

Income-Driven Repayment Plans (IDR) & PSLF

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Details of income-driven repayment plans

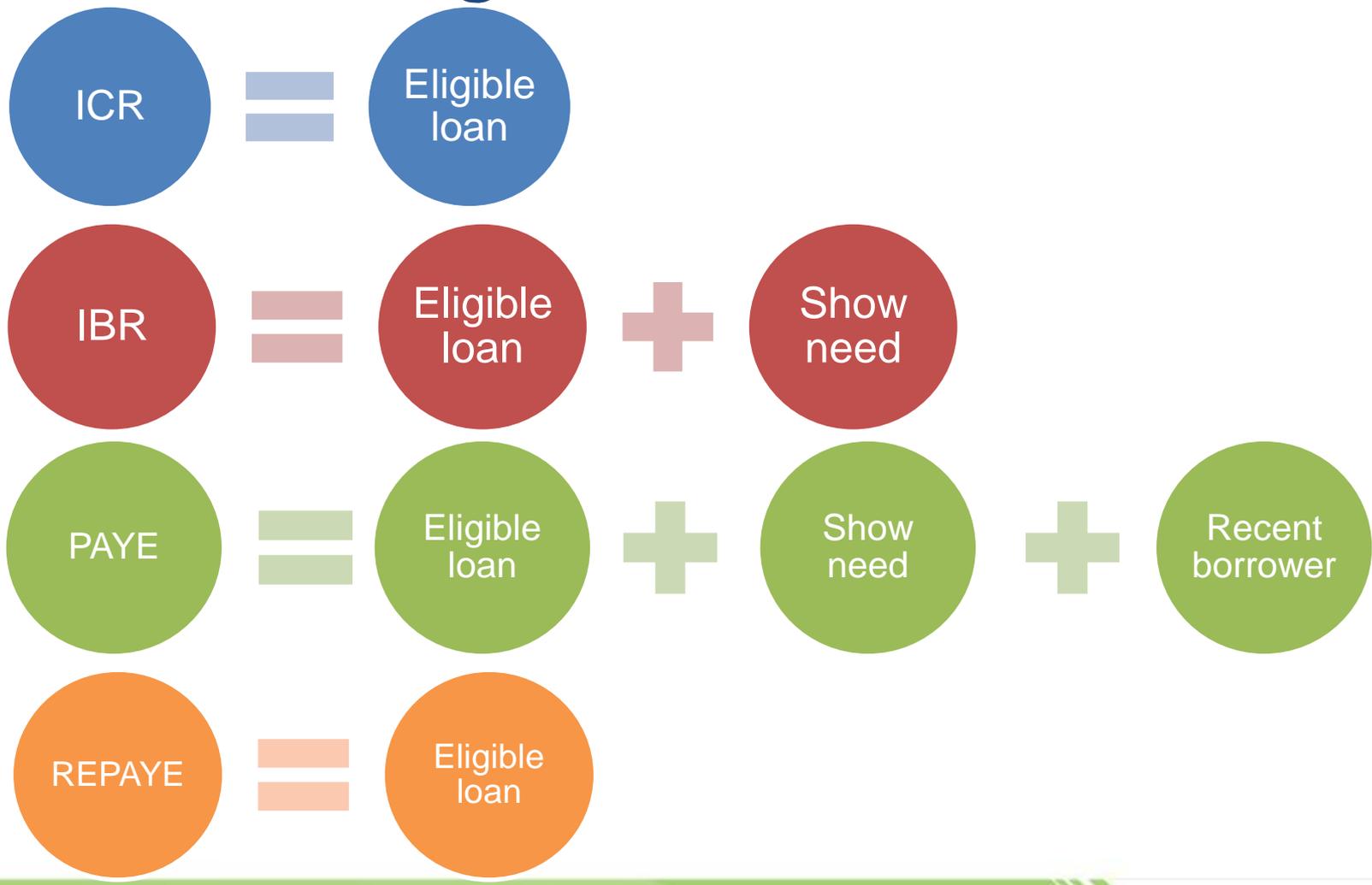
Overview

- Income-Contingent Repayment Plan (ICR) – 1994
- Income-Based Repayment Plan (IBR) – 2009
- Pay As You Earn Plan (PAYE) – 2012

Overview

- Revised Pay As You Earn (REPAYE) – 2015, subject to rulemaking
 - Negotiations in February – April, 2015
 - Consensus reached
 - NPRM in July 2015
 - Final by November 2015
 - Early implementation announced (December 2015)
 - All information about REPAYE is subject to change based on response to public comment

Eligible Borrowers



Eligible Loans

Loan Program	ICR	IBR	PAYE	REPAYE
Direct Loans	X	X	X	X
FFELP		X		
Perkins Loans				

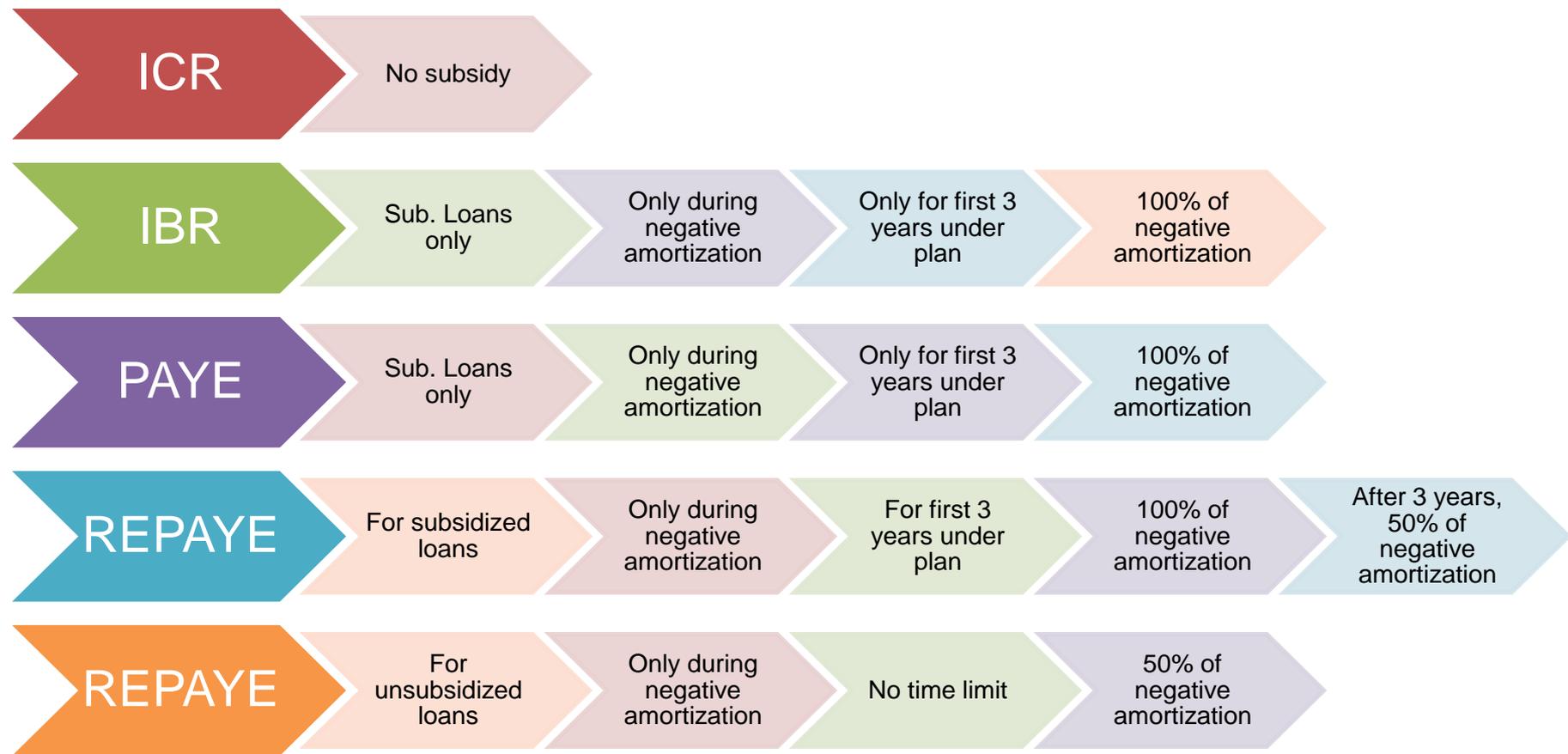
Loan Type	ICR	IBR	PAYE	REPAYE
Loan received as student	X	X	X	X
Loan received as parent				
Consolidation (no underlying parent loans)	X	X	X	X
Consolidation (underlying parent loans)	X			

Payment Amounts

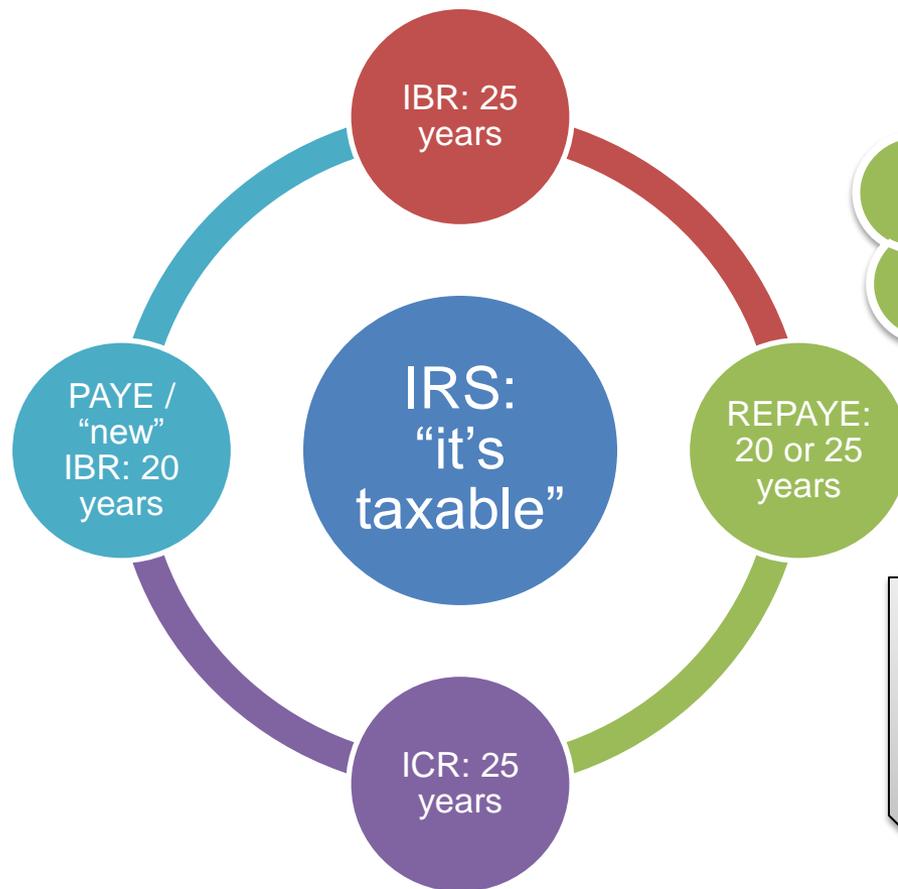
Most IDR plan has two formulas. For those that do, borrowers always pay the lesser of the two.

Repayment Plan	Payment based only on income	Payment based on loan debt
ICR	20% of discretionary income	12-year standard payment adjusted based on income
IBR	15% of discretionary income	10-year standard amount
PAYE / “new” IBR	10% of discretionary income	10-year standard amount
REPAYE	10% of discretionary income	None

Interest Subsidy Benefit



Loan Forgiveness



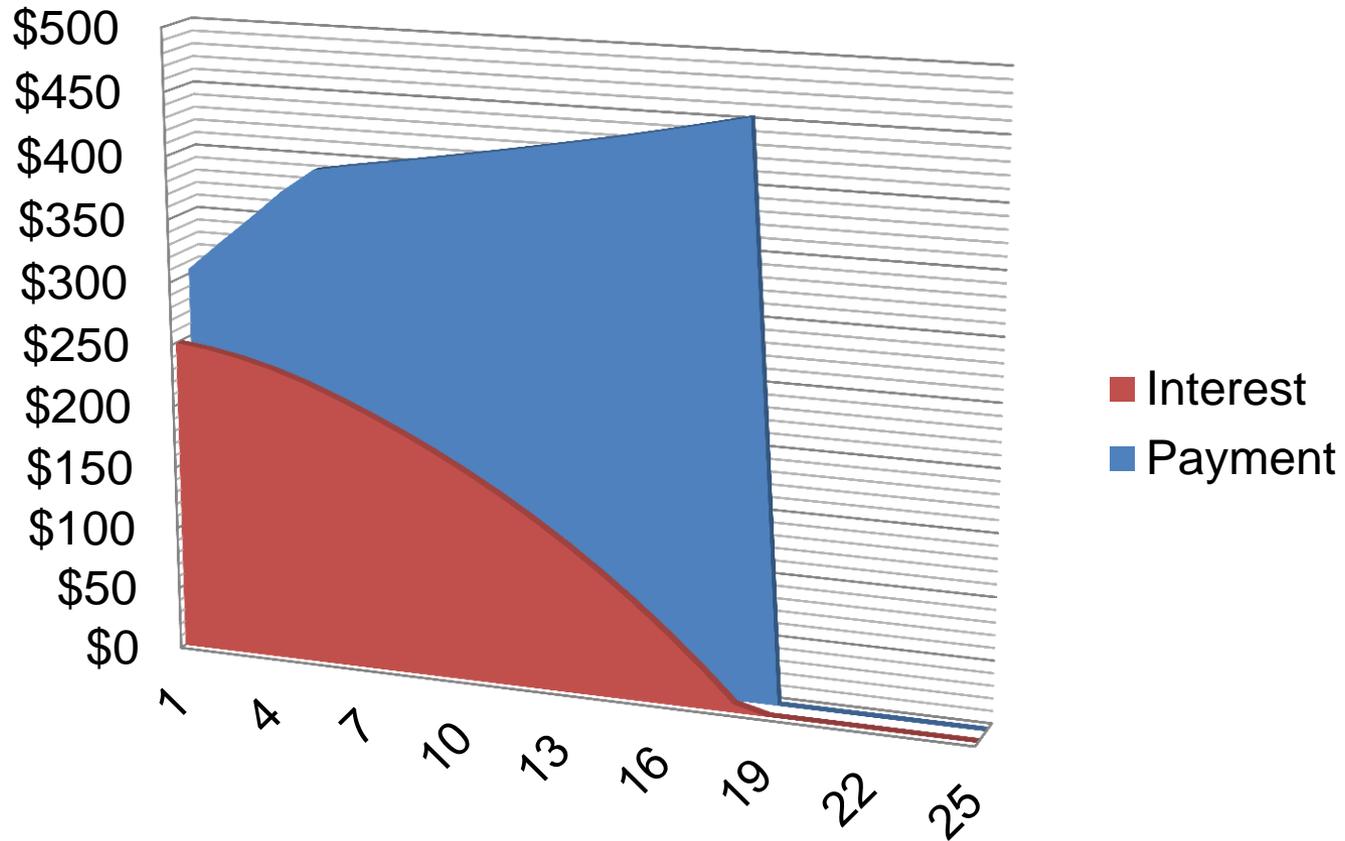
20 years is for undergraduate borrowers and 25 years is for graduate borrowers

Generally, payments on an IDR plan, 10-year standard plan, or periods of economic hardship deferment count toward forgiveness

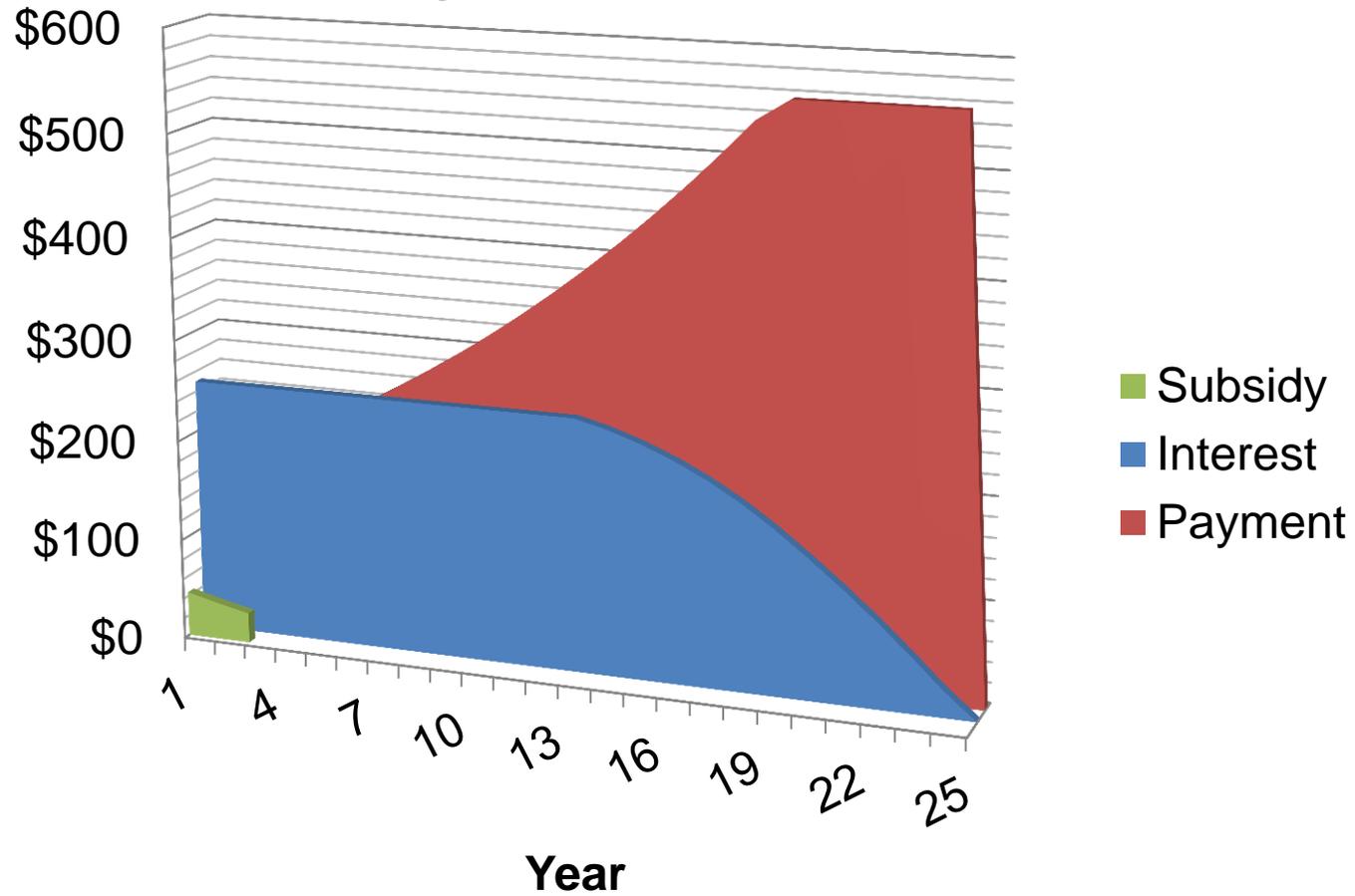
Billy Borrower

- Billy Borrower:
 - Is single with no dependents and lives in Georgia
 - Has an AGI of \$35,000 that rises at 5% per year and
 - Has \$50,000 in Direct Loan debt (\$23,000 of which is subsidized), all of which has a 6% interest rate
 - Borrowed for graduate school

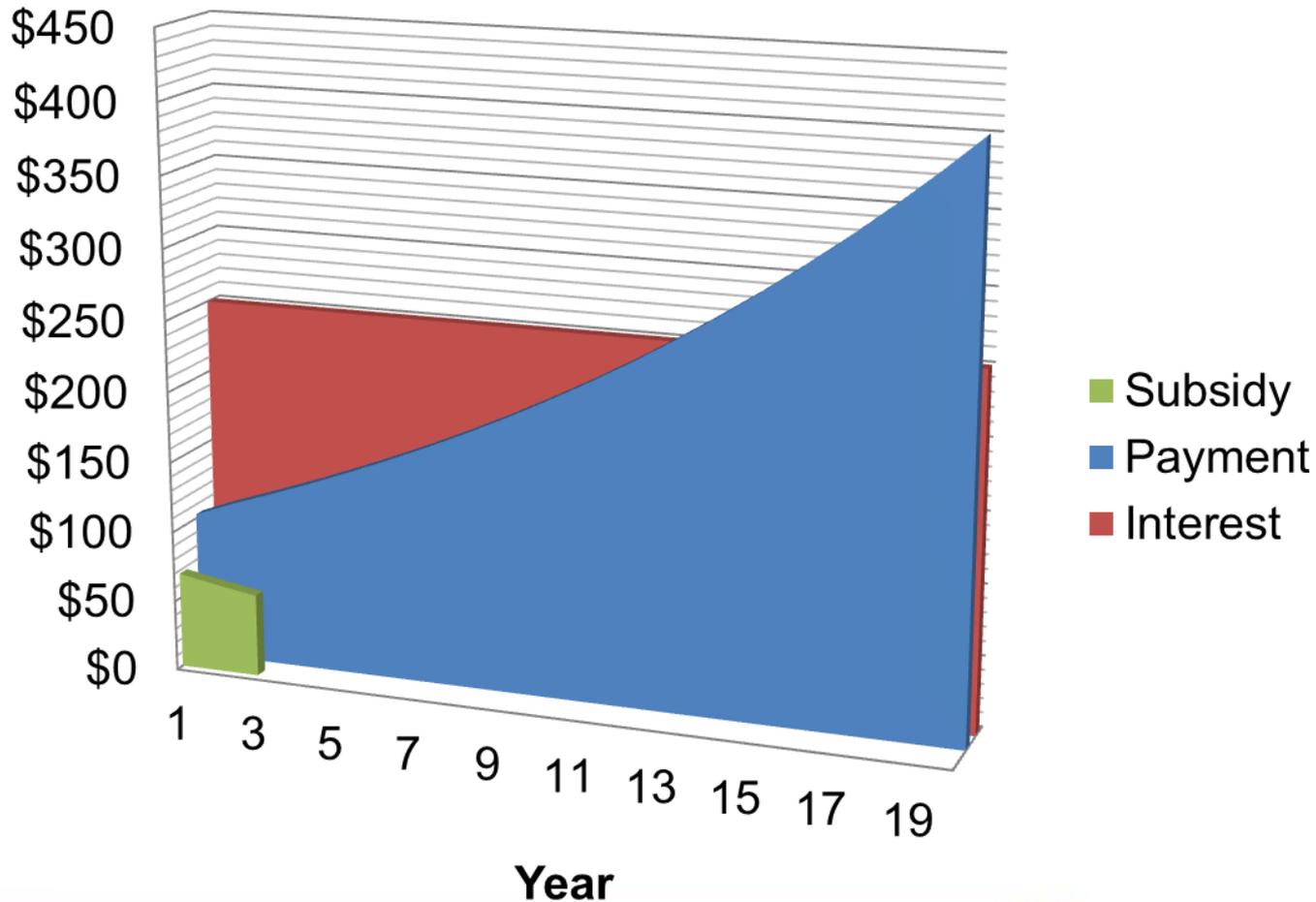
Billy - ICR



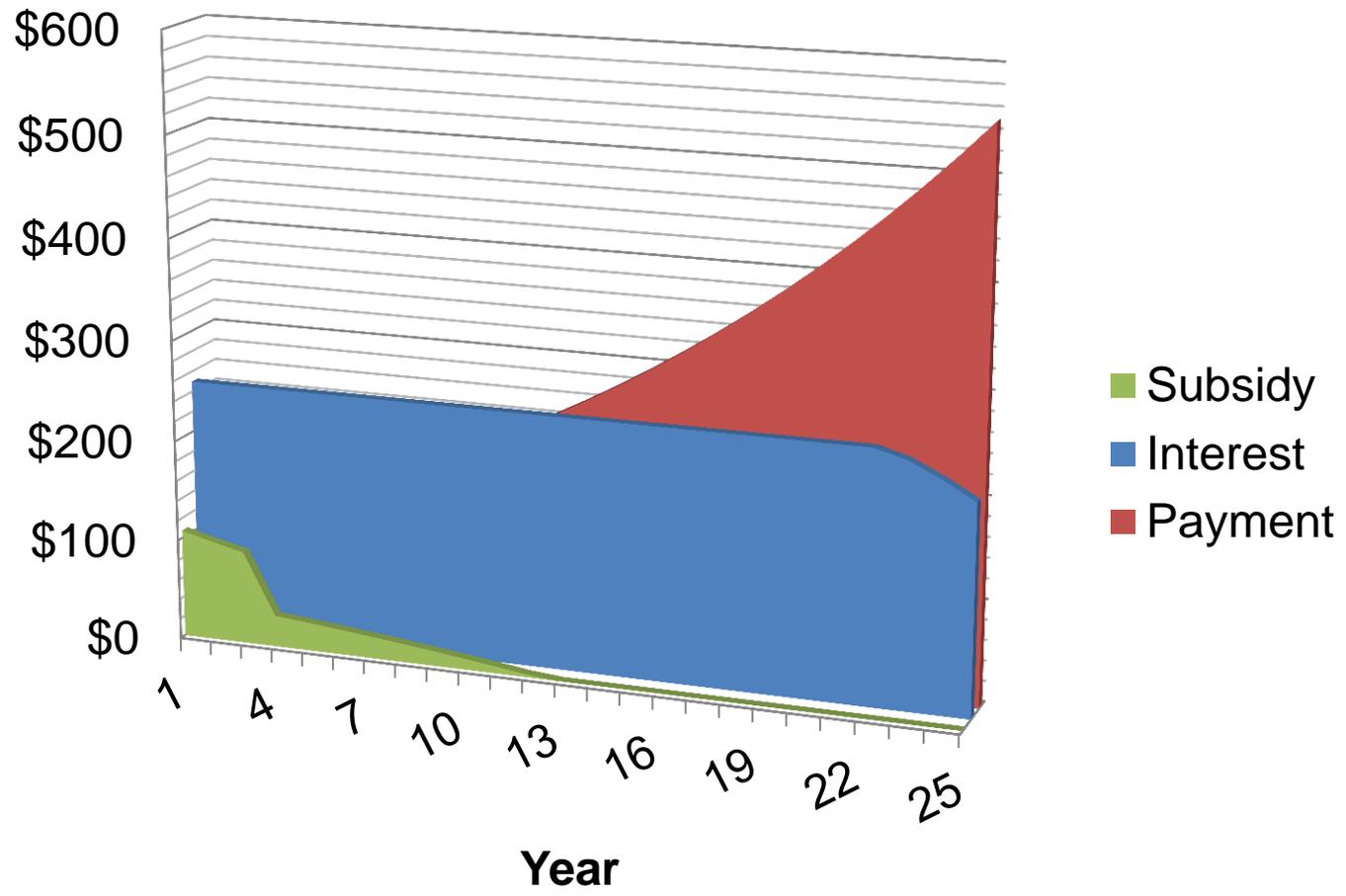
Billy – “old” IBR



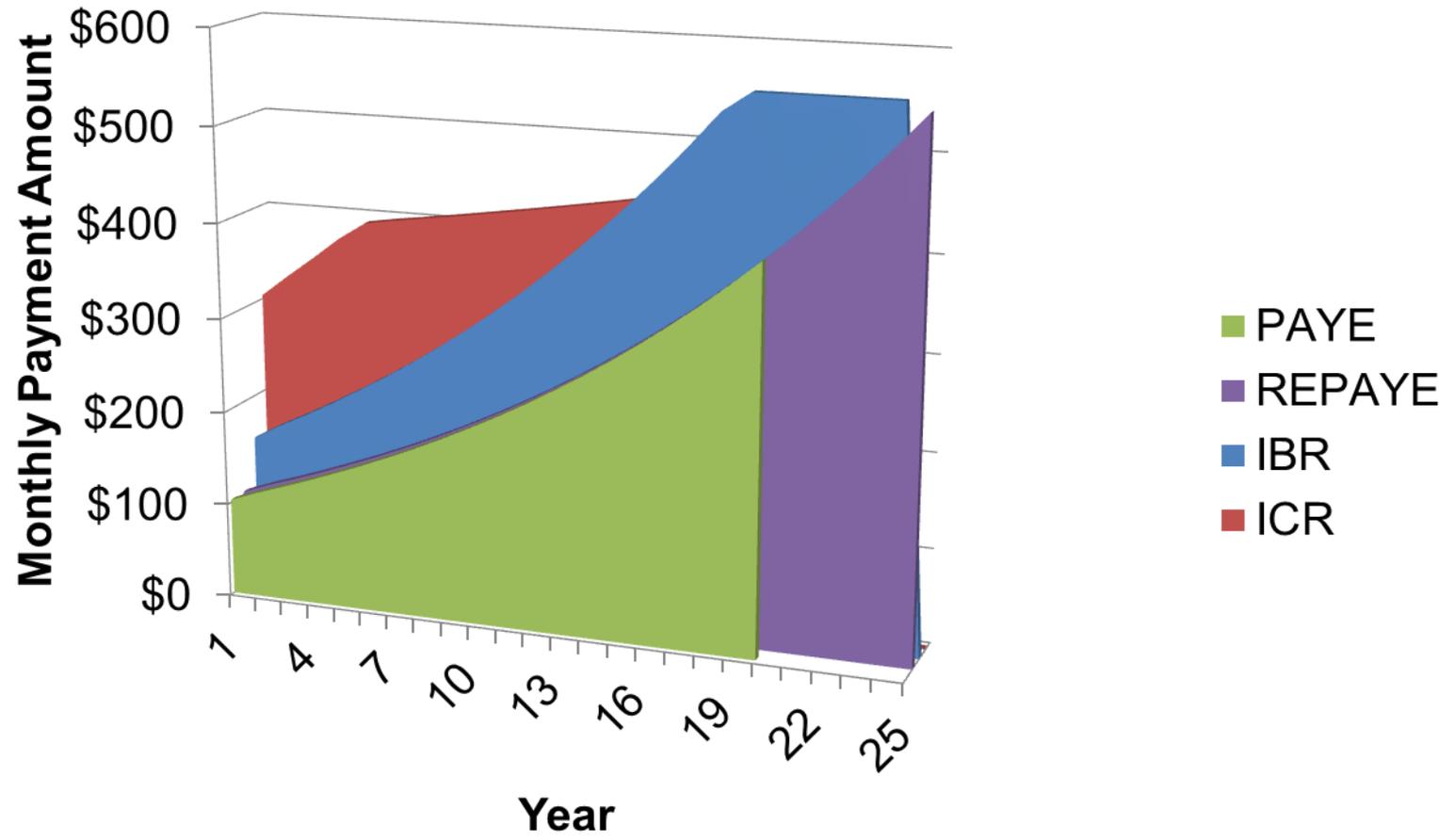
Billy - PAYE / "new" IBR



Billy - REPAYE



Billy - All IDR Plans



Billy Borrower – Comparison

	ICR	IBR	PAYE	REPAYE
Initial Payment	\$304	\$154	\$103	\$103
Final Payment	\$454	\$555	\$405	\$551
Time	17yrs., 3 mos.	23 yrs., 10 mos.	20 years	25 years
Total Paid	\$82,695	\$107,553	\$55,245	\$84,591
Forgiveness	\$0	\$0	\$52,567	\$51,649

	Standard	Extended
Payment	\$555	\$372
Time in Repayment	10 years	25 years
Total Paid	\$66,612	\$111,645

Repayment Estimator

Repayment Estimator

Loan Information

Your Loan Balance \$ 22,707

Interest Rate 4.5 %

[More Information](#)

View your loan information or add loans:

Is your tax filing status either married filing jointly or head of household? No Yes

[Adjusted Gross Income \(taxable\)](#)

[Family Size](#)

[State of Residence](#)

Initial Monthly Payment

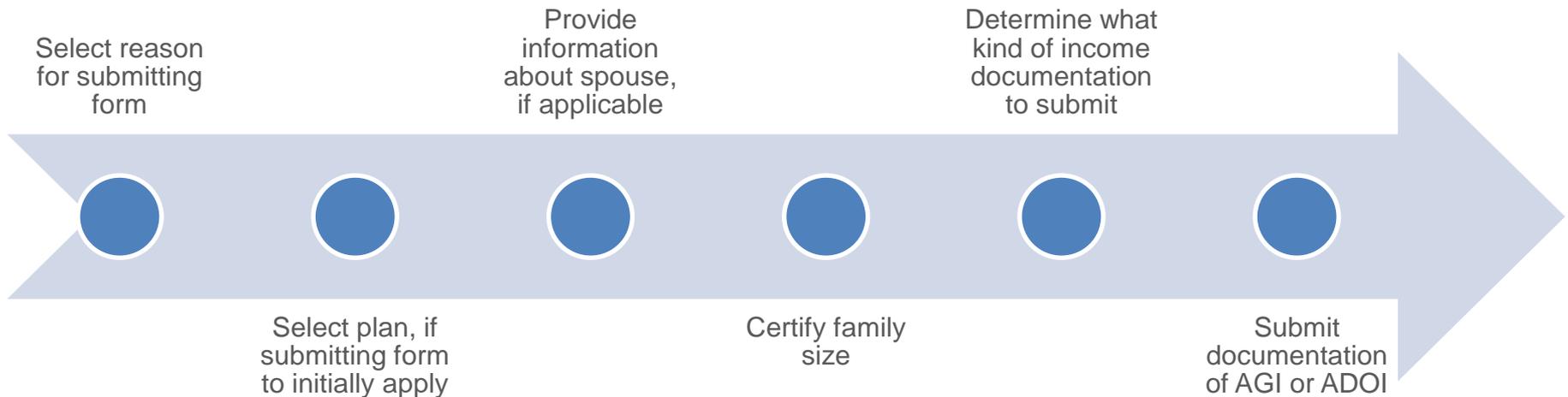
Repayment Plan	Initial Monthly Payment (Dollars)
Standard	235
Graduated	130
Pay As You Earn	150
Income-Based Repayment (IBR)	210
Income-Contingent Repayment (ICR)	170

Initial Monthly Payment | Final Monthly Payment |
Total Interest Paid | Total Amount Paid

Available at StudentAid.gov/repayment-estimator

Application Process

Applying: Electronic or Paper

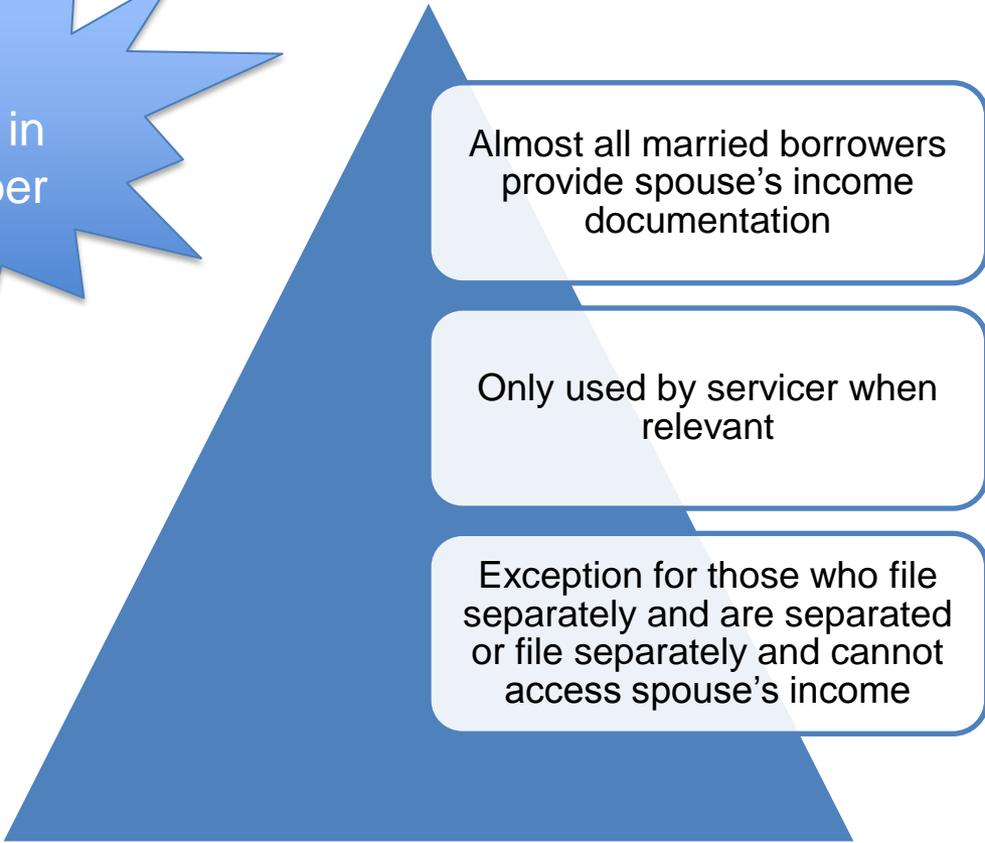


ADOI = “alternative documentation of income”; not AGI.

Applying: Spouses



Starting in
December



Almost all married borrowers
provide spouse's income
documentation

Only used by servicer when
relevant

Exception for those who file
separately and are separated
or file separately and cannot
access spouse's income

Applying: Income Documentation

File tax return in two most recent years?

Yes

No

AGI significantly different from current income?
Example, loss of job, cut hours, etc.

Alternative
Documentation of
Income (ADOI)

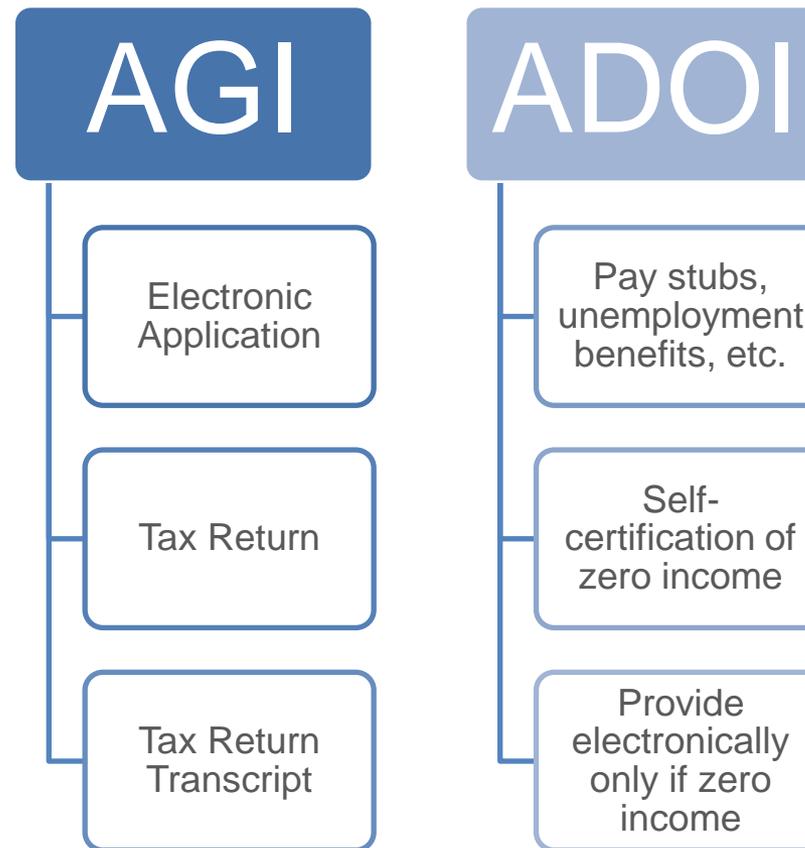
Yes

No

Alternative
Documentation of
Income

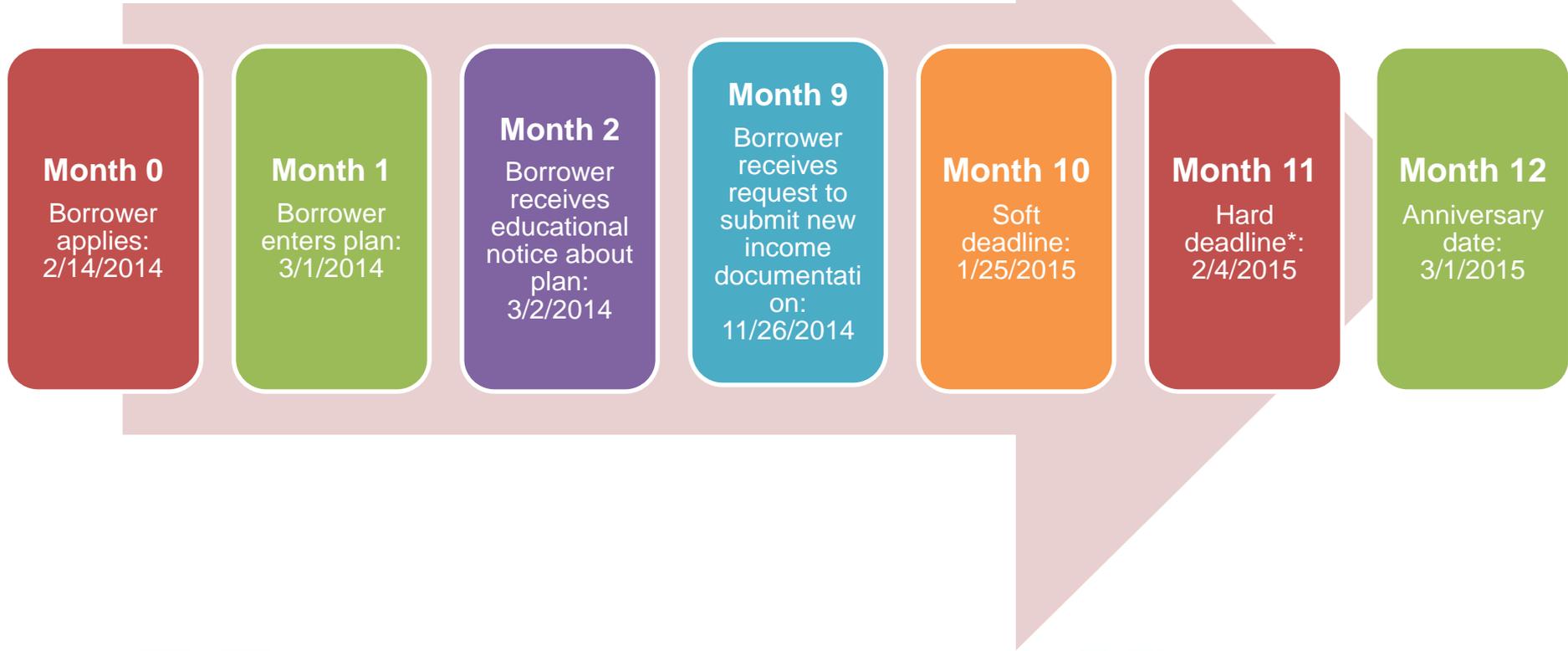
AGI

Applying: Income Documentation



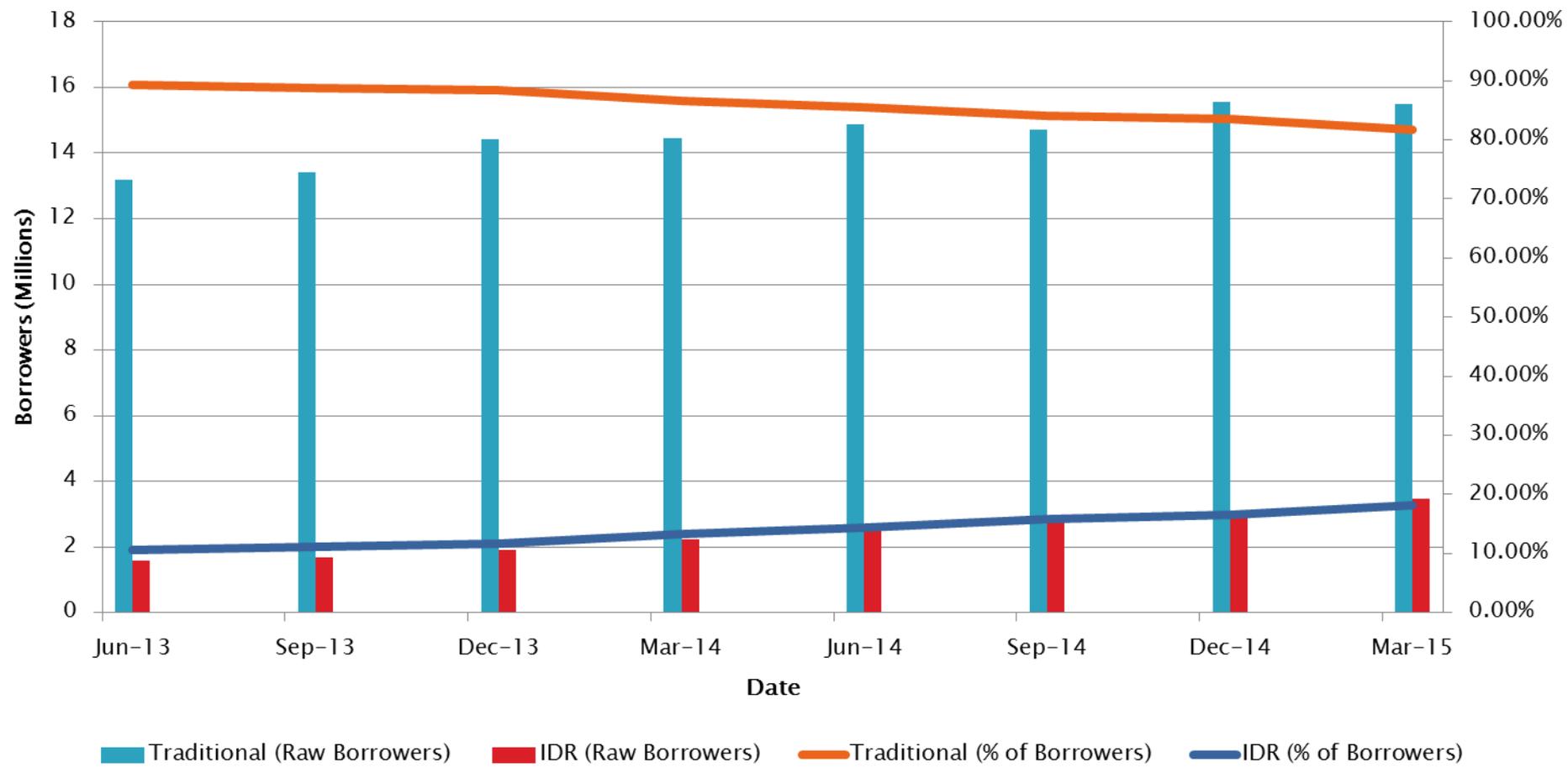
If borrower is married and files a joint tax return, also need ADOI of spouse.

Annual Life Cycle



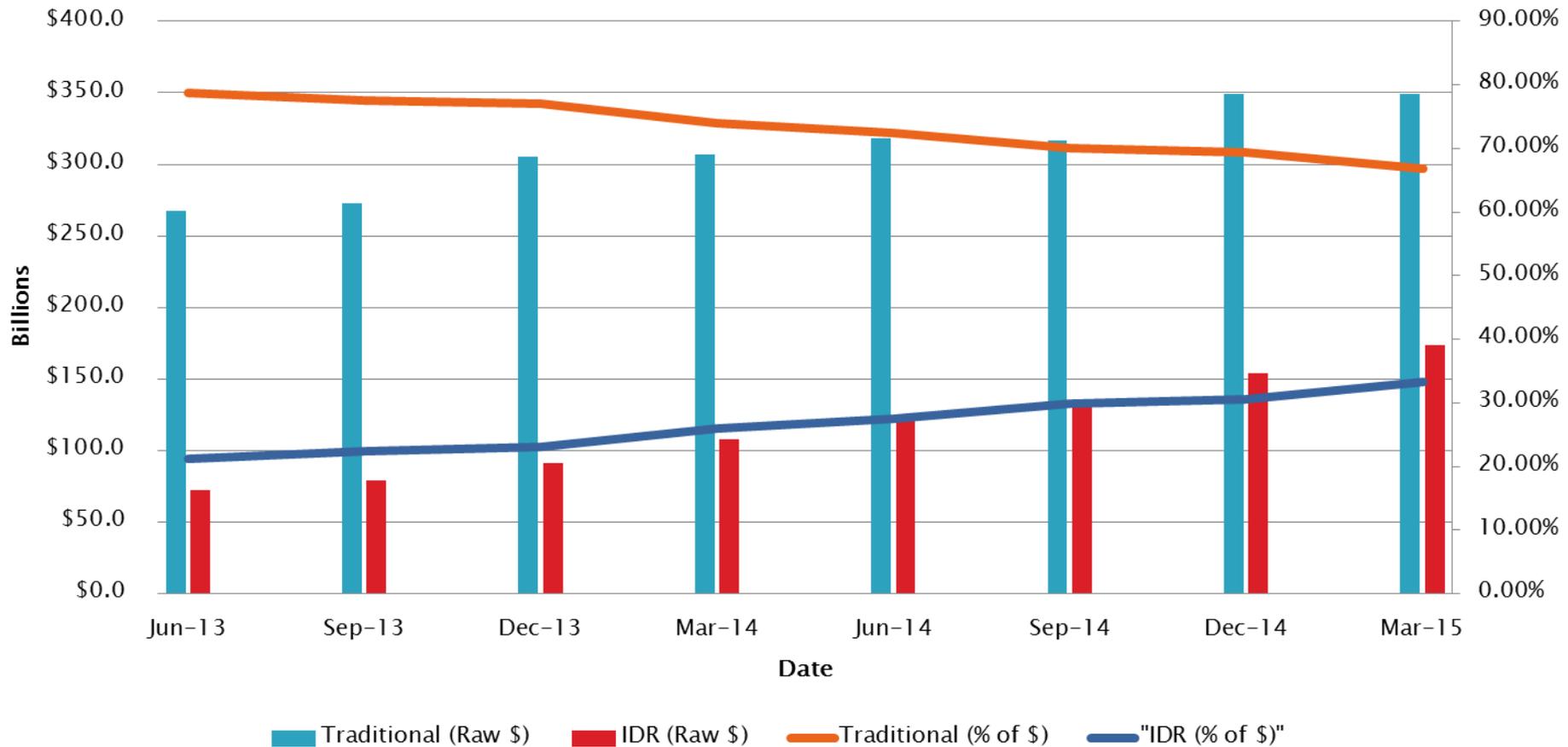
DL Changes Over Time

Repayment Plans in DL Over Time (Borrowers)



DL – Changes Over Time

Repayment Plans in DL Over Time (\$)



Public Service Loan Forgiveness

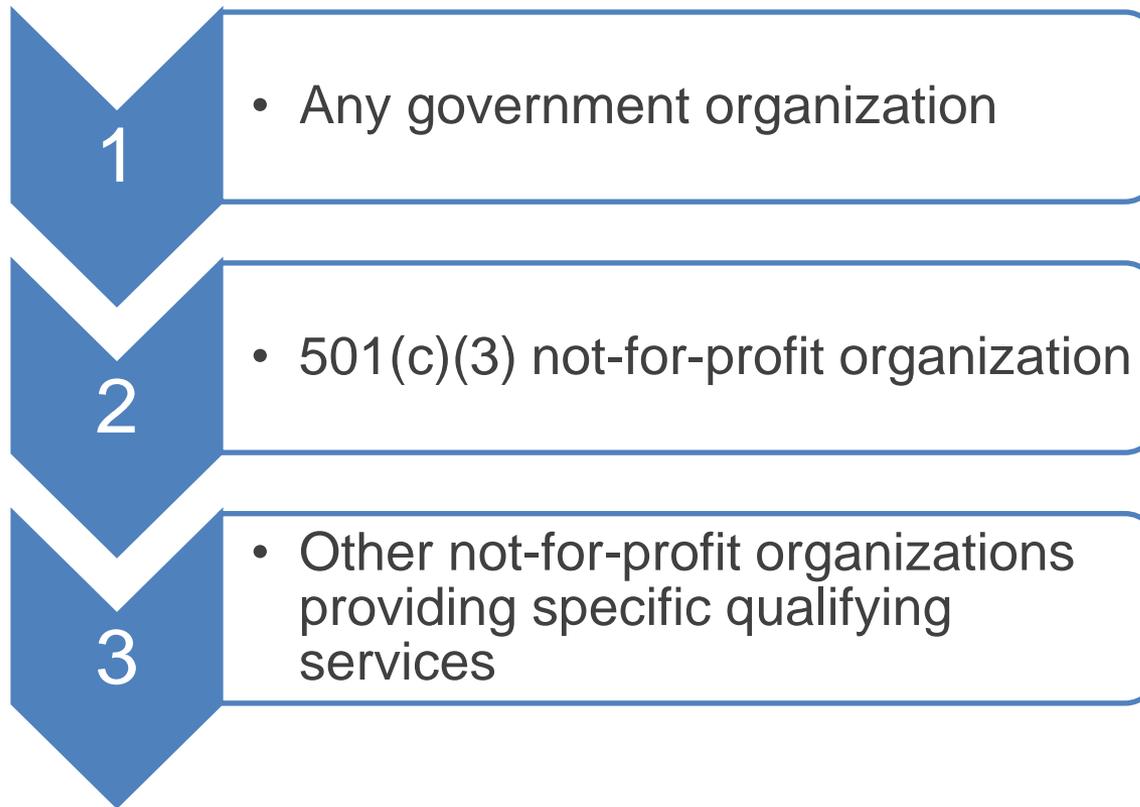
Public Service Loan Forgiveness



- Borrower must also be employed by a qualifying organization at the time that the borrower applies for and receives PSLF
- According to the IRS, the forgiven amount is not treated as taxable income

PSLF – Qualifying Employment

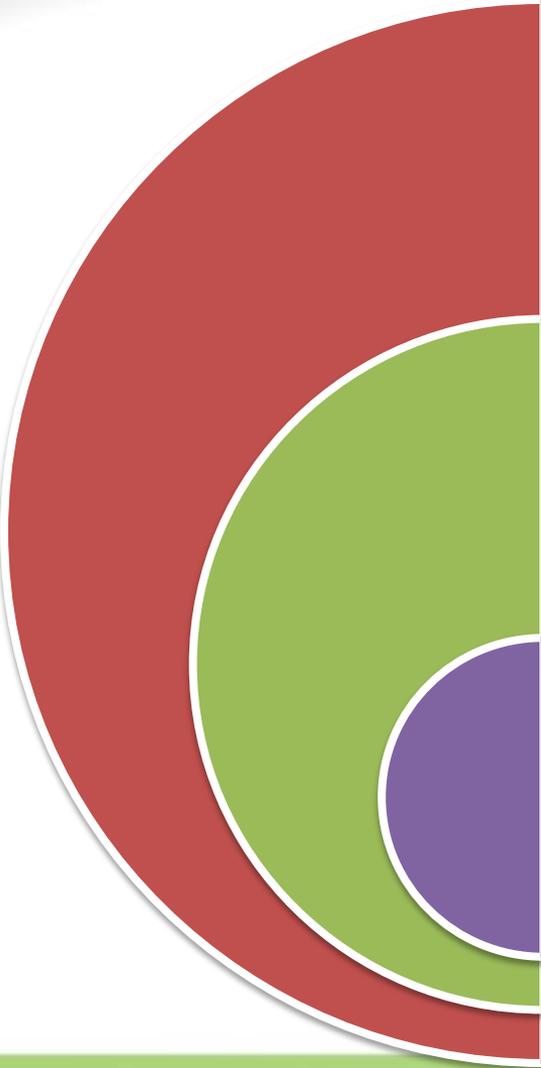
Doesn't matter what you do, it matters where you work.



PSLF – Qualifying Payments



PSLF – Amount of Payment



Multiple partial payments

- Count as one payment
- All must be received within 15 days of due date

Payments made when not required

- Do not qualify
- Example: deferment, forbearance, paid ahead

Lump sum payments

- Count as one payment
- Exceptions for AmeriCorps and Peace Corps borrowers

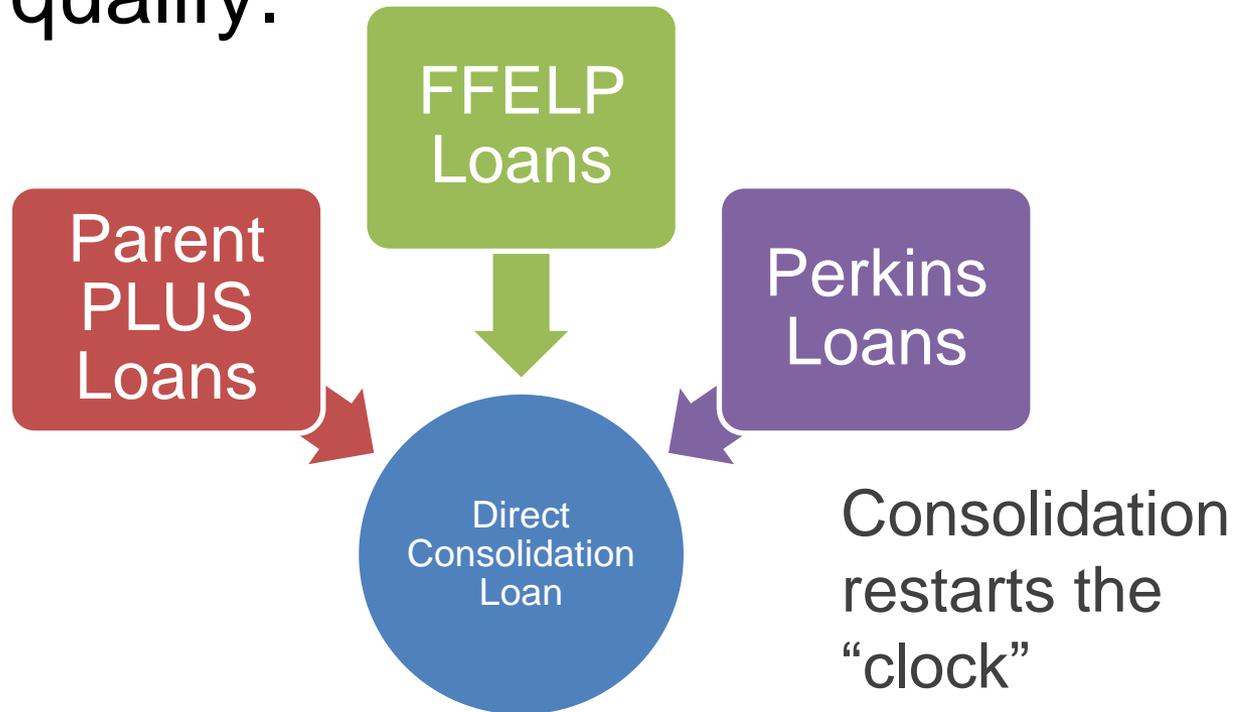
PSLF – Qualifying Plan

- IDR plans are effectively required.



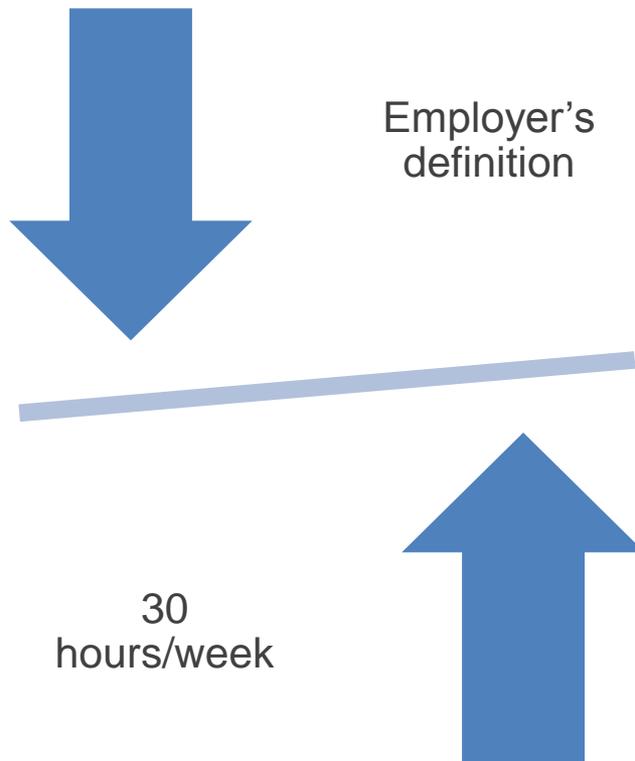
PSLF – Eligible Loans

PSLF is only for Direct Loans, but all Direct Loans qualify.



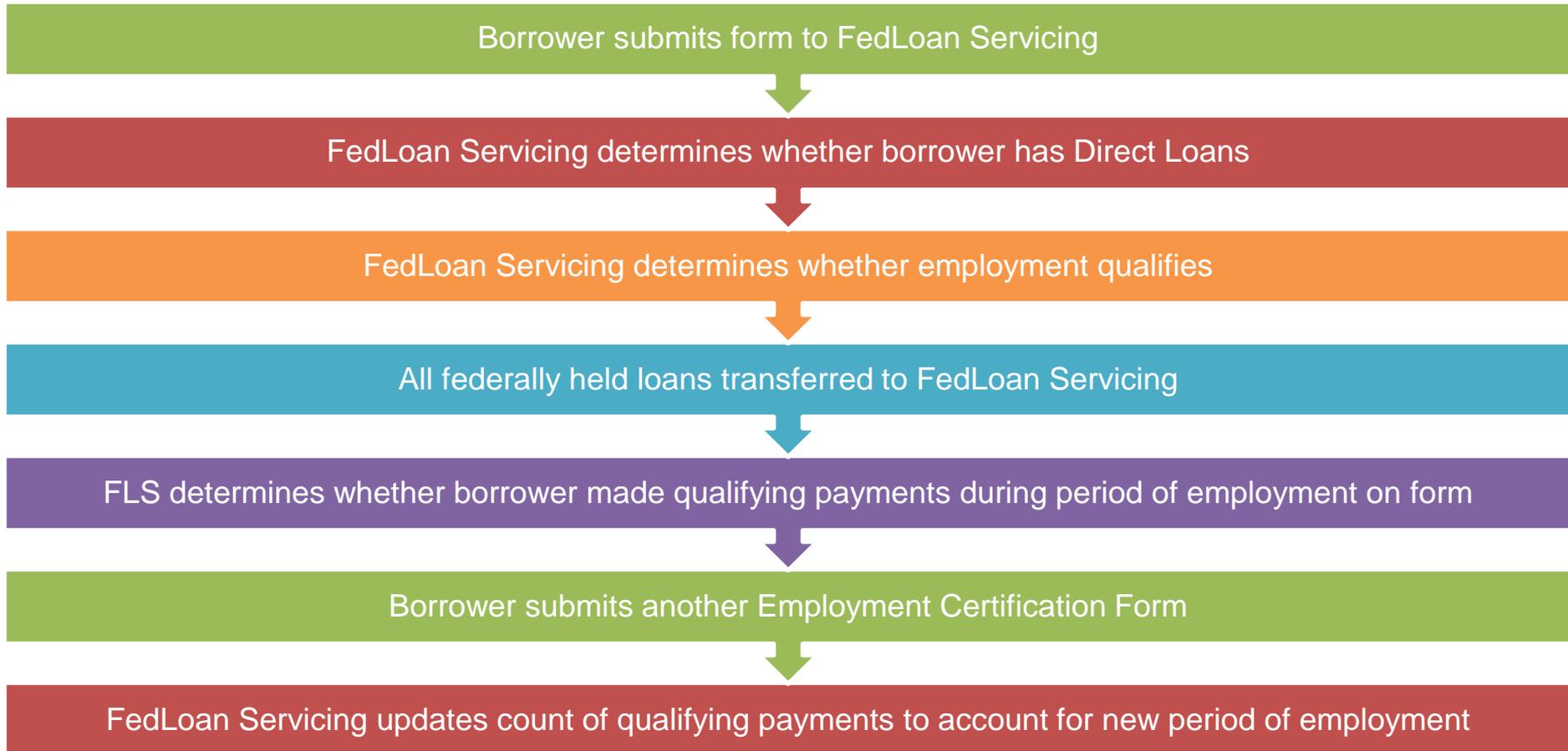
PSLF – Full-Time Employment

Full-time is the greater of:



- Must be a full-time employee or work multiple part-time jobs that equal full time
- For borrowers at a not-for-profit organization hours spent on religious instruction, worship services, or proselytizing cannot be factored into meeting the full-time employee requirement

PSLF – Employment Certification



PSLF – Portfolio

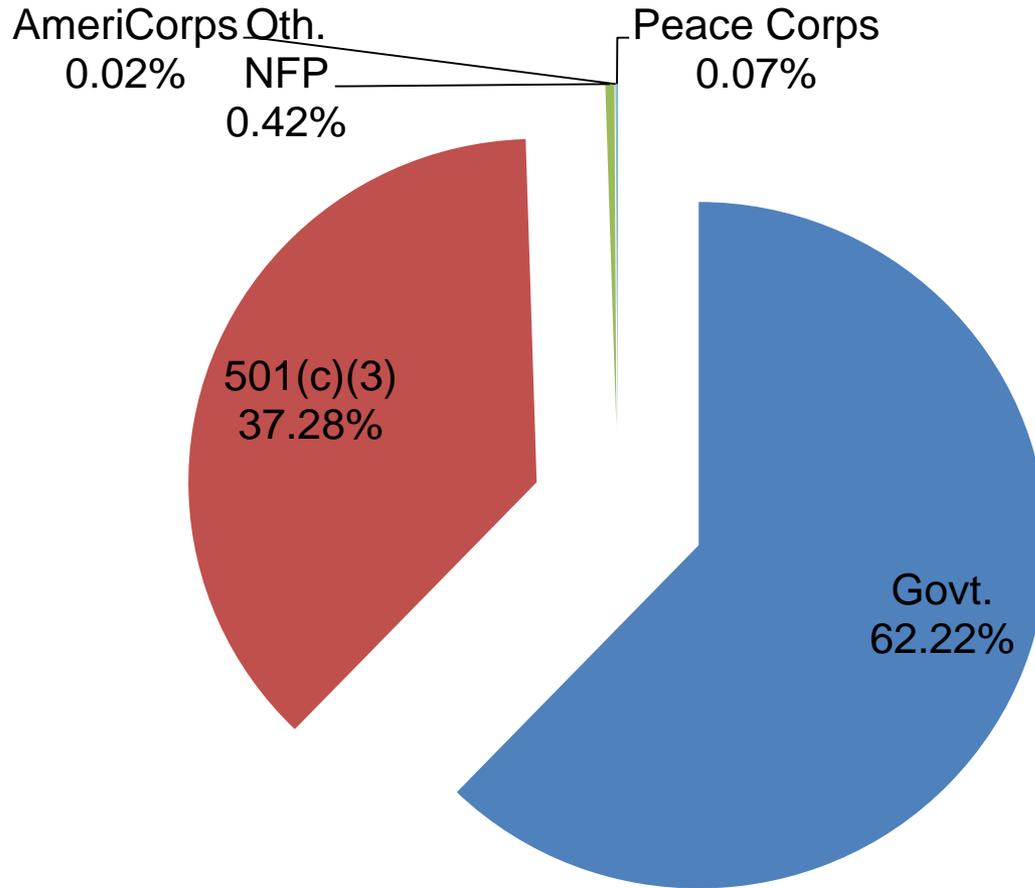
311,372: number of
borrowers
submitting form



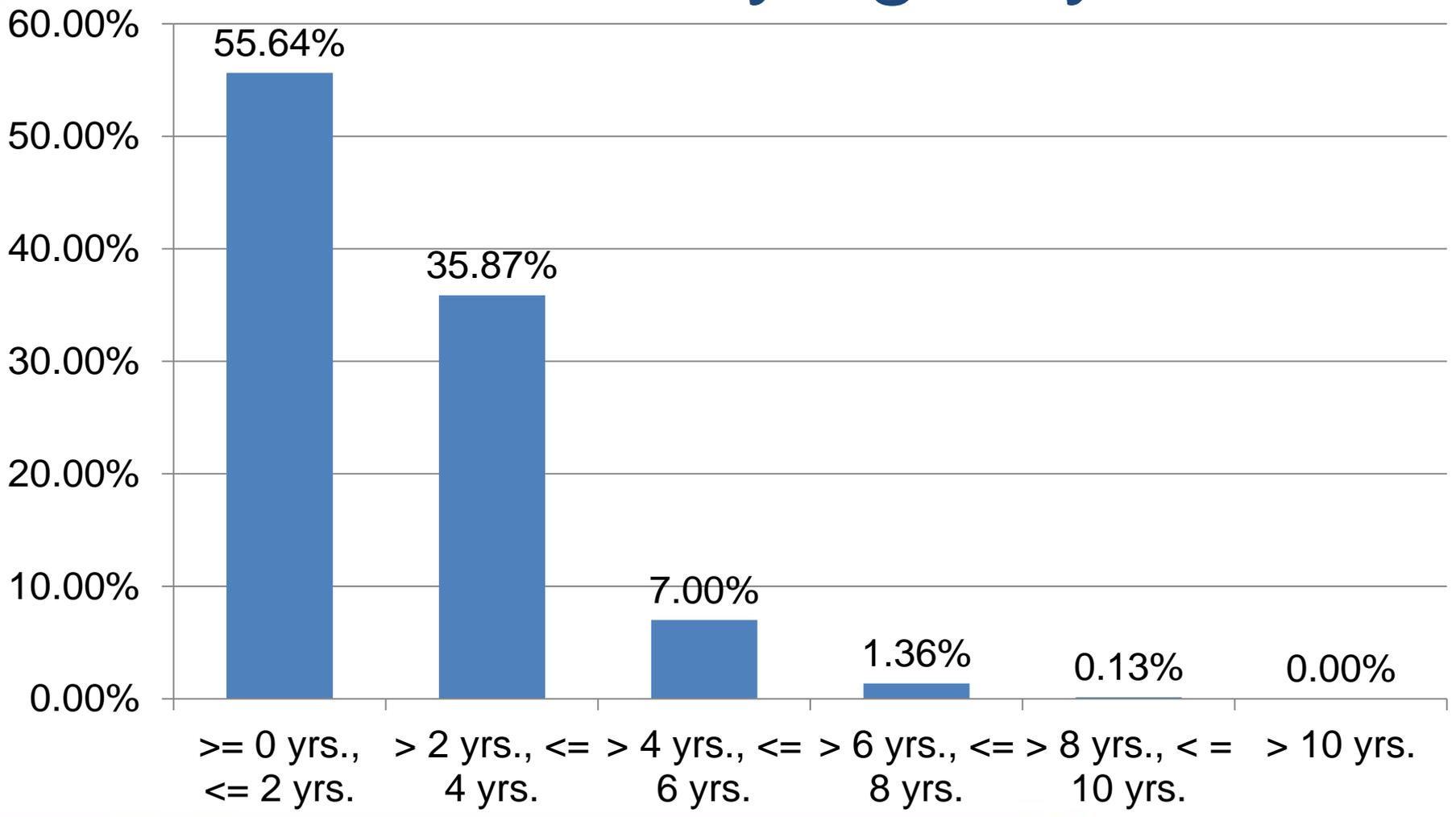
246,371: number
of borrowers with
DL & qualifying
employment

Through May 2015

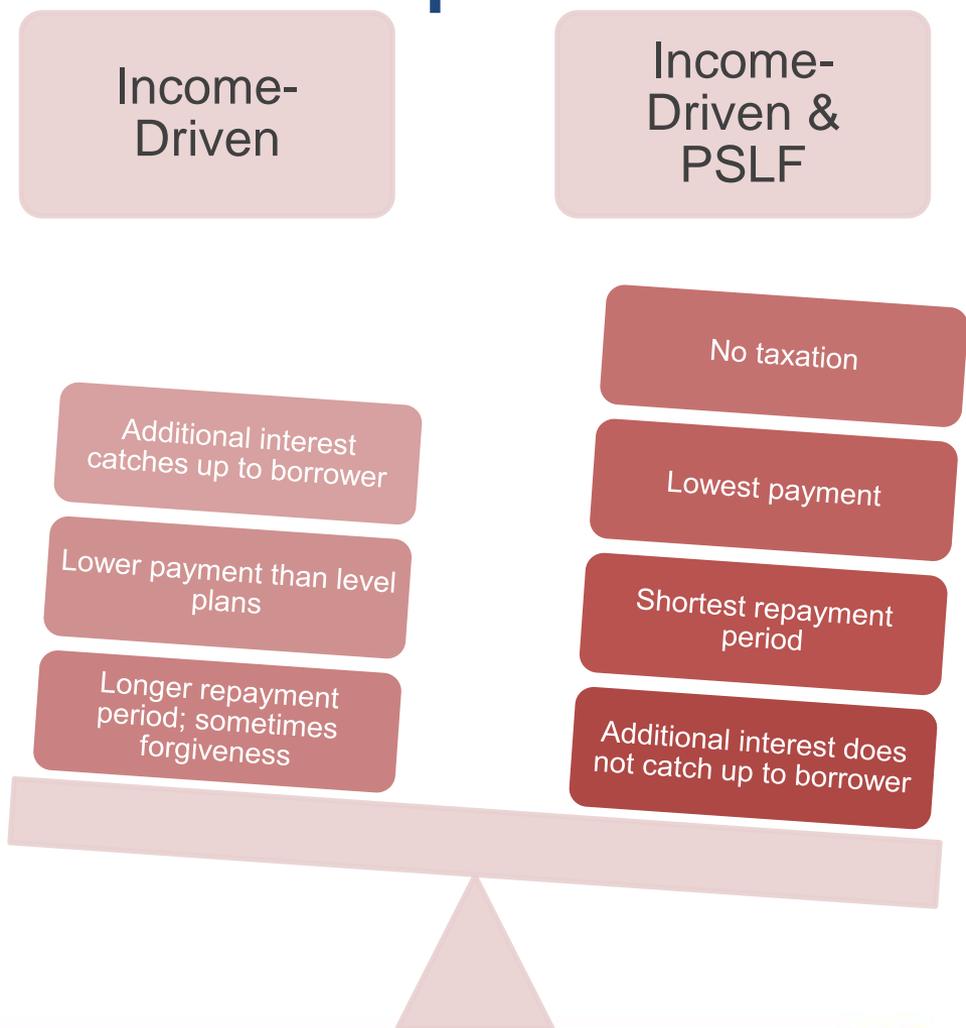
PSLF – Qualifying Employment



PSLF – Qualifying Payments



Relationship: IDR & PSLF



QUESTIONS?



Visit StudentAid.gov/IDR for more information about IDR plans.

Visit StudentAid.gov/publicservice for more information about PSLF.