

PAYE vs. SAVE

(these plans available on Federal Direct Loans only)

| | PAYE* | SAVE |
|--|---|--|
| Payment calculation | 10% of DI**; capped at Standard 10 year, as payment can never be higher than what you would have originally paid under Standard 10 year plan, regardless of income | 10% of DI**, weighted average if borrower has both graduate and undergraduate loans; no payment cap |
| Repayment term | Up to 20 years; any remaining balance forgiven*** | Up to 25 years; any remaining balance forgiven*** |
| Spousal income | YES, but not when filing separately | YES, but not when filing separately |
| Income requirement | Yes, borrower must demonstrate PFH**** | No, any income level qualifies |
| Interest subsidy on unsubsidized loans | NO | YES 100%; debt will not grow when minimum payment does not cover monthly interest due |
| PSLF qualifying payments | Yes, assuming borrower working FT for PSLF qualifying employer | Yes, assuming borrower working FT for PSLF qualifying employer |

* **No new applications for PAYE as of July 1, 2024; borrowers already in PAYE can stay in PAYE if they want**

** Discretionary Income (how much AGI exceeds 150% or 225% of poverty level for PAYE and SAVE respectively)

*** We call this TERM forgiveness; forgiveness amount may be considered taxable income at the time forgiven

**** Partial Financial Hardship occurs when 10% of DI is less than original Standard 10 year payment amount