IDR Comparison Chart

Please see important information on the following slides!
SAVE not displayed due to the current injunction on the plan.

	"Old" IBR **Income Based Repayment** **(see next slides)**	**"New" IBR** **Income Based Repayment** **(see next slides)**	**PAYE** **Pay As You Earn** **(see next slides)**
Payment calculation	15% of DI; capped at Standard 10-year payment calculated at time borrower applies for IBR	10% of DI; capped at Standard 10-year payment calculated at time borrower applies for IBR	10% of DI; capped at Standard 10-year payment calculated at time borrower applies for PAYE
Repayment term	Up to 25 years; remaining balance forgiven	Up to 20 years; remaining balance forgiven	Up to 20 years; remaining balance forgiven
Spousal income included in calculation	YES, but not when filing separately	YES, but not when filing separately	YES, but not when filing separately
Income requirement	YES, borrower must show PFH	YES, borrower must show PFH	Yes, borrower must show PFH
Interest subsidy on unsubsidized loans	NO	NO	NO
PSLF	YES, assuming other requirements met	YES, assuming other requirements met	YES, assuming other requirements met
Interest capitalization	YES, when borrower no longer shows PFH or moves to another IDR	YES, when borrower no longer shows PFH or moves to another IDR	NO

Winter Spring 2025

PLEASE NOTE!

- DI (discretionary income) is how much Adjusted Gross Income (AGI) exceeds 150% of the poverty line for IBR and PAYE
- Partial Financial Hardship (PFH) occurs when the designated percentage of DI for a particular plan is lower than the Standard 10-year payment amount calculated at the time the borrower applied for their income plan
- Any remaining balance at the end of the repayment term with IDRs is forgiven, but subject to federal tax the year forgiven (state tax provisions may vary)*
  - This is often called "program" forgiveness
  - We prefer calling this "term" forgiveness (referring to the balance forgiven at the end of the 20 or 25-year term)

* Forgiveness amount with Public Service Loan Forgiveness not subject to federal tax

PLEASE NOTE!

- When you apply for IBR, you are assigned to the “OLD” or “New” plan based on when you first started borrowing
  - “Old” IBR is for borrowers whose first loan was disbursed prior to July 1, 2014 and who did not pay off their balance in full before taking out a new Direct Loan on or after July 1, 2014
  - “New” IBR is for borrowers whose first loan was disbursed on or after July 1, 2014 or who had loans prior to that date but who paid them in full before taking out a new loan on or after July 1,
- Neither IBR plan has an interest subsidy for Direct Unsub or Direct PLUS (Grad PLUS), as noted in the chart
- PAYE is exactly the same as the New IBR with the exception of a more favorable capitalization policy

PLEASE NOTE!

- SAVE is currently on hold, courtesy of challenges by the GOP and a resulting injunction on the plan*
  - See www.StudentAid.gov/SAVEaction for updates, especially regarding the forbearance status for borrowers interested in SAVE
  - We concur with current thinking among many that SAVE will not survive, at least not with its initial provisions such as the 100% interest subsidy, but we simply have no idea at this time
  - We also have no idea at this time how borrowers previously in SAVE will be treated should SAVE be eliminated
  - SAVE replaced Revised Pay As You Earn (REPAYE), and borrowers previously in REPAYE were automatically moved to SAVE
  - Borrowers in repayment who are trying to qualify for PSLF (especially those near the end of their 120 qualifying payments) may want to consider moving to IBR or PAYE and not holding out for SAVE

* Injunction remains on SAVE as of January 2025 (subject to change)