**Repayment Periods**

Repayment periods are calculated from the date on which the first payment of the loan is due. Generally, you are allowed at least 5 years but no more than 10 years from the date of the first payment due date to repay each Stafford, SLS, and PLUS loan. The repayment period on a Stafford, SLS, or Grad PLUS loan may be longer than 10 years if you are under an income-based repayment plan. Consolidation loan repayment period may not exceed 30 years depending on the initial balance of the loan. Also, if you are a “new borrower” as of October 7, 1998, you may select an extended repayment plan that allows up to 25 years to repay the loan.

If you qualify for an authorized deferment or forbearance, the period of the deferment or forbearance is excluded from the maximum repayment period. (Note: Deferments and forbearances do not extend the period or repayment during which the interest on an 8%/10% Stafford loan accrues or is capped at 8%. Deferments and forbearances are included in the 4 year time frame for which the 8% interest rate is applicable on these loans.)

**Repayment Plan Options**

Standard Repayment – Available for FFELP and Direct Loans. This is a time driven schedule.

Under the Standard repayment plan you will pay the same amount for each installment payment throughout the entire repayment period or pay an amount is adjusted to reflect annual changes in the loan’s variable interest rate. You will be automatically assigned this repayment plan if you do not choose one of the other plans.

Graduated Repayment – Available for FFELP and Direct Loans. This is a time driven schedule.

With the Graduated repayment plan, your payments begin low and increase over time. No single payment will be more than three times that of a previous payment amount. This may be a good plan if you expect your income to steadily increase over time.

Income-Sensitive Repayment – Available for FFELP Loans – An income driven schedule.

Income-Based Repayment (IBR) – Available for FFELP and Direct Loans – An income driven schedule.

Income-Based Repayment plan requires you to have a partial financial hardship. Monthly payments are capped at 15% of you discretionary income, and adjusted annually based on your income, family size and state of residency. (Capped at 10% if you are a new borrower.) After 25 years of qualifying monthly payment, any remaining balance is forgiven.

Extended Repayment – Available for FFELP and Direct Loans. This is a time driven schedule.

The Extended repayment plan provides a longer repayment schedule over a period not more than 25 years. This plan is available to only “new borrowers” on or after October 7, 1998 that has an outstanding balance of at least $30,000.00 in principal and interest in Direct loans or the same amount in FFELP. If you require smaller payments, this plan may be best for you. Note: You would pay more interest on the loan because your loan will be in repayment longer.

Pay As You Earn – Available for Eligible Direct Loans – An income driven schedule.

Under the Pay As You Earn plan payments are capped at 10% of your discretionary income and adjusted annually based on your income, family size and state of residency and requires you to have a partial financial hardship. With this plan any remaining balance is forgiven after 20 years. This is a good plan for you if you have a high level of student loan debt compared to you income, but you would have to have taken out your first federal student loan after October 1, 2007 and have received a disbursement of a Direct Loan on or after October 1, 2011. This plan offers the lowest monthly payment amount of any of the plans based on your income, family size and state of residency.

Revised Pay As You Earn (REPAYE) – Available for Direct Loans – An income driven schedule.

The REPAYE Plan enables more Direct Loan borrowers to cap their monthly student loan payment amount at 10 percent of monthly discretionary income, without regard to when the borrower first obtained the loans. The REPAYE Plan improves upon the Pay As You Earn Plan while extending its protections to all student borrowers with Direct Loans.  In addition to the monthly payment cap, REPAYE will forgive any remaining debt after 20 years for those who borrowed only for undergraduate study and 25 years for those who borrowed for graduate study.  The REPAYE Plan also will provide a new interest subsidy benefit to prevent ballooning loan balances for those whose income-driven payments cannot keep up with accruing interest.

Income-Contingent Repayment – Available for Direct Loans – An income driven schedule.

The Income-Contingent Repayment plan is also based on your income, family size, and state of residency and payment are adjusted annually based on your income. The payment amount will be 20% of your discretionary income and includes your spouse’s income if taxes are filed jointly. If you do not have a financial hardship, but have a low income, this plan may offer some flexibility. Any outstanding balance will be forgiven after 25 years.

**Definitions**

New Borrower – For Income Based Repayment, has no outstanding balance on a Direct or FFELP loan as of July 1, 2014, or has no outstanding balance on a Direct or FFELP loan when they obtain a new loan on or after July 1, 2014. Note: you are not a new borrower if you receive a Direct Consolidation Loan that repays your Direct or FFELP loans that otherwise made you ineligible, i.e. loans made prior to July 1, 2014.

Discretionary Income – The difference between your adjusted gross income and 150% of the poverty guideline for your family size and state of residence.

Deferment – A period of time during repayment in which the borrower, upon meeting certain conditions, is not required to make payments on the loan principle.

Forbearance – A period of time during which the borrower is permitted to temporarily cease making payments or reduce the amount of the payments. The borrower is liable for the interest that accrues on the loan during the forbearance period. Some forbearances are entitlements for eligible borrowers; others are granted at the discretion of the lender.

Default – The failure of a borrower (or endorser or comaker) to make installment payments when due, provided that this failure persists for the most recent period of 270 days (for a loan repayable in monthly installments) or the most recent 330 day period ( for a loan repayable in less frequent installments.)