

Repay Your Direct Loans and Federal Family Education Loan (FFEL) Program Loans

Overview of Direct Loan and FFEL Program Repayment Plans			
Repayment Plan	Eligible Loans	Monthly Payment and Time Frame	Quick Comparison
<u>Standard Repayment Plan</u>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Payments are a fixed amount of at least \$50 per month. Up to 10 years	You'll pay less <i>interest</i> for your loan over time under this plan than you would under other plans.
<u>Graduated Repayment Plan</u>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Payments are lower at first and then increase, usually every two years. Up to 10 years	You'll pay more for your loan over time than under the 10-year standard plan.
<u>Extended Repayment Plan</u>	Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans	Payments may be fixed or graduated. Up to 25 years	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. 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 <i>new borrower</i> as of Oct. 7, 1998. You'll pay more for your loan over time than under the 10-year standard plan.

<p><u>Income-Based Repayment Plan (IBR)</u></p>	<p>Direct Subsidized and Unsubsidized Loans Subsidized and Unsubsidized Federal Stafford Loans all PLUS loans made to students <i>Consolidation Loans</i> (Direct or FFEL) that do not include Direct or FFEL PLUS loans made to parents</p>	<p>Your maximum monthly payments will be 15 percent of <i>discretionary income</i>, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). Your payments change as your income changes. Up to 25 years</p>	<p>You must have a <i>partial financial hardship</i>. Your monthly payments will be lower than payments under the 10-year standard plan. 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 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>
<p><u>Pay As You Earn Repayment Plan</u></p>	<p>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</p>	<p>Your maximum monthly payments will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty guideline for your family size and state of residence (other conditions apply). Your payments change as your income changes. Up to 20 years</p>	<p>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 be lower than payments under the 10-year standard plan. 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.</p>
<p><u>Income-Contingent Repayment Plan</u></p>	<p>Direct Subsidized and Unsubsidized Loans Direct PLUS Loans made to students Direct Consolidation Loans</p>	<p>Payments are calculated each year and are based on your adjusted gross income, family size, and the total amount of your Direct Loans. Your payments change as your income changes. Up to 25 years</p>	<p>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.</p>

<u>Income-Sensitive Repayment Plan</u>	Subsidized and Unsubsidized Federal Stafford Loans FFEL PLUS Loans FFEL Consolidation Loans	Your monthly payment is based on annual income. Your payments change as your income changes. Up to 10 years	You'll pay more for your loan over time than you would under the 10-year standard plan. Each <i>lender's</i> formula for determining the monthly payment amount under this plan can vary.
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Repay Your *Federal Perkins Loan*

Perkins Loan repayment plan options are not the same as those for Direct Loan Program or FFEL Program loans. Check with your school for more information on Perkins Loan repayment plans.

Consolidate Your Loans

If you have multiple federal student loans, you can consolidate them into a single Direct Consolidation Loan. This may simplify repayment if you are currently making separate loan payments to different loan holders or servicers, as you'll only have one monthly payment to make. There may be tradeoffs, however, so you'll want to learn about the advantages and possible disadvantages of consolidation before you consolidate.

Glossary

Direct Loan

A federal student loan, made through the William D. Ford Federal Direct Loan Program, for which eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans and Direct Consolidation Loans are types of Direct Loans.

FFEL Program

Federal Family Education Loan Program. Under this program, private lenders provided loans to students that were guaranteed by the federal government. These loans included Subsidized Federal Stafford Loans, Unsubsidized Federal Stafford Loans, FFEL PLUS Loans, and FFEL Consolidation Loans. As a result of the Health Care and Education Reconciliation Act of 2010, federal student loans under the FFEL Program are no longer made by private lenders. Instead, all new federal student loans come directly from the U.S. Department of Education under the Direct Loan Program.

Interest

A loan expense charged for the use of borrowed money. Interest is paid by a borrower to a lender. The expense is calculated as a percentage of the unpaid principal amount of the loan.

New Borrower

You are a new borrower if you had no outstanding balance on a Direct Loan Program Loan or a Federal Family Education Loan Program loan as of Oct. 1, 2007, or have no outstanding balance on such a loan on the date you receive a new loan after Oct. 1, 2007.

Discretionary Income

Your adjusted gross income minus the poverty guidelines for your family size.

Partial Financial Hardship

An eligibility requirement for the Income-Based Repayment (IBR) and Pay As You Earn plans.

- For IBR, a circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 15 percent of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.
- For Pay As You Earn, a circumstance in which the annual amount due on your eligible loans, as calculated under a 10-year Standard Repayment Plan, exceeds 10 percent of the difference between your adjusted gross income (AGI) and 150 percent of the poverty line for your family size in the state where you live.

For both plans, the amount that would be due under a 10-year Standard Repayment Plan is calculated based on the greater of the amount owed on your eligible loans when you originally entered repayment, or the amount owed at the time you selected the IBR or Pay As You Earn plan.