## Repayment Plans Compared: Which One Works for You?

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<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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<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 less interest accruing)**

**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 the loan amount that enters the plan. 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. Capitalization cannot exceed 10% of the loan amount that enters the plan. After reaching this limit, interest will accrue but does not capitalize.**

**May allow for the lowest possible monthly payment. 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 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. The amount is capped at the 10-year Standard payment amount (determined when you enter REPAYE).**

### 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 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 $35,000 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 July 1, 2014, and also have a PFH to qualify.**

**Must have a PFH, be a new borrower on or after Oct. 1, 2007, and have a Direct Loan disbursement on or after Oct. 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**

**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; payments can be as low as $0/month. If filing taxes jointly, spouse’s income will be considered in eligibility and payment amounts.**

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**No cap on the maximum payment.**

**Available only for Direct Loans.**

**There are no additional eligibility requirements.**

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**No cap on the maximum payment 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. Spouse's income is always factored into determining the monthly payment.**

**May allow for the lowest possible monthly payment. When the monthly payment doesn’t cover the interest, you are responsible for only 50% of the accrued and unpaid interest.**