

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

**Two important facts: 1) No prepayment penalties 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. Repayment Period	Forgiveness and taxation (non PSLF)	Count in PSLF?	Other considerations
<b>Income-Driven Plans:</b> These are good plans for residents, fellows, and students transitioning from professional school	<b>Pay as you Earn (PAYE)</b>	Sets payments at <b>10%</b> 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. <b>Only DIRECT loans qualify.</b> 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.
	<b>Income-Based (IBR)</b>	Sets payments at <b>15%</b> 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. <b>FFEL loans do qualify for this plan.</b> Married borrowers qualify for pmts based on % of household income, or may have payments based on borrower's income only by filing separately.
	<b>Revised Pay as you Earn (REPAYE)</b>	Payments are typically no more than <b>10%</b> 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	<b>Only Direct Loans are eligible.</b> 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 <b>leave the plan</b> .
<b>Income and debt</b>	<b>Income Contingent</b>	Payments set around <b>20%</b> 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.
<b>monthly repayment amounts based on total debt only</b>	<b>Standard</b>	Fixed payment based on pay-off of total debt over 120 months. <b>This is the plan to be in during years of full professional salary when the goal is accelerated repayment</b>	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.
	<b>Graduated</b>	10-year repayment beginning with interest only payments 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	
	<b>Extended</b>	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.
	<b>Extended Graduated</b>	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.

\*\*Discretionary 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 eligible for IBR and PAYE: Primary Care Loans, Nursing Faculty Loans, private loans, consolidation loans that include parent PLUS loans, and defaulted loans.

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

**Want to know what YOUR monthly payment will be in each of these plans? Visit [www.studentloans.gov](http://www.studentloans.gov), sign in, and view the "Repayment Estimator" calculator.**

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