outstanding FFEL Program loans and $10,000 in outstanding Direct Loans, you can choose the Extended Repayment Plan for your FFEL Program loans, but not for your Direct Loans. Your fixed monthly payment is lower than it would be under the Standard Repayment Plan, but you will end up paying more for your loan because of the interest that accumulates during the longer repayment period. This is a good plan if you will need to make smaller monthly payments. Remember that the longer your loans are in repayment, the more interest you will pay.

4. Pay As You Earn Repayment Plan (PAYE)

This plan is available for Direct Loan borrowers that are considered a new borrower on or after October 1, 2007 and have received a disbursement of a Direct Loan on or after October 1, 2011. You must have a high debt relative to your income and your calculated payments must be less than the Standard repayment plan.
Monthly payments are set at 10 percent of your discretionary income and can never be more than how much the payment would be on the standard plan. Discretionary income is the difference between 150% of the poverty guideline for your state of residence, family size, and your income earned. The repayment period is 20 years. Payments are re-calculated on a yearly basis based on your family size, income, and state of residence. Payments will never be more than the 10 year standard plan.

On this plan your spouse’s income will be included only if taxes are filed as married jointly. After 20 years of payments the remaining balance will be forgiven. Income tax may be due on any amounts that are forgiven. If you are considering Public service loan forgiveness, this is an excellent option. For more information on Public service loan forgiveness: https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service

5. Revised Pay As You Earn Repayment Plan (REPAYE) - This plan is available for Direct Loan borrowers. Monthly payments are set at 10 percent of your discretionary income. Discretionary income is the difference between 150% of the poverty guideline for your state of residence, family size, and your income earned. The repayment period is 20 years. (25 years if you have graduate level loans) Payments are re-calculated on a yearly basis based on your family size, income, and state of residence. Payments can be higher than the standard plan.

On this plan your spouse’s income must be included if taxes are filed as married jointly or separately. After 20 years of payments (25 for students with graduate level loans) the remaining balance will be forgiven. Income tax may be due on any amounts that are forgiven. If you are considering Public service loan forgiveness, this is an excellent option. For more information on Public service loan forgiveness: https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/public-service

6. Income Based Repayment (IBR) – Income-Based Repayment (IBR) is designed to reduce monthly payments to assist with making your student loan debt manageable. This is a good plan if you will need to make smaller monthly payments.
To qualify for IBR, you must have a partial financial hardship. You have a partial financial hardship if the monthly amount you would be required to pay on your IBR-eligible federal student loans under a 10-year Standard Repayment Plan is higher than the monthly amount you would be required to repay under IBR. Monthly payments are set at 10 percent of your discretionary income if you're a new borrower on or after July 1, 2014 or 15 percent if you not a new borrower before July 1, 2014. Your payment amount may increase or decrease each year based on your income and family size. Once you’ve initially qualified for IBR, you may continue to make payments under the plan even if you later no longer have a partial financial hardship. If you repay under IBR and meet certain other requirements, any remaining balance will be forgiven after 25 years of qualifying repayment. However, you may have to pay taxes on any loan amount that is forgiven after 25 years. Additionally, if
you work in public service and make your payments under the IBR plan, the remaining balance after 10 years may be forgiven. For more information about IBR, go to:

http://studentaid.ed.gov/repay-loans/understand/plans/income-based

7. Income Contingent Repayment (ICR) (Direct Loans Only) – Under this plan, your monthly payments are made for a maximum of 25 years and are based on your adjusted gross income, your family size, and the total amount of your Direct Loans. Your payments will be the lesser of

- the amount you would pay if you repaid your loan in 12 years multiplied by an income percentage factor that changes with your annual income or
- 20 percent of your monthly discretionary income.

If your calculated payment amount is less than the amount of interest that accrues on your loan, the interest is capitalized (added to your principal balance) once each year until your balance is 10 percent higher than your original loan balance was when you entered repayment. Once this happens, interest continues to accrue but is not capitalized (Any interest that accrues during a deferment or forbearance does not apply to the 10 percent capitalization rule).

Any loan amount that remains after 25 years of payments, not including time spent in deferment or forbearance will be discharged (forgiven). You may have to pay taxes on the amount that is discharged.

8. Income-Sensitive Repayment (FFEL Loans Only) – Under this plan, your monthly payments increase or decrease based on your annual income and are made for a maximum period of 10 years. For more information, contact your lender or servicer.