



Repayment Plans Compared: Which One Works for You?

| | Traditional Plans | | | Income-Driven Plans | | | | |
|---|---|--|--|--|---|---|--|--|
| | Standard | Extended | Graduated | Income-Contingent Repayment (ICR) | Income-Based Repayment (IBR) (for those who borrowed before 7/1/14) | Income-Based Repayment (IBR)(for new borrowers as of 7/1/14) | Pay As You Earn (PAYE) | Revised Pay As You Earn (REPAYE) |
| Available in Which Loan Program? | Direct and FFEL | Direct and FFEL | Direct and FFEL | Direct only | Direct and FFEL | Direct only | Direct only | Direct only |
| What Are the Advantages of This Plan? | May provide the lowest total repayment cost (due to less interest accruing) | Reduced monthly payment, without consolidating | Can offer temporary relief to borrowers expecting an income increase in the near future | Payments may initially be lower than traditional plan payments but will increase as income increases. Capitalized interest cannot exceed 10% of original loan balance. After this, interest accrues but does not capitalize. | Provides affordable payments based on family size and adjusted gross income (AGI) for the household, but there is no limit to interest capitalization. | Payments mirror the PAYE payments, but there is no limit to interest capitalization. | May allow for the lowest possible monthly payment (of any plan). Capitalized interest cannot exceed 10% of the original loan balance. After this, interest accrues but does not capitalize. | May allow for the lowest possible monthly payment (of any plan). When the monthly payment doesn't cover the interest, you are responsible for only 50% of the accrued and unpaid interest. |
| How Is the Monthly Payment Determined? | Payments calculated equally over the repayment term; payment based on total amount owed | Equal monthly payments stretched over a longer term; payment based on total amount owed | Payments begin lower (interest only in the first 2 years of a 10-year term) and then increase | Payments are based on the lesser of 20% of your monthly discretionary income or your monthly payment on a 12-year plan times a percentage factor based on your income. | Payments are calculated at 15% of your monthly discretionary income and are based on your family size and AGI for the household. The amount is capped at the 10-year Standard payment amount (determined when you enter IBR). | Payments are calculated at 10% of your monthly discretionary income and are based on your family size and AGI for the household. The amount is capped at the 10-year Standard payment amount (determined when you enter IBR). | Payments are calculated at 10% of your monthly discretionary income and are based on your family size and AGI for the household. The amount is capped at the 10-year Standard payment amount (determined when you enter PAYE). | Payments are calculated at 10% of your monthly discretionary income and are based on your family size and AGI for the household. There is no cap on the maximum payment amount. |
| What is the Repayment Term? | 10 years (up to 30 years if consolidated) | 25 years | 10 years (up to 30 years if consolidated) | Up to 25 years (after which any remaining balance is forgiven but will be taxable) | Up to 25 years (after which any remaining balance is forgiven but will be taxable) | Up to 20 years (after which any remaining balance is forgiven but will be taxable) | Up to 20 years (after which any remaining balance is forgiven but will be taxable) | Up to 25 years for a graduate-level student borrower (after which any remaining balance is forgiven but will be taxable) |
| What Are the Eligibility Requirements? | Plan available upon request | Must owe more than \$30,000 in Direct Loans or FFEL | Available upon request | No initial income eligibility. Payments are based on income and family size. | Must have a Partial Financial Hardship (PFH) to qualify. | Must be a new borrower on or after 7/1/2014, and also have a PFH to qualify. | Must have a PFH, be a new borrower on or after 10/1/2007, and have a Direct Loan disbursement on or after 10/1/2011. Available only for Direct Loans. | Available only for Direct Loans. There are no additional eligibility requirements. |
| Does It Qualify for PSLF? | Yes | No | No | Yes | Yes | Yes | Yes | Yes |
| What Else Should You Know About This Plan? | This is the default plan if no other plan is selected. A consolidation loan must be repaid on a 10-year Standard plan (or an income-driven plan) to qualify for PSLF. | This plan will generally cost more than the other traditional plans due to the longer repayment term and the resulting increase in interest costs. | The minimum payment is interest only, which can result in higher interest costs compared with the Standard plan. | Income and family size must be verified annually; no cap on the maximum payment amount. | Income and family size must be verified annually; payments can be as low as \$0/month. | Income and family size must be verified annually; payments can be as low as \$0/month. | Income and family size must be verified annually; payments can be as low as \$0/month. | No cap on the maximum payment amount or on the amount of interest that can capitalize. Income and family size must be verified annually; payments can be as low as \$0/month. |