IDR comparison chart

Please see important information on next slides!

	"Old" IBR Income-Based Repayment	"New" IBR Income-Based Repayment	PAYE Pay As You Earn BEING PHASED OUT	RAP Repayment Assistance Plan May not be available until July 1, 2026
Payment calculation	15% of DI; capped at Standard 10-year payment amount	10% of DI; capped at Standard 10-year payment amount	Same as New IBR	Scaled percentage of adjusted gross income (AGI, not DI); $10 minimum payment
Repayment term	Up to 25 years; remaining balance forgiven	Up to 20 years; remaining balance forgiven	Same as New IBR	Up to 30 years; remaining balance forgiven
Spousal income	Included, unless filing separately	Included, unless filing separately	Same as New IBR	Included, unless filing separately
Income requirement	No	No	Yes, borrower must show Partial Financial Hardship	No
Interest subsidy on unsub. loans	No	No	Same as New IBR	Yes; balance will not grow when minimum payment does not cover monthly interest due
PSLF eligible	Yes	Yes	Same as New IBR	Yes

Important terminology

- “Old” IBR is for borrowers whose first direct loan was disbursed prior to July 1, 2014, and who did not pay their balance off in full prior to taking out a new direct loan on or after that date
- “New” IBR is for borrowers whose first direct loan was disbursed on or after July 1, 2014, or who had a direct loan prior to that date but paid the balance off in full before taking out a new loan on or after that date
- Borrowers are automatically assigned to either “Old” IBR or “New” IBR when they apply, based on the above criteria
- Discretionary income (DI) is how much adjusted gross income (AGI) exceeds 150% of the poverty level for the borrower’s state of residency when calculating payments with IBR and PAYE
    - Payments with RAP should be higher than IBR or PAYE, since they are calculated based on a percentage of AGI and not DI

Important terminology (continued)

- Partial Financial Hardship (PFH) occurs when the designated percentage of DI for IBR or PAYE is less than the standard 10-year payment amount calculated at the time the borrower applied for either IBR or PAYE
    - PFH requirement recently removed for IBR
- IDR forgiveness (also called term forgiveness) occurs when a borrower using an IDR gets to the end of the allowable repayment term and still has an outstanding balance
    - Under current tax law, IDR forgiveness is subject to federal tax the year forgiven (state provisions may vary)
    - Payments made with SAVE or PAYE count toward IDR forgiveness when borrower moves (or is moved) to IBR or RAP (see next two slides)

Updates on SAVE

- SAVE (Saving on a Valuable Education) replaced REPAYE (Revised Pay As You Earn) in 2023 and borrowers in SAVE were automatically moved to REPAYE
- Borrowers in SAVE were put into interest-free forbearance when the SAVE plan was challenged in the courts and subsequently put under an injunction, but interest started accruing (building up) again Aug.1, 2025
- Borrowers may no longer apply for SAVE
- Borrowers already in SAVE must move to either IBR or RAP no later than July 1, 2028
- Our understanding is that payments made with SAVE prior to the injunction count toward either IDR forgiveness or Public Service Loan Forgiveness (assuming other criteria are met for PSLF) when they move to either IBR or RAP
    - In other words, the forgiveness clock does not reset when borrowers switch plans

Updates on PAYE

- PAYE is being phased out, so while borrowers may still currently apply for PAYE, they must then move to either IBR or RAP no later than July 1, 2028
- Payment calculation with PAYE is exactly the same as New IBR

Comments

- Income Contingent Repayment (ICR) is a much older IDR (more than 30 years old) and generally results in significantly higher monthly payments than other IDRs, hence our not including it on the comparison chart
    - Note that ICR is not referenced on the AAMC/ADEA Dental Loan Organizer and Calculator (AAMC/ADEA DLOC)
- SAVE, PAYE and ICR were not established by Congress, hence their being phased out
- IBR was established by Congress and thus currently remains a protected repayment plan
- Information as current as possible as of September 2025