

Overview of Direct Loan and FFEL Program Repayment Plans



Department of Education
Loan Servicing

Aidvantage helps borrowers navigate the path to successful repayment and we are committed to keeping students informed. The Repayment Options below detail important information and will help you understand the repayment process for your federal student loans. If you need further details, or clarification on any terms, visit www.studentaid.gov

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Revised Pay As You Earn Repayment Plan (REPAYE)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans that do not include Direct or FFEL PLUS Loans made to parents 	<ul style="list-style-type: none"> • Your payments will be 10% of your monthly discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply) divided by 12. • Your payments change as your income changes. • Up to 25 years. • Will provide a new interest subsidy benefit. 	<ul style="list-style-type: none"> • You must be a Direct Loan borrower with eligible loans. • No disbursement date requirements for when you first obtained your eligible student loans. • No income requirement to enter plan. • Discretionary income for the REPAYE plan is the amount by which your adjusted gross income (AGI) exceeds 150% of the poverty guideline amount for your state of residence and family size. • If you are married, your AGI generally includes your spouse's income regardless of how you file your federal income tax return. • If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments for those who borrowed only for undergraduate study and 25 years of qualifying payments for those who borrowed for graduate study, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven. • No payment amount limit.
Pay As You Earn Repayment Plan (PAYE)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans that do not include Direct or FFEL PLUS Loans made to parents 	<ul style="list-style-type: none"> • Your payments will be 10% of your monthly discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply) divided by 12. • Your payments change as your income changes. • Up to 20 years. 	<ul style="list-style-type: none"> • You must be a new borrower on or after Oct. 1, 2007, and must have received a disbursement of a Direct Loan on or after Oct. 1, 2011. • You must have a partial financial hardship. • Your monthly payments will initially be lower than payments made under the 10-year standard plan, but never exceed this amount. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after you made the equivalent of 20 years of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven.
Income-Based Repayment Plan (IBR)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • All PLUS Loans made to students • Consolidation Loans (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents 	<ul style="list-style-type: none"> • Your payments will be 15% (10% if you are a new borrower*) of your monthly discretionary income, the difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence (other conditions apply) divided by 12. • Your payments change as your income changes. • Up to 25 years. 	<ul style="list-style-type: none"> • You must have a partial financial hardship. • Your monthly payments will initially be lower than payments made under the 10-year standard plan, but never exceed this amount. • You'll pay more for your loan over time than you would under the 10-year standard plan. • If you have not repaid your loan in full after making the equivalent of 25 years (20 years if you are a new borrower*) of qualifying monthly payments, any outstanding balance on your loan will be forgiven. • You may have to pay income tax on any amount that is forgiven. <p><small>*A new borrower for the IBR plan has no outstanding balance on a Direct or FFEL loan as of July 1, 2014, or has no outstanding balance on a Direct or FFEL loan when he or she obtains a new loan on/after July 1, 2014.</small></p>

Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
Income-Contingent Repayment Plan (ICR)	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Direct PLUS Loans made to students • Direct Consolidation Loans <p>Note: Direct PLUS Loans made to parents may be eligible if consolidated. This means that if you consolidate that loan type into a Direct Consolidation Loan, you can then repay the consolidation loan under the income-driven plan.</p>	<ul style="list-style-type: none"> • Payments will be the lesser of the following: <ul style="list-style-type: none"> – What you would pay on a repayment plan with a fixed payment over 12 years, adjusted according to your income or – 20% of your discretionary income <ul style="list-style-type: none"> ◦ Discretionary income is the amount by which your adjusted gross income exceeded the poverty guidelines amount for your state of residence and family size. • Your payments change as your income changes. • Up to 25 years. 	<ul style="list-style-type: none"> • You'll pay more for your loan over time than under the 10-year standard plan. • If you do not repay your loan after making the equivalent of 25 years of qualifying monthly payments, the unpaid portion will be forgiven. • You may have to pay income tax on the amount that is forgiven.
Standard Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • All PLUS Loans • Consolidation Loans (Direct and FFEL) 	<ul style="list-style-type: none"> • Payments are a fixed amount of at least \$50 per month. • Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> • You'll pay less interest for your loan over time under this plan than you would under other plans.
Graduated Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • All PLUS Loans • Consolidation Loans (Direct and FFEL) 	<ul style="list-style-type: none"> • Payments are lower at first and then increase, usually every two years. • Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> • You'll pay more for your loan over time than under the 10-year standard plan.
Extended Repayment Plan	<ul style="list-style-type: none"> • Direct Subsidized and Unsubsidized Loans • Subsidized and Unsubsidized Federal Stafford Loans • All PLUS Loans • Consolidation Loans (Direct and FFEL) 	<ul style="list-style-type: none"> • Payments may be fixed or graduated. • Up to 25 years. 	<ul style="list-style-type: none"> • Your monthly payments would be lower than the 10-year standard plan. • If you are a Direct Loan borrower, you must have more than \$30,000 in outstanding Direct Loans. • If you are 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 Direct Loans, you can use the extended repayment plan for your FFEL Program loans, but not for your Direct Loans. • For both programs, you must also be a new borrower as of Oct. 7, 1998. • You'll pay more for your loan over time than under the 10-year standard plan.
Income-Sensitive Repayment Plan	<ul style="list-style-type: none"> • Subsidized and Unsubsidized Federal Stafford Loans • FFEL PLUS Loans • FFEL Consolidation Loans 	<ul style="list-style-type: none"> • Your monthly payment is based on your monthly gross income. • Your payments change as your income changes. • Generally up to 10 years (between 10 and 30 years for Consolidation Loans). 	<ul style="list-style-type: none"> • You'll pay more for your loan over time than you would under the 10-year standard plan. • Each lender's formula for determining the monthly payment amount under this plan can vary.

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