Stafford/Direct, Grad Plus, and Federal Consolidation Loan Repayment Plan Choices 16/17

Two important facts: 1) No prepayment penalies and 2) borrowers may change repayment plans as needed.

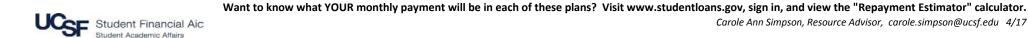
(Note: Changing from one plan to another, even among income-driven plans, will result in a capitalization of outstanding interest).

These plans do not apply to Perkins, HPSL, LDS or NSL loans, however, they may be consolidated in the Direct Consolidation Program to make the debt eligible for these plans****

| Payment amount driver | Name | Description | Max. Repay- ment Period | Forgiveness and taxation (non PSLF) | Count in PSLF? | Other considerations |
|---|-----------------------|--|----------------------------|-------------------------------------|-------------------|--|
| -Driven Plans: These are good plans, fellows, and students transitionin professional school | | Sets payments at 10% of households discretionary income**. Adjusted annually. Must be experiencing a partial financial hardship.*** Once no longer experiencing financial hardship, may remain in the plan and maximum payment will not exceed standard payment amount. | 20 years | after 20 years/taxable | Yes | Must be a new borrower to qualify: must have had no balance on a loan as of 10/1/2007, and a new loan on or after 10/1/2011. 3-yr subsidy of interest on subsidized loans only. Only DIRECT loans qualify . Married borrowers qualify for pmts based on household income, if both have student loans also % of that debt, or may have payments based on borrower's income only by filing separately. |
| | Income-Based (IBR) | Sets payments at 15% of a households discretionary income.** Adjusted annually. Must be experiencing a partial financial hardship.*** Once no longer experiencing financial hardship, may remain in the plan and maximum payment will not exceed standard payment amount. | 25 years | after 25 years/taxable | Yes | 3-yr interest subsidy available on subsidized loans only. FFEL loans <i>do</i> qualify for this plan . Married borrowers qualify for pmts based on % of household income, or may have payments based on borrower's income only by filing separately. |
| | | Payments are typically no more than 10% of your households discretionary income.** Adjusted annually. Under this plan payments can continue to rise above standard amount - no partial financial hardship requirement. | 25 years | after 25 years/taxable | Yes | Only Direct Loans are eligible. No partial financial hardship qualification is used to enter the program; no "new borrower" requirements. Spouses income is factored into payment calculations regardless of tax filing status but if both hold student loan debt payment is based on % of student loan debt held. Subsidy of 100% of remaining interest (after payment) on subsidized loans for 3 years, 50% remaining interest subsidy on unsubsidized loans while 10% payments do not cover accruing interest. Accrued interest does not capitalize until you leave the plan. |
| income and debt | Income Contingent | Payments set around 20% of discretionary income; adjusted annually. Partial financial hardship is not necessary to qualify - no new borrower requirements. | | No | Yes | Only Direct Loans are eligible. No interest subsidy available. |
| onthly repayn based total de l | Standard | Fixed payment based on pay-off of total debt over 120 months. This is the plan to be in during years of full professional salary when the goal is accelerated repayment | 10 years | No* | Yes | The default repayment plan if other plan is not chosen. Highest initial monthly payment, but lowest total interest paid over the life of the loan. |
| | Graduated | 10-year repayment beginning with interest only pyaments that increase 3 to 4 more times incrementally to payments that far exceed the standard repayment amount during the last few years | 10 years | No | No | |
| | Extended | Fixed payment based on a pay-off of total debt over 25 years. | 25 years | No | No | Although payments are lower; longer term of repayment dramatically increases the cost over the life of the loan. |
| | Extended Graduated | Payments are adjusted incrementally over time starting out as low as interest only and increasing over time. | 25 years | No | No | Ultimately payments and total costs are highest with this plan. |

^{*}If pursuing Public Service Loan Forgiveness (10 years of qualifying work and eligible payments) and an amount is forgiven at the end of 10 years, the forgiven amount is not currently taxable.

University Loans do not qualify for these repayment plans and may not be consolidated with Federal Loans.



^{**}Discrestionary income: AGI from tax return minus 150% of poverty level: an annual figure published by US Dept of Health and Human Services; also based on family size, and state of residence.

^{***}Partial financial hardship: when the annual amount due on loans under the 10-year standard plan exceeds 15% (for IBR) or 10% (for PAYE/REPAYE) of the borrowers discretionary income.

^{****}Other loans that are not eliqible for IBR and PAYE: Primary Care Loans, Nursing Faculty Loans, private loans, consolidation loans that include parent PLUS loans, and defaulted loans.