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) 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. Many borrowers post additional payments against their highest rate loan, which for many is the direct PLUS (aka 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 aamc.org/services/first-for-financial-aid-officers/dental-loan-organizer. 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 graduation Class of 2026,
- Loans held to term with no aggressive payments,
- Single, family size of one for calculation of payments with the Income-based Repayment (IBR) plan and
- $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	Public Service Loan Forgiveness (PSLF) Paid / PSLF Forgiven	Income-driven Repayment (IDR) Term Forgiveness
Standard	10	$4,165	$496,587	NA	NA
Extended	25	$2,587	$767,190	NA	NA
IBR	20	$1,297 to $2,263	$416,768	$179,547 / $428,312	$447,755

Example 2: One-year GPR Then Directly Into Practice

Repayment Plan	Total Repayment Years	Monthly Payment	Total Repayment	Public Service Loan Forgiveness (PSLF) Paid / PSLF Forgiven	Income-driven Repayment (IDR) Term Forgiveness
Standard	10	$4,165	$496,587	NA	NA
Extended	25	$2,587	$767,190	NA	NA
IBR	20	$296 to $2,184	$396,731	$167,709 / $440,150	$467,792

Understanding the Numbers:

- Standard and extended plans are often called time-driven plans, as the payment calculation is based solely on the amount due at repayment (principal and any accrued and outstanding interest) spread out (amortized) evenly over either 120 or 300 payments (10 or 25 years respectively). The payment calculation has nothing to do with income, marital or tax-filing status or family size.
- Payments with Income Driven Repayment (IDR) plans like IBR are based on income and family size, and change annually, hence a payment range over the allowable term as shown on DLOC.
- "IDR Term 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) the balance by the end of the term. Term forgiveness is considered taxable income the year forgiven under current federal tax rules (state tax 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" in the tables represents the remaining balance after 10 years that is forgiven (assuming the borrower meets PSLF eligibility requirements) and is not subject to federal tax (state tax provisions may vary).
- Note, the initial payment for a borrower completing one-year GPR is quite low ($296) as it is based on a stipend of $60,000.

Important Reminders:

1. 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 with your information being forwarded to your loan servicer for processing.
2. 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.
3. 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.
4. In general, borrowers may switch repayment plans. Work with your loan servicer if you are interested in switching repayment plans
5. Based on changes to repayment plans resulting from passage of H.R.1, *One Big Beautiful Bill Act*, 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.

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