

# Federal Student Loan Help— Income-driven Repayment

If you can't afford your current monthly payments, you may have other repayment options with your federal student loans.

An income-driven repayment plan may be an option if you're not making enough to cover your monthly expenses or if your debt is high compared to your income. Depending on how much you make, your student loan payment could be as low as \$0/month on an income-driven repayment plan.

*Find the student loan repayment plan that's right for you:*

- [Revised Pay As You Earn \(REPAYE\)](#)
- [Pay As You Earn \(PAYE\)](#)
- [Income-Based Repayment \(IBR\)](#)
- [Income-Contingent Repayment \(ICR\)](#)

## Introduction of Income-Driven Repayment Plans

- **Eligibility requirements vary.** Your eligibility for this type of plan is based on your income, your loan balance, and the types of federal student loans that you have.
- **They usually provide the lowest payment.** Your monthly payment is based on your family size and income.
- **Proof of income is required.** You need to complete an application and provide documentation of your annual income and family size—find out [what you need to apply](#).
- **You must renew each year.** You need to reapply each year in order to continue making reduced payments.
- **Your loans could be forgiven.** The remainder of your loan may be forgiven after a certain number of qualifying payments.

## Types of Income-Driven Repayment Plans

All of the income-driven repayment plans have slight differences that may make one plan a better option for your situation.

### Revised Pay As You Earn (REPAYE)

#### Eligibility Requirements

- Direct loans only.

- Does not require partial financial hardship, payment will not exceed 10% of discretionary income, but if you're earning a lot, your monthly payment under this plan might be higher than it would be with other plans.
- Your spouse's income and federal student loan debt is used to calculate your monthly payment, regardless of your tax filing status, with exceptions for borrowers who certify that they are separated or cannot reasonably access their spouse's income.

### Renewal Requirements

- If you don't renew your REPAYE plan by the deadline, you'll be placed into REPAYE Alternative repayment plan and any unpaid accrued interest will be capitalized. The REPAYE Alternative repayment plan period is the lesser of 10 years or whatever is left on your 20- or 25-year REPAYE repayment period and the monthly payment amount will be a fixed amount that will pay your loans in full during that period.
- If you choose to leave REPAYE, any unpaid accrued interest will be capitalized.

### Forgiveness Details

- If a balance remains after a certain number of qualifying payments and years, your loans will be forgiven. If you have only undergraduate loans they will be forgiven after 20 years. If you have graduate loans, all of your loans including undergraduate loans will be forgiven after 25 years.

### REPAYE Alternative Repayment Plan

Here's what you need to know if you're placed in the REPAYE Alternative repayment plan.

- Payments made on this plan don't count toward Public Loan Service Forgiveness.
- The repayment plan period is the lesser of 10 years or whatever is left on your 20- or 25-year REPAYE repayment period and the monthly payment amount will be a fixed amount that will pay your loans in full during that period. For example:
- If you only have undergraduate loans, then your REPAYE repayment period would be 20 years. If you have been in REPAYE for three years, then you have 17 years left in your repayment period.
- Since 17 years is greater than 10 years, your repayment term would be a fixed payment over a 10-year period.
- If you re-enter REPAYE, your monthly payment amount may increase. Your new monthly REPAYE payment may increase if your payment while you were not in REPAYE was less than what you would have paid if you were in REPAYE. This is the REPAYE Increased Amount, and it will automatically be spread out evenly over the rest of your new REPAYE payments for the life of your loan, until your loan is paid in full or forgiven.
- Your payment schedule will indicate which of your accounts, if any, include a REPAYE Increased Amount. It won't detail the exact amount, only which accounts include the REPAYE Increased Amount.

## Pay As You Earn (PAYE)

### Eligibility Requirements

- Direct loans only. You qualify if you:
  - Had no outstanding balance on a Direct or Federal Family Education Loan (FFEL) as of October 1, 2007, or no outstanding balance on such a loan and received a new loan after October 1, 2007
- and**
- Received a disbursement of a Direct subsidized, Direct unsubsidized, or student Direct Grad PLUS loan on or after October 1, 2011
  - Requires proof of financial hardship.
  - During periods of financial hardship, your monthly payments will not exceed 10% of your discretionary income as long as you continue to renew each year.
  - If you filed your taxes jointly, your spouse's income and federal student loan debt is used to calculate your monthly payment.

### Renewal Requirements

- If you don't renew your PAYE repayment plan by the deadline, your payments will increase and unpaid interest that has accrued may be capitalized.

### Forgiveness Details

- If a balance remains after 20 years of making qualifying payments, your loans will be forgiven.

## Income-Based Repayment (IBR)

### Eligibility Requirements

- Federal Family Education loans and Direct loans. Eligibility requirements:

If you had no outstanding balance as of 7/1/2014 and received a new disbursement on or after 7/1/2014:

During periods of partial financial hardship, your monthly payments will not exceed **10%** of your discretionary income as long as you continue to renew each year.

If a balance remains after **20** years of making qualifying payments, your loans will be forgiven.

All other borrowers:

During periods of partial financial hardship, your monthly payments will not exceed **15%** of your discretionary income as long as you continue to renew each year.

If a balance remains after **25** years of making qualifying payments, your loans will be forgiven.

- Requires proof of financial hardship.
- If you filed your taxes jointly, your spouse's income and federal student loan debt is used to calculate your monthly payment.

## Renewal Requirements

- If you don't renew your IBR repayment plan by the deadline, your payments will increase and unpaid interest that has accrued may be capitalized.

## Forgiveness Details

- If a balance remains after a certain number of years of making qualifying payments, your loans will be forgiven.

## Income-Contingent Repayment (ICR)

### Eligibility Requirements

- Direct loans only—the only plan that you are eligible for if you have a Parent PLUS loan that was consolidated into a Direct loan.
- Does not require financial hardship.
- Payment will be the lesser of 20% of discretionary income or the amount you would pay under a repayment plan with fixed payments over 12 years based on your income.
- If you filed your taxes jointly, your spouse's income is used to calculate your monthly payment.

### Renewal Requirements

- If you don't renew your ICR repayment plan, your payments will increase and unpaid interest that has accrued may be capitalized.

### Forgiveness Details

- If a balance remains after 25 years of making qualifying payments, your loans will be forgiven.