Repayment Plans Compared: Which One Works for You?

<table>
<thead>
<tr>
<th>Traditional Plans</th>
<th>Income-Driven Plans</th>
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<td><strong>Available in Which Loan Program?</strong></td>
<td><strong>Income-Contingent Repayment (ICR)</strong></td>
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<tr>
<td>Direct and FFEL</td>
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**What Are the Advantages of This Plan?**

- May provide the lowest total repayment cost (due to 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 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 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

**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 $5/month.
- Income and family size must be verified annually; payments can be as low as $5/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 $5/month.