Comparing Income Driven Repayment Plans: IBR vs. REPAYE

IBR (Income Based Repayment)	REPAYE (Revised Pay As You Earn)
Borrowers can repay any **FFEL or Direct Loans** with IBR	Available to **all borrowers of Direct Loans** regardless of when the borrower took out the loans. Borrowers can Consolidate FFEL Loans in order to qualify. **All** loans must be Direct Loans.
Must demonstrate a **"Partial Financial Hardship"** 15% of monthly Discretionary Income must be less than Standard Repayment amount.	Not required to demonstrate a **"Partial Financial Hardship"**. Anyone can enroll in this plan.
For married borrowers filing separately, the **AGI of only the borrower** is used to calculate the monthly payment amount.	For married borrowers filing separately, **the AGI of both the borrower and the spouse are used** to calculate the monthly payment amount. For two spouses both with Federal Student Loans, the monthly income-driven payment amount is pro-rated between the spouses. (*A borrower who is separated from his or her spouse or is unable to reasonably access their spouse's income, is not required to provide their spouse's AGI.)*
Monthly payments are calculated using the following formula: ((AGI-150% poverty guideline) * 15%)/12 For each year a borrower is in the IBR plan, the borrower's monthly payment amount is recalculated based on 15% of discretionary income and family size information provided by the borrower **The monthly payment will never be more than a borrower's monthly Standard Payment.**	Monthly payments are calculated using the following formula: ((AGI-150% poverty guideline) * 10%)/12 For each year a borrower is in the REPAYE plan, the borrower's monthly payment amount is recalculated based on 10% of discretionary income and family size information provided by the borrower **There is no cap on the monthly payment amount.**
For **subsidized** loans, if a borrower's monthly payment is not sufficient to pay the accrued interest (negative amortization), the Secretary does not charge the borrower the remaining accrued interest for a period not to exceed three consecutive years from the repayment start date. Following the established three-year period, the Secretary charges **100%** of the accrued interest.	For **subsidized** loans, if a borrower's monthly payment is not sufficient to pay the accrued interest (negative amortization), the Secretary does not charge the borrower the remaining accrued interest for a period not to exceed three consecutive years from the repayment start date. Following the established three-year period the Secretary charges **50% of the remaining accrued interest on subsidized loans during all periods of negative amortization for the life of the loan.**
For **unsubsidized** loans, the Secretary charges **100%** of the accrued interest.	For **unsubsidized** loans (including Direct PLUS Loans made to graduate students) the Secretary charges **50% of the remaining accrued interest during all periods of negative amortization for the life of the loan.**
All borrowers qualify for forgiveness after **25 years** of making qualified payments within this plan. IBR plan payments count as qualified payments toward Public Service Loan Forgiveness in **10 years** if borrower meets all other qualifications.	If repayment includes loans the borrower received as an **undergraduate student** or a consolidation loan that repaid only loans the borrower received as an undergraduate student may qualify for forgiveness after **20 years** of making qualified payments within this plan. If repayment includes a loan the borrower received as a **graduate or professional student** or a consolidation loan that repaid a loan received as a graduate or professional student may qualify for forgiveness after **25 years** of making qualified payments within this plan. REPAYE plan payments count as qualified payments toward Public Service Loan Forgiveness in **10 years** if borrower meets all other qualifications.
Capitalization of interest occurs if a borrower can no longer demonstrate a Partial Financial Hardship or if the borrower exits the IBR plan.	Capitalization of interest only occurs when the borrower exits the REPAYE plan.

Principal and Interest X Interest Rate = Yearly Interest Accrual / 12 (months) = Monthly Interest Accrual

$\$$ ________________ X __________ % = $\$$ ________________ / 12 (months) = $\$$ ____________ per month

10% Monthly Discretionary Income	**REPAYE** (Revised Pay As You Earn)	25 Years Until Taxable Forgiveness	15% Monthly Discretionary Income	**IBR** (Income Based Repayment)	25 Years Until Taxable Forgiveness

Married = Combined Incomes
Payment Pro-rated for couples both with Federal Student Loans

Married and file Federal Tax Separately = Separate Incomes

REPAYE		IBR	
Monthly Interest Accrual They Pay You Accrue	Tax Year 2017 AGI ________150% Poverty Level Discretionary Income X 10% /12 months=	Monthly Interest Accrual They Pay You Accrue	Tax Year 2017 AGI ________150% Poverty Level Discretionary Income X 15% /12 months=
Monthly Interest Accrual They Pay You Accrue	Tax Year 2018 AGI ________150% Poverty Level Discretionary Income X 10% /12 months=	Monthly Interest Accrual They Pay You Accrue	Tax Year 2018 AGI ________150% Poverty Level Discretionary Income X 15% /12 months=
Monthly Interest Accrual They Pay You Accrue	Tax Year 2019 AGI ________150% Poverty Level Discretionary Income X 10% /12 months=	Monthly Interest Accrual They Pay You Accrue	Tax Year 2019 AGI ________150% Poverty Level Discretionary Income X 15% /12 months=
Monthly Interest Accrual They Pay You Accrue	FUTURE AGI ________150% Poverty Level Discretionary Income X 10% /12 months=	Monthly Interest Accrual They Pay You Accrue	FUTURE AGI ________150% Poverty Level Discretionary Income X 15% /12 months=