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 againt their highest interest rate loan, which for some dental school graduates 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. 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 2027.
- Loans held to term with no aggressive payments.
- Single, family size of one, no dependents for calculation of payments with the Repayment Assistance Plan (RAP).
- $185,010 starting salary, $70,800 General Practice Residency (GPR) stipend in Example 2 (information from ADA Health Policy Institute).

Example 1: Directly into Practice

Repayment Plan	Total Repayment Years	Monthly Payment	Total Repayment	PSLF Paid PSLF Forgiven	Term (IDR) Forgiveness
Tiered Standard	25	$2,717	$805,063	NA	NA
RAP	30	$1,542 to $3,742	$893,395	$215,274 $351,540	$134,955

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
Tiered Standard	25	$2,717	$805,063	NA	NA
RAP	30	$413 to $3,633	$860,871	$202,501 $352,162	$164,620

Understanding the Numbers:

- There are only two repayment options available for borrowers with a new loan disbursed on or after July 1, 2026: Tiered Standard (time-driven plan) and Repayment Assistance Plan (income-driven plan). Since we are using as an example a graduate in the Class of 2027, our assumption is that they borrowed their last year, hence our only showing two repayment options in this document.
    - With Tiered Standard, payment calculation is based solely on the amount due at repayment (principal plus any accrued and unpaid interest) spread out (amortized) evenly over 25 years; note borrowers at $100,000 or higher are automatically assigned a 25-year repayment term; payment calculation has nothing to do with income, marital or tax filing status, family size, or number of dependents.
    - With RAP, payment calculation is based on a sliding scale percentage of adjusted gross income (AGI) and payments change annually, hence a payment range over the allowable term as shown on DLOC.
- 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 the initial payment in Example 2 for a borrower completing a one-year GPR is quite low ($413) as it is based on a stipend of $70,800 and not the salary of a practicing dentist.

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 to apply for your repayment plan from a link in your loan servicer's correspondence.
- Be sure your loan servicer and Federal Student Aid at 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) has been eliminated and borrowers previously in SAVE must move to another repayment plan no later than 90 days following a notice from their loan servicer.
    - 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, but is only available to borrowers with no new loans disbursed on or after July 1, 2026.
    - Please see adea.org/studenthub for more information.
    - Note that AAMC/ADEA DLOC displays the older Income Based Repayment (IBR) plan for borrowers who may be eligible for that plan (assuming they have no new loans disbursed on or after July 1, 2026).

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