

## Sample Repayment: Important Information on Choosing a Repayment Plan

In general, federal student loans come due six months after graduation. Your loan servicer – the third party assigned by the U.S. Department of Education (your lender for federal direct loans) to work with you in repayment – should contact you well in advance of your initial due date, providing a number of repayment options for you.

One simple way to approach choosing a repayment plan is to find a plan where the required minimum payment is comfortable and affordable and then decide whether to pay more than the minimum required payment amount or make minimum payments only, at least for a while. Many borrowers who make additional payments post their extra payments against their highest interest rate loan, which for many is the direct PLUS (Grad PLUS); this helps pay down the debt faster.

The following repayment estimates are from the AAMC/ADEA Dental Loan Organizer and Calculator (AAMC/ADEA DLOC), available at [adea.org/DLOC](http://adea.org/DLOC). DLOC is free for seven years for current dental students, residents, and fellows. We strongly encourage you to use DLOC to help you select the best repayment plan based on your own debt level, career plans, and repayment objectives.

### Repayment Assumptions:

- \$300,000 student loan debt (\$162,000 direct unsubsidized, \$138,000 direct PLUS).
- Fixed interest rates based on year borrowed for the Class of 2026.
- Loans held to term with no aggressive payments.
- Single, family size of one (no dependents) for calculation of payments with the income plans Income Based Repayment (IBR) and the new Repayment Assistance Plan (RAP)
- \$180,000 starting salary, \$60,000 General Practice Residency (GPR) stipend in Example 2.

### Example 1: Directly into Practice

Repayment Plan	Total Repayment Years	Monthly Payment	Total Repayment	PSLF Paid PSLF Forgiven	Term (IDR) Forgiveness
Standard	10	\$4,113	\$490,710	NA	NA
Extended	25	\$2,529	\$751,878	NA	NA
New IBR	20	\$1,300 to \$2,349	\$425,629	\$181,589 \$416,571	\$420,169
RAP	30	\$1,500 to \$3,641	\$869,203	\$209,445 \$341,689	\$86,873

### Example 2: One-Year GPR then Directly into Practice

Repayment Plan	Total Repayment Years	Monthly Payment	Total Repayment	PSLF Paid PSLF Forgiven	Term (IDR) Forgiveness
Standard	10	\$4,113	\$490,710	NA	NA
Extended	25	\$2,529	\$751,878	NA	NA
New IBR	20	\$300 to \$2,270	\$405,593	\$169,751 \$428,409	\$440,206
RAP	30	\$300 to \$3,535	\$836,949	\$196,407 \$342,477	\$119,567

## Understanding the Numbers:

- Standard and extended are often called time-driven plans, as the payment calculation is based solely on the amount due at repayment (principal plus any accrued and unpaid interest) spread out (amortized) evenly over either 120 or 300 payments (10 and 25 years respectively). The payment calculation has nothing to do with income, marital or tax filing status, family size, or dependents.
- Payments with Income Driven Repayment (IDR) plans like IBR and RAP are based on income and family size (or dependents with RAP) and change annually, hence a payment range over the allowable term as shown on DLOC.
- In general, payments with RAP will be higher than those with IBR, since the percentage used in the RAP calculations is directly against adjusted gross income (AGI) and payments with IBR are calculated using a percentage against discretionary income (DI) which allows for an offset against AGI before the percentage is applied. However, at some lower income levels (for example, stipends) the calculations may be similar.
- Term (IDR) Forgiveness in the tables represents the remaining balance at the end of the allowable repayment term if a borrower does not retire (pay in full) their balance by the end of the term. Term (IDR) forgiveness is considered taxable income the year forgiven under current federal tax rules (state provisions may vary).
- Public Service Loan Forgiveness (PSLF) Paid in the tables represents the amount paid out of pocket over a 10-year period. PSLF Forgiven represents the remaining balance after 10 years that is forgiven (assuming borrower meets PSLF eligibility requirements) and is not subject to federal tax (state tax provisions may vary).
- Note that the initial payment in Example 2 for a borrower completing a one-year GPR is quite low (\$300) as it is based on a stipend of \$60,000 and not the salary of a practicing dentist.
- Note the extended repayment term of 25 years is the same repayment term as that with the New Standard repayment plan for borrowers whose debt is \$100,000 or higher. Please see Current and New Repayment Plans under the Repayment header on the ADEA site for more details (on the site, do a search for: Financial Resources for Students), as upcoming graduates in the Class of 2026 are not eligible for the New Standard plan.

## Important Reminders:

- Watch for correspondence from your loan servicer prior to the expiration of your six-month window period when your loans come due. You will likely be directed to [StudentAid.gov](https://studentaid.gov) to apply for your repayment plan.
- Be sure your loan servicer and Federal Student Aid at [StudentAid.gov](https://studentaid.gov) are in your safe-sender list for emails, so their correspondence does not go into your trash folder, but check your email junk and trash folder regularly anyway to be sure you do not miss any important loan correspondence.
- Borrowers may prepay at any time without penalty and may direct any overpayments toward their loan with the highest interest rate. Your loan servicer can show you how to do this online.
- In general, borrowers may switch repayment plans. Work with your loan servicer if you are interested in switching plans.
- Based on changes to repayment plans resulting from passage of H.R.1 (OBBBA), please note the following:
  - Saving on a Valuable Education (SAVE) is being eliminated and borrowers can no longer apply for SAVE.
  - Both Pay As You Earn (PAYE) and Income Contingent Repayment (ICR) are being phased out and any borrowers using these plans must switch to another plan no later than July 1, 2028.
  - Currently Income-Based Repayment (IBR) is a protected plan, hence our showing this in the above examples.
  - Details are available at [adea.org](https://adea.org) under Financial Resources for Students.

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