If your outstanding federal student loan debt is higher than your annual income or if it represents a significant portion of your annual income, you may want to repay your federal student loans under an income-driven repayment plan.

Most federal student loans are eligible for at least one income-driven repayment plan.

Income-driven repayment plans are designed to make your student loan debt more manageable by reducing your monthly payment amount. If you need to make lower monthly payments, one of the three following income-driven plans may be right for you:

- Income-Based Repayment Plan (IBR Plan)
- Pay As You Earn Repayment Plan (Pay As You Earn Plan)
- Income-Contingent Repayment Plan (ICR Plan)

If you are seeking Public Service Loan Forgiveness, you should repay your federal student loans under an income-driven repayment plan.

How are monthly payment amounts determined under income-driven repayment plans?

Generally, your payment amount under an income-driven repayment plan is a percentage of your **discretionary income**, and the percentage is different depending on the plan and when you took out your federal student loans. The chart below shows how payment amounts are determined under each income-driven plan. Depending on your income and family size, you may have no monthly payment at all.

Income-Driven Repayment Plan	Payment Amount
IBR Plan for those who are not new borrowers* on or after July 1, 2014	Generally 15 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
IBR Plan for those who are new borrowers* on or after July 1, 2014	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
Pay As You Earn Plan	Generally 10 percent of your discretionary income, but never more than the 10-year Standard Repayment Plan amount
ICR Plan	The lesser of the following: • 20 percent of your discretionary income or • what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income

*For the IBR Plan, you are a **new borrower** on or after July 1, 2014, if you had no outstanding balance on a **William D. Ford Federal Direct Loan (Direct Loan) Program** loan or **Federal Family Education Loan (FFEL) Program** loan when you received a Direct Loan on or after July 1, 2014. (Because no new **FFEL Program** loans have been made since June 30, 2010, only Direct Loan borrowers may qualify as new borrowers on or after July 1, 2014.)

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How do I estimate my eligibility and payment amount?

Use our Repayment Estimator to estimate your eligibility for all repayment plans, including income-driven plans. The Repayment Estimator provides a comparison of estimated monthly payment amounts for all **federal student loan** repayment plans. This comparison is important because the income-driven plans may not provide you with the lowest payment amount based on your individual circumstances. You may find that your payment will be lower under another repayment plan.

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How long will I be in repayment under each plan?

Income-driven repayment plans have different repayment periods.

Income-Driven Repayment Plan	Repayment Period
IBR Plan for those who are not new borrowers on or after July 1, 2014	25 years
IBR Plan for new borrowers on or after July 1, 2014	20 years
Pay As You Earn Plan	20 years
ICR Plan	25 years

Under all three plans, any remaining loan balance is forgiven if your federal student loans are not fully repaid at the end of the repayment period. For any income-driven repayment plan, the repayment period includes periods of economic hardship deferment and periods of repayment under certain other repayment plans. Whether you ultimately have a balance left to be forgiven at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt. Because of these factors, you may fully repay your loan prior to the end of your repayment period.

Note: If you're making payments under an income-driven repayment plan and are seeking forgiveness under the Public Service Loan Forgiveness (PSLF) Program, you may qualify for forgiveness of any remaining loan balance after you have made 10 years of qualifying payments, instead of 20 or 25 years. Qualifying payments for the PSLF Program include payments made under any of the income-driven repayment plans.

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Who is eligible for income-driven repayment?

- IBR and Pay As You Earn Plans
- ICR Plan

IBR and Pay As You Earn Plans

Each of these plans has an eligibility requirement you must meet to qualify for the plan. In order for you to qualify, the payment that you would be required to make under the IBR or Pay As You Earn plan (based on your income and family size) must be less than what you would pay under the Standard Repayment Plan with a 10-year repayment period.

- If your calculated IBR or Pay As You Earn plan payment amount (based on your income and family size) is more than what you would have to pay under the 10-year Standard Repayment Plan, you would not benefit from having your monthly payment amount based on your income, so you do not qualify.
- Generally, you will meet this requirement if your federal student loan debt is higher than your annual discretionary income or represents a significant portion of your annual income.

In addition to meeting the requirement described above, to qualify for the Pay As You Earn Plan you must also be a new borrower as of Oct. 1, 2007, and must have received a **disbursement** of a Direct Loan on or after Oct. 1, 2011. You are a new borrower if you had no outstanding balance on a Direct Loan or FFEL Program loan when you received a Direct Loan or FFEL Program loan on or after Oct. 1, 2007.

ICR Plan

This plan does not have an initial income eligibility requirement. Any borrower with eligible federal student loans may make payments under this plan. Under the ICR Plan, your payment is always based on your income and family size but will usually be higher than payments under the IBR and Pay As You Earn plans, and in some cases could be higher than the amount you would pay under the 10-year Standard Repayment Plan.

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Will I always pay the same amount each month under an income-driven repayment plan?

When you begin making payments under an income-driven repayment plan, your monthly payment will be based on your income and family size. You must provide your **loan servicer** with updated income and family size information each year. Your required monthly payment amount may increase or decrease if your income or family size changes from year to year.

If your payment amount under IBR or Pay As You Earn ever increases to an amount that is greater than the amount you would pay under the 10-year Standard Repayment Plan, the following occurs:

- Your repayment plan will stay the same (IBR or Pay As You Earn), but your payment will no longer be based on your income.
- Your payment will be changed to the amount you would have paid under the 10-year Standard Repayment Plan, based on the loan amount you owed when you first began repayment under the IBR or Pay As You Earn plan.
- Your monthly payment will never be more than the 10-year Standard Repayment Plan amount, even if your income increases.
- If your income or family size changes so that your calculated monthly payment would once again be less than the 10-year Standard Repayment Plan amount, you will again qualify to make payments based on your income.

Under the ICR Plan, your payment is always based on your income, even if your income increases to the point that your payment is higher than the amount you would have to pay under the 10-year Standard Repayment Plan.

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What types of federal student loans are eligible to be repaid under an income-driven repayment plan?

The chart below shows the types of federal student loans that can be repaid under each of the income-driven repayment plans.

Loan Type	IBR Plan	Pay As You Earn Plan	ICR Plan
Direct Subsidized Loans	Eligible	Eligible	Eligible
Direct Unsubsidized Loans	Eligible	Eligible	Eligible
Direct PLUS Loans made to graduate or professional students	Eligible	Eligible	Eligible
Direct PLUS Loans made to parents	Not eligible	Not eligible	Eligible if consolidated*
Direct **Consolidation** Loans that did not repay any PLUS loans made to parents	Eligible	Eligible	Eligible
Direct Consolidation Loans that repaid PLUS loans made to parents	Not eligible	Not eligible	Eligible
Subsidized Federal Stafford Loans (from the FFEL Program)	Eligible	Eligible if consolidated*	Eligible if consolidated*
Unsubsidized Federal Stafford Loans (from the FFEL Program)	Eligible	Eligible if consolidated*	Eligible if consolidated*
FFEL PLUS Loans made to graduate or professional students	Eligible	Eligible if consolidated*	Eligible if consolidated*
FFEL PLUS Loans made to parents	Not eligible	Not eligible	Eligible if consolidated*
FFEL Consolidation Loans that did not repay any PLUS loans made to parents	Eligible	Eligible if consolidated*	Eligible if consolidated*
FFEL Consolidation Loans that repaid PLUS loans made to parents	Not eligible	Not eligible	Eligible if consolidated*
Federal Perkins Loans	Eligible if consolidated*	Eligible if consolidated*	Eligible if consolidated*

*If a loan type is listed as "eligible if consolidated," this means that if you consolidate that loan type into a **Direct Consolidation Loan**, you can then repay the consolidation loan under the income-driven plan. For example, only Direct Loans may be repaid under the Pay As You Earn and ICR plans. However, if you consolidate a FFEL Program Loan or **Federal Perkins Loan** into a Direct Consolidation Loan, you may then be able to repay the Direct Consolidation Loan under the Pay As You Earn or ICR Plan (depending on the type of loan that you consolidate). Note that consolidation is not the right choice for all borrowers or all loan types. In particular, you may lose certain loan benefits if you consolidate a Federal Perkins Loan. Find out more about loan consolidation.

Note that only federal student loans can be repaid under the income-driven plans. Private student loans are not eligible.

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What are the pros and cons of repaying my loans under an income-driven repayment plan?

Income-driven repayment plans may lower your federal student loan payments. However, whenever you make lower payments or extend your repayment period, you will likely pay more in **interest** over time—sometimes significantly more. In addition, under current Internal Revenue Service (IRS) rules, you may be required to pay income tax on any amount that is forgiven if you still have a remaining balance at the end of your repayment period for an income-driven repayment plan.

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How do I apply for an income-driven repayment plan?

Before you apply for an income-driven repayment plan, contact your loan servicer if you have any questions. Your loan servicer will help you decide whether one of these plans is right for you.

To apply, you must submit an application called the Income-Driven Repayment Plan Request. You can submit the application online at StudentLoans.gov or on a paper form, which you can obtain from your loan servicer. The application allows you to select an income-driven repayment plan by name, or request that your loan servicer determine what income-driven plan or plans you qualify for, and to place you on the income-driven plan with the lowest monthly payment amount.

Along with the application, you will be asked to provide income information. This may be either your **adjusted gross income (AGI)** or alternative documentation of income.

You can document your income using AGI if

- you have filed a federal income tax return in the past two years and
- the income on your most recent federal income tax return is not significantly different from your current income.

You can provide your AGI in one of the following ways:

- Apply using the online Income-Driven Repayment Plan Request and use the IRS Data Retrieval Tool in the application to transfer income information from your federal income tax return.
- Use the paper Income-Driven Repayment Plan Request and provide a paper copy of your most recently filed federal income tax return or IRS tax return transcript.

Note: If you do not meet the conditions for documenting your income using AGI—you have not filed a federal income tax return in the past two years, or the income on your most recent federal income tax return is significantly different from your current income—you must provide alternative documentation of income. You can provide alternative documentation in one of the following ways:

- If you currently receive taxable income, you must submit a paper Income-Driven Repayment Plan Request with alternative documentation of your income, such as a pay stub.
- If you do not currently have income or if you receive only untaxed income, you can indicate that on the online or paper application. You are not required to supply further documentation of your income.

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What other options do I have if I need help repaying my student loans?

If an income-driven repayment plan is not right for you, contact your loan servicer to discuss other repayment options. You may be able to extend your repayment period through the Extended Repayment Plan or through loan consolidation. You may also be able to temporarily suspend repayment through a deferment or forbearance.

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Are there additional resources to help me learn about the income-driven repayment plans?

Want more information about the income-driven repayment plans?

1. Download the Income-Driven Repayment fact sheet.
2. Browse the Income-Driven Repayment Questions and Answers (coming soon).

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Quick Links

- Standard Plan
- Graduated Plan
- Extended Plan
- Loan Consolidation
- Public Service Loan Forgiveness
- Leave Us Feedback

Resources

Income-Driven Repayment Plans for Federal Student Loans
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Federal Student Loan Programs
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Glossary

Discretionary Income

For Income-Based Repayment and Pay As You Earn, discretionary income is the difference between your income and 150 percent of the poverty guideline for your family size and state of residence. For ...

New Borrower

Someone who has no outstanding balance on a Direct Loan or Federal Family Education Loan (FFEL) Program loan when he or she receives a Direct Loan or FFEL Program loan on or after a specific date.<...

William D. Ford Federal Direct Loan (Direct Loan) Program

The federal program that provides loans to eligible student and parent borrowers under Title IV of the Higher Education Act. Funds are provided by the federal government to eligible borrowers...

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 ...

Federal Family Education Loan (FFEL) 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 ...

FFEL Program

Federal Family Education Loan Program

Federal Student Loan

A loan funded by the federal government to help pay for your education. A federal student loan is borrowed money you must repay with interest.

Disbursement

Payment of federal student aid funds to the student by the school. Students generally receive their federal student funds in two or more disbursements.

Loan Servicer

A company that collects payments, responds to customer service inquiries, and performs other administrative tasks associated with maintaining a federal student loan on behalf of a lender. If y...

Consolidation

The process of combining one or more loans into a single new loan.

Direct Consolidation Loan

A federal loan made by the U.S. Department of Education that allows you to combine one or more federal student loans into one new loan. As a result of consolidation, you will have to make only one ...

Federal Perkins Loan

A federal student loan, made by the recipient's school, for undergraduate and graduate students who demonstrate financial need.

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.

Adjusted Gross Income (AGI)

Your or your family's wages, salaries, interest, dividends, etc., minus certain deductions from income as reported on a federal income tax return.

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Types of Aid: Grants and Scholarships, Loans, Work-Study Jobs, Aid for Military Families, Avoiding Scams

Who Gets Aid: Basic Eligibility Criteria, Non-U.S. Citizens, Staying Eligible, Regaining Eligibility

FAFSA: Apply for Aid: Estimate Your Aid, Filling Out the FAFSA, Dependency Status, Federal Student Aid PIN, Next Steps After FAFSA, Correcting Your FAFSA, Comparing School Aid Offers, Receiving Aid

Repay Your Loans: Making a Payment, Repayment Plans, Loan Consolidation, Deferment and Forbearance, Forgiveness, Cancellation, and Discharge, Understanding Default, Contact the Ombudsman

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