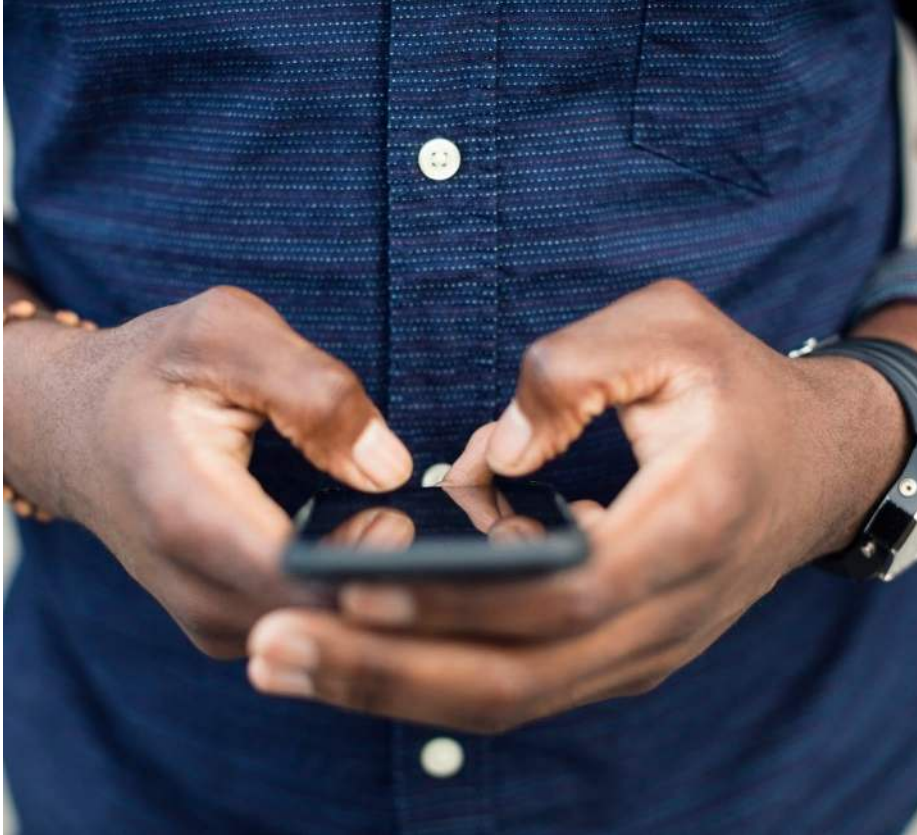




CHOOSING A STUDENT LOAN REPAYMENT PLAN

- **PRESENTED BY: BETSY MAYOTTE**
- **THE INSTITUTE OF STUDENT LOAN ADVISORS**
- **SEPTEMBER 15, 2026**

AGENDA

- REPAYMENT OPTIONS
- SAVE LITIGATION UPDATE
- STRATEGY AND TIPS



A close-up photograph of a person's hand reaching into the pocket of blue denim jeans. The hand is pulling out a wad of US dollar bills, with a \$100 bill clearly visible. The background is dark and out of focus.

The Name of the
Game is to Pay the
Least Amount
Over Time

Loan Types

- Direct loans
 - Stafford
 - unsubsidized
 - subsidized
 - Grad PLUS
 - Parent PLUS
 - Consolidation

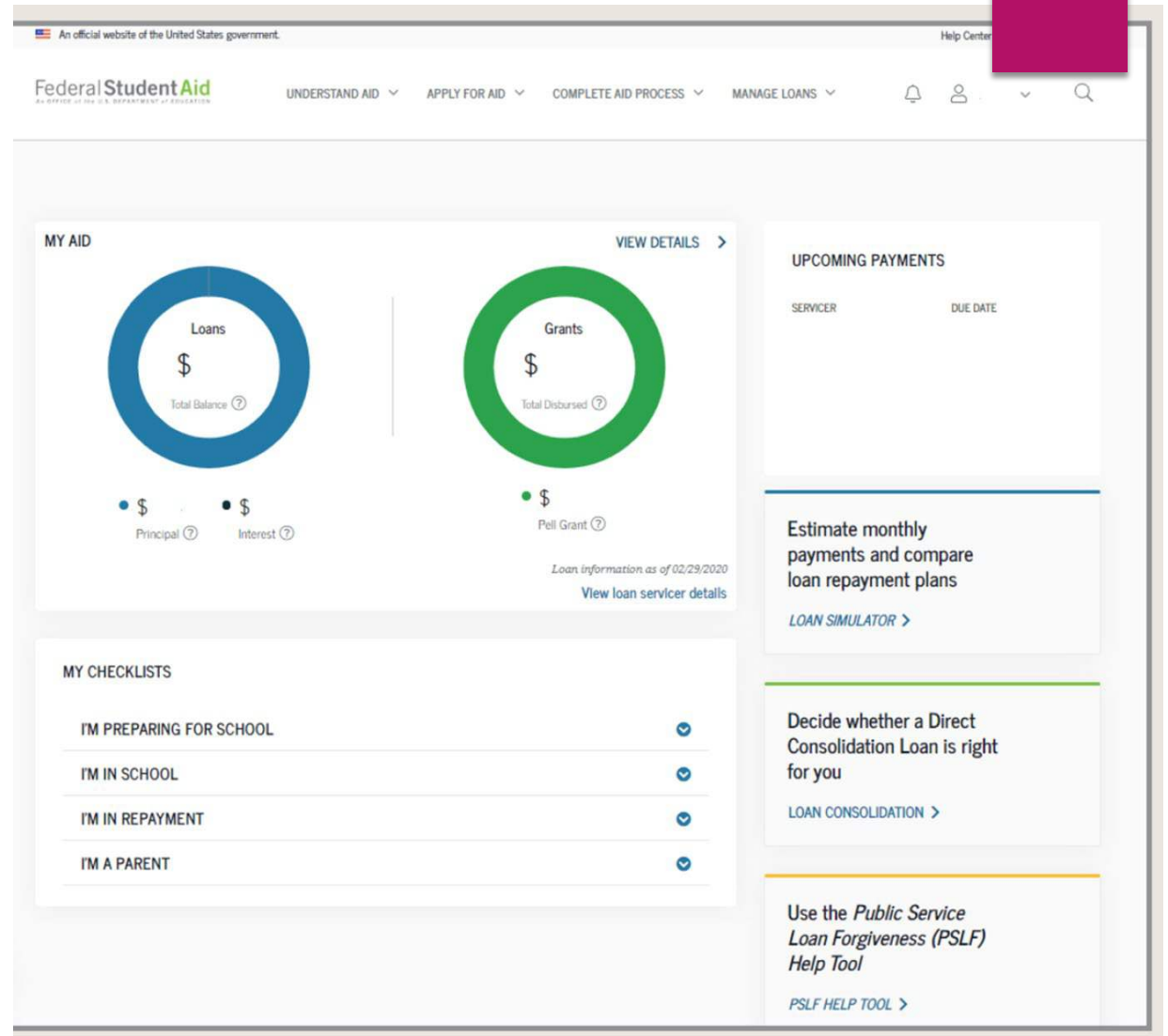
- FFEL (can get old IBR)
 - Stafford, Grad and Parent Plus, Consolidation
 - Perkins
 - HEAL
 - Loans for Disadvantaged Students

INELIGIBLE

- Private
- Institution
- State Authority

Finding Your Loans

- ▶ All federal loans
 - ▶ www.studentaid.gov
 - ▶ Perkins, Stafford, Plus, federal consolidation
- ▶ All other loans
 - ▶ Credit report, exit counseling materials
 - ▶ Private loans, state loans, institutional loans



What is Federal Direct Consolidation?

Overview

- Federal loans only: one combined balance
- Weighted average interest rate (rounded up to the nearest 8th of a percentage point)

Benefits

- Converts non-Direct loans into Direct
- Simplified repayment
- May open up new repayment plan options for FFEL or Perkins
- May be necessary to qualify for forgiveness for FFEL or Perkins

Drawbacks

- New loan, new repayment term (but not always)
- Individual loans cease to exist
- Resets IDR counts to zero
- If after July 1, 2026, removes eligibility for most payment plans

A collage of financial planning tools including a calculator, a pen, a compass, and various charts (line, pie, bar) and a table of numbers. A semi-transparent black box with white text is overlaid on the right side.

Understanding Repayment Plans

125,058	154,568	95,054	124,500
125,487	56,845	97,511	125,000
100,000	110,000	99,011	154,000
	150,000	99,216	95,000
		101,090	154,200
		101,684	110,000
			89,000
			10,000

H.R. 1 Effect on Payment Plans

Anyone that borrows or on after July 1, 2026, will only have access to the new RAP plan and the new tiered standard plan, including on their pre-July 1st loans

Some existing plans are based on when the borrower took out their very first loan

- Consolidation does not change the date of the first loan in this situation
- Paying off an old loan doesn't change plan eligibility for remaining loans
- The ED website is currently incorrectly telling borrowers to consolidate to gain access to other plans. That is never the case unless the borrower has federal loans other that are not already Direct loans

Triggering event is always the date the loan was initially disbursed, not the date it was applied for or any subsequent disbursement dates

New Borrower Options

**PLANS AVAILABLE FOR THOSE THAT CONSOLIDATE OR BORROW ON OR
AFTER JULY 1, 2026**

New Repayment Options

If you borrow or consolidate on or after July 1, 2026 you are only eligible for:

- The new RAP program
- New Standard plan

<\$25K – 10 years
<\$50K – 15 years
<\$100K – 20 years
>\$100K – 25 years

Items in **orange** usually not PSLF eligible unless it's a ten-year term. Parent Plus loans not eligible for the RAP even if consolidated

Adjusted Gross Income	Base Annual Payment (Divide by 12 for Monthly Payment)
Up to \$10,000	\$120
\$10,001-\$20,000	1% of AGI
\$20,001-\$30,000	2% of AGI
\$30,001-\$40,000	3% of AGI
\$40,001-\$50,000	4% of AGI
\$50,001-\$60,000	5% of AGI
\$60,001-\$70,000	6% of AGI
\$70,001-\$80,000	7% of AGI
\$80,001-\$90,000	8% of AGI
\$90,001-\$100,000	9% of AGI
\$100,001+	10% of AGI

Tiered Standard Plan

- ▶ Payment is the same every month assuming you don't borrow again
- ▶ Only available for those who borrow on or after July 1, 2026,
- ▶ Only option for Parent Plus borrowers who borrow or consolidate on or after July 1, 2026
- ▶ Does not count towards PSLF, income driven plan forgiveness
- ▶ Payment is based on balance, term and interest rate
 - <\$25K – 10 years
 - <\$50K – 15 years
 - <\$100K – 20 years
 - >\$100K – 25 years

REPAYMENT ASSISTANCE PLAN

- **BASE PAYMENT CALCULATED OFF OF AGI**
 - **INCLUDES SPOUSAL INCOME IF MARRIED FILING JOINTLY**
- **SUBTRACT \$50 FROM BASE PAYMENT FOR EVERY DEPENDENT CHILD**
- **IF PAYMENT DOESN'T COVER MONTHLY INTEREST, REMAINING MONTHLY INTEREST IS WAIVED**
- **IF PAYMENT ISN'T APPLIED TO PRINCIPAL, THE ED WILL SUBTRACT THE LESSER OF \$50 OR THE AMOUNT OF PAYMENT FROM PRINCIPAL**
- **COUNTS TOWARDS PSLF.**
- **FORGIVENESS AFTER 30 YEARS/360 PAYMENTS**
 - **IBR, ICR, PAYE COUNT TOWARDS THIS**
- **PAYMENTS MUST BE ON TIME OR NONE OF THE ABOVE BENEFITS APPLY**

Adjusted Gross Income	Base Annual Payment (Divide by 12 for Monthly Payment)
Up to \$10,000	\$120
\$10,001-\$20,000	1% of AGI
\$20,001-\$30,000	2% of AGI
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\$70,001-\$80,000	7% of AGI
\$80,001-\$90,000	8% of AGI
\$90,001-\$100,000	9% of AGI
\$100,001+	10% of AGI

EXAMPLE

- **PRINCIPAL BALANCE OF ALL LOANS = \$60K**
- **AGI = \$35K**
- **SINGLE BORROWER WITH ONE CHILD**
- **TIERED STANDARD PLAN = 15 YEARS - \$506.31**
- **RAP PLAN**
 - **$\$35K \times 3\% = \$1050/12 = \$87.50$**
 - **$\$87.50 - \$50 = \$37.50$**
- **RAP PAYMENT APPLICATION:**
- **\$60K @ 6% INTEREST IS \$300 MONTHLY INTEREST**
- **$\$300 - \$37.50 = \$262.50$ IN WAIVED INTEREST**
- **\$37.50 DEDUCTED FROM PRINCIPAL BALANCE**
- **PAYING EXTRA WILL REDUCE THE INTEREST SUBSIDY AND MAY REDUCE THE PRINCIPAL SUBSIDY**

JULY 2026

SUN	MON	TUE	WED	THU	FRI	SAT
28	29	30	1	2	3	4 Independence Day
5	6	7	8	9	10	11
			15	16		

Existing Borrower Options

PLANS AVAILABLE FOR THOSE WHO DID NOT BORROW OR CONSOLIDATE ON OR AFTER JULY 1, 2026

Repayment Plan Options

Plans Based on Balance/Non-IDR

- 10-year Standard Plan
- Graduated repayment
- Extended repayment
- Extended graduated repayment
- Standard consolidation plan
- New tiered standard plan

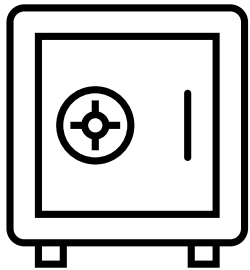
Plans Based on Income/IDR

- “Old” Income Based Repayment (IBR)
- “New” Income Based Repayment (IBR)
- Pay As You Earn (PAYE) (phased out July 2028)
- ~~Saving on a Valuable Education (SAVE) plan (formerly REPAYE)~~
- Income Contingent (phased out July 2028)
- RAP plan (available July 2026)

Items in **orange** usually not PSLF eligible

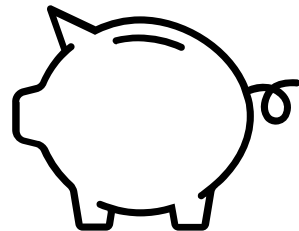
Plan	Eligibility	Forgiveness?	Notes
10-year standard	All FFEL or Direct Loans	No	PSLF eligible
Graduated	All FFEL or Direct Loans	No	Not PSLF eligible Interest only for first 2-4 years then gradual increase
Extended	All FFEL or Direct Loans Must owe at least \$30K	No	Not PSLF eligible
Graduated extended	All FFEL or Direct Loans Must owe at least \$30K	No	Not PSLF eligible
“Old” IBR	All FFEL/DL loans other than non-consolidated Parent Plus	After 25 years/300 payments under any IDR plan other than the RAP	PSLF eligible; PP only eligible if consolidated prior to July 1, 2026
“New” IBR	DL only for borrowers that never borrowed prior to July 1, 2014	After 20 years/240 payments under any IDR plan other than the RAP	PSLF eligible; PP only eligible if consolidated prior to July 1, 2026
PAYE	DL only for borrowers that never borrowed prior to October 1, 2007	After 20 years/240 payments under any IDR plan other than the RAP	PSLF eligible; PP only eligible if consolidated prior to July 1, 2026 Available now but going away July 2028
ICR	DL only	After 25 years/300 payments under any IDR plan other than the RAP	PSLF eligible; PP only eligible if consolidated prior to July 1, 2026 Available now but going away July 2028
RAP	DL only	After 30 years/360 payments under any IDR plan	PSLF eligible; Parent Plus never eligible
Consolidated Standard	All FFEL or Direct Loans consolidated prior to July 1, 2026	No	Not PSLF Eligible PP only eligible if consolidated prior to July 1, 2026

IDR Plans Available if Borrower has no Loans Prior to July 1, 2026



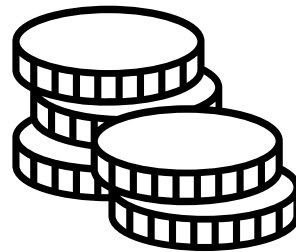
“Old” IBR

15% of discretionary income



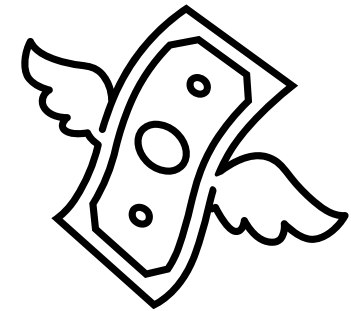
“New” IBR

10% of discretionary
income.



PAYE

10% of discretionary income



ICR

20% of discretionary income



RAP: Varied % of AGI



The Mechanics

HOW EACH PLAN WORKS AND WHO IS ELIGIBLE

Non-IDR plans

- ▶ Plans based on balance rather than income include:
 - ▶ Standard Repayment Plan (ten years)
 - ▶ Consolidated Standard Plan (12-30 years)
 - ▶ Graduated Repayment
 - ▶ Interest only for first 2-4 years then payments gradually increase.
 - ▶ Extended Repayment
 - ▶ For total balance of \$30K or more, extends term to 25 years without consolidation
- ▶ All loans, including Parent Plus and FFEL are eligible for these plans.
- ▶ With the exception of the ten-year Standard Plan, none are considered qualifying payments for PSLF or IDR forgiveness.

INCOME DRIVEN PLANS

THE MATH

Discretionary Income

AGI minus the poverty level based on the borrower's family size and state

For married borrowers who file taxes married, Adjusted Gross Income (AGI) is total AGI for both spouses.

For married borrowers who file separately, AGI is only borrower's income.

- ▶ Exception for community property states.
- ▶ 100% of poverty level for Income Contingent Repayment.
- ▶ 150% of poverty level for Old and New IBR and PAYE
- ▶ **RAP uses AGI without subtracting the poverty level**

Example of Calculation

Adjusted Gross Income (AGI) – 150%* of poverty level for borrower's state and family size (IBR, PAYE,)

Example:

AGI is \$62K, family size of 4 living in ME

$\$62k - \$49,500$ (150% of \$33,000) = $\$12,500/12 = \1041

$10\% \times \$1041 = \104 (New IBR and PAYE)

$15\% \times \$1041 = \156 (old IBR)

RAP starts with AGI only.

Example:

AGI is \$62K, family size of 4 living in ME

$\$62k \times .06 = \$3720/12 = \$310$

Subtract \$50 for each dependent child

Payment is \$210 per month

INCOME CONTINGENT REPAYMENT

USE THE LESSER OF THESE CALCULATIONS

CALCULATION 1

\$62K, FAMILY OF 4 LIVING IN ME

\$70K BALANCE

$\$62K - \$33K$ (100% OF POVERTY LEVEL)
= \$29K

$\$29K \times 20\% = \$5800 / 12 = \$483$



CALCULATION 2

- PAYMENT UNDER A 12-YEAR TERM = \$683
- $\$683 \times 87.61\%$ (INCOME PERCENTAGE FACTOR) = \$598

<https://www.federalregister.gov/documents/2025/08/05/2025-14806/annual-updates-to-the-income-contingent-repayment-icr-plan-formula-for-2025-william-d-ford-federal>

Payment Calculation – Married Borrowers

- Uses spousal income if married filing taxes as jointly.
 - Will also use spouse's loans if also on an IDR.
 - Payment is pro-rated between spouse's
- Example: Borrower A owes \$100K and Borrower B \$200K
- Payment calculates at \$500
- Borrower A will owe \$165 and Borrower B \$335

TIP!

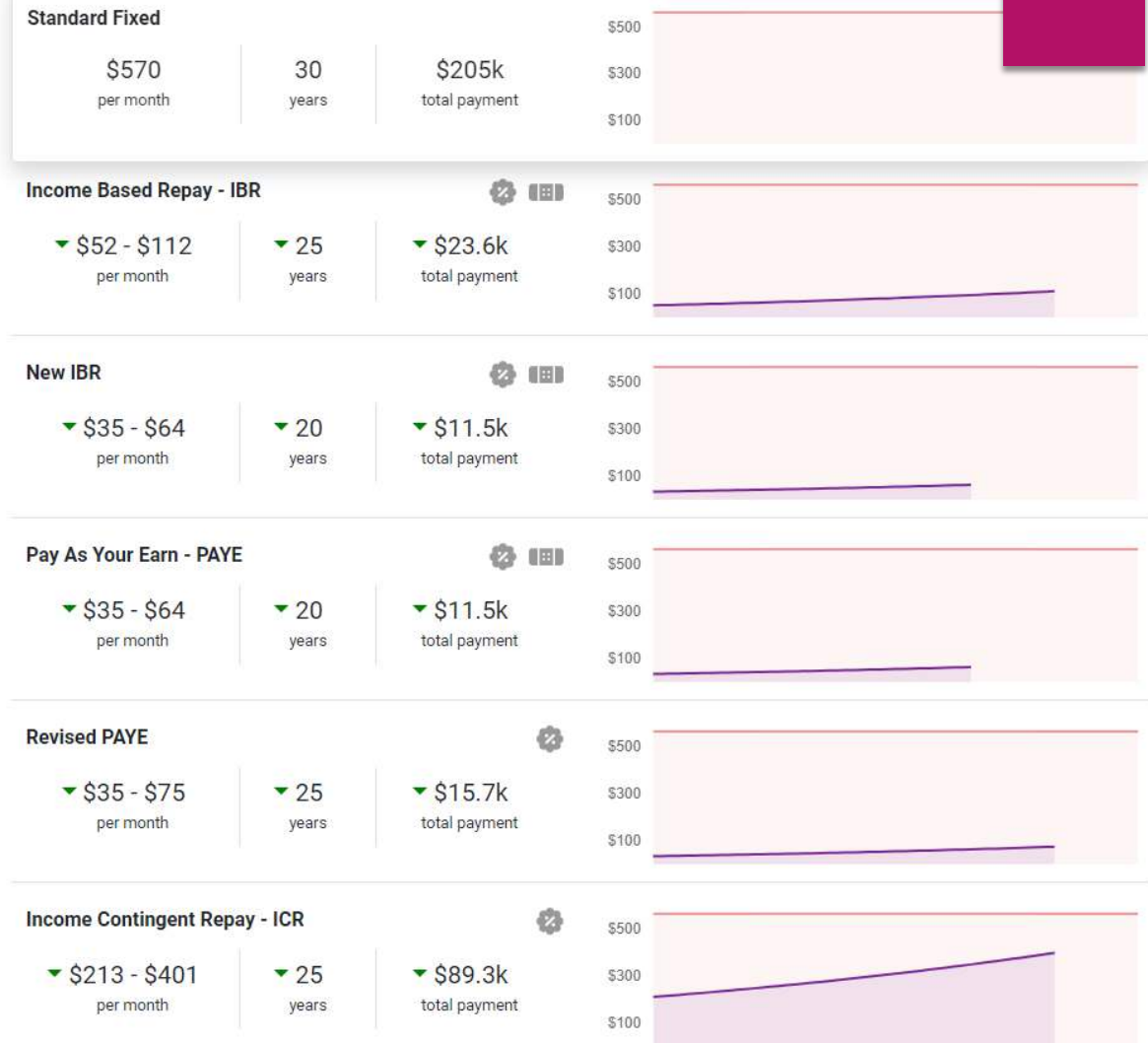
If both borrowers have loans, you must apply manually to ensure payment is pro-rated between both borrowers

Use a paper form and upload it to each servicer.

Same is advised for a borrower with more than one servicer

Comparing Plans

- ▶ Example:
- ▶ \$30K income
- ▶ Family of 2 in Massachusetts
- ▶ Only the borrower has loans - \$95K
- ▶ 5.5% interest rate
- ▶ RAP would be \$75

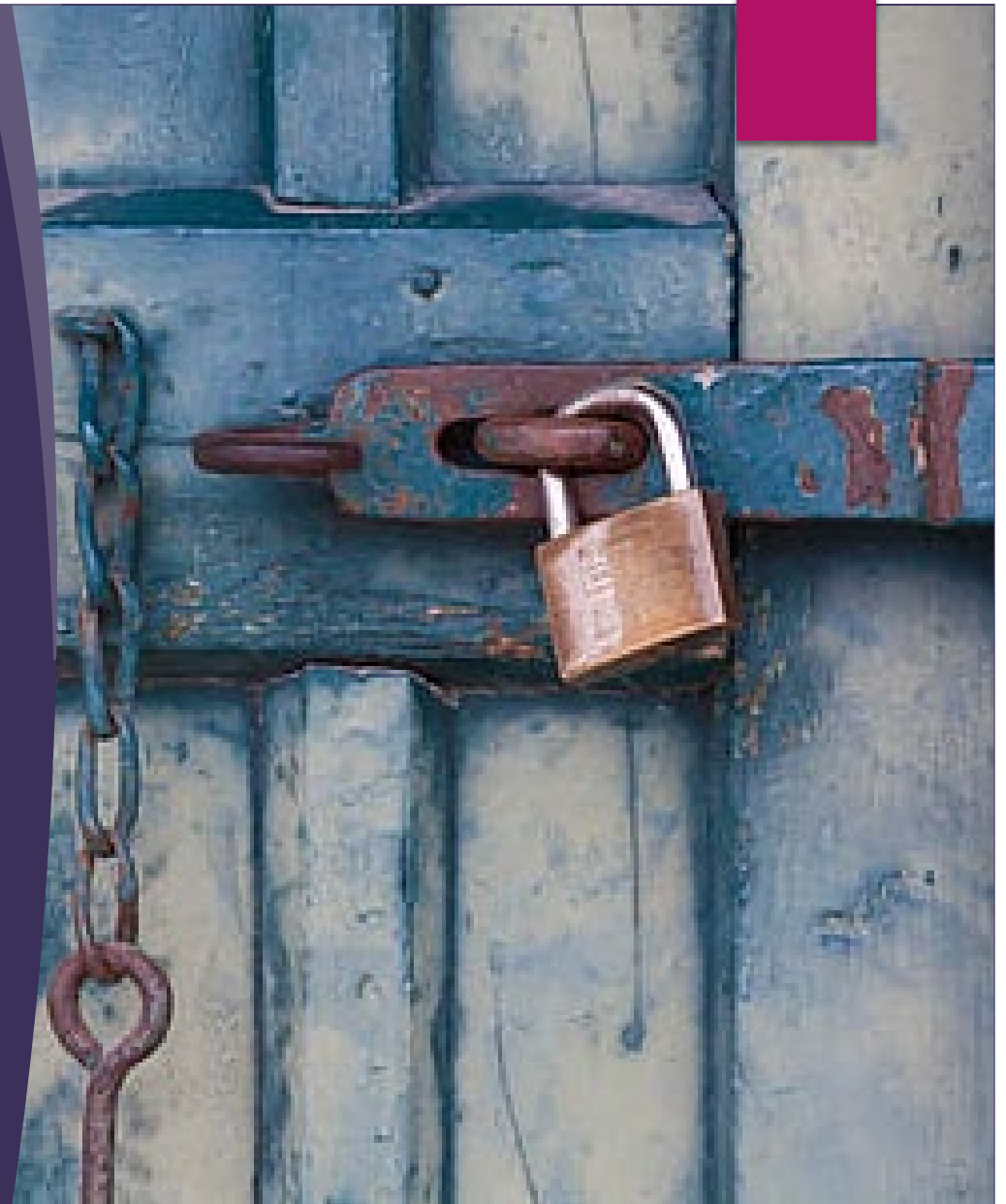


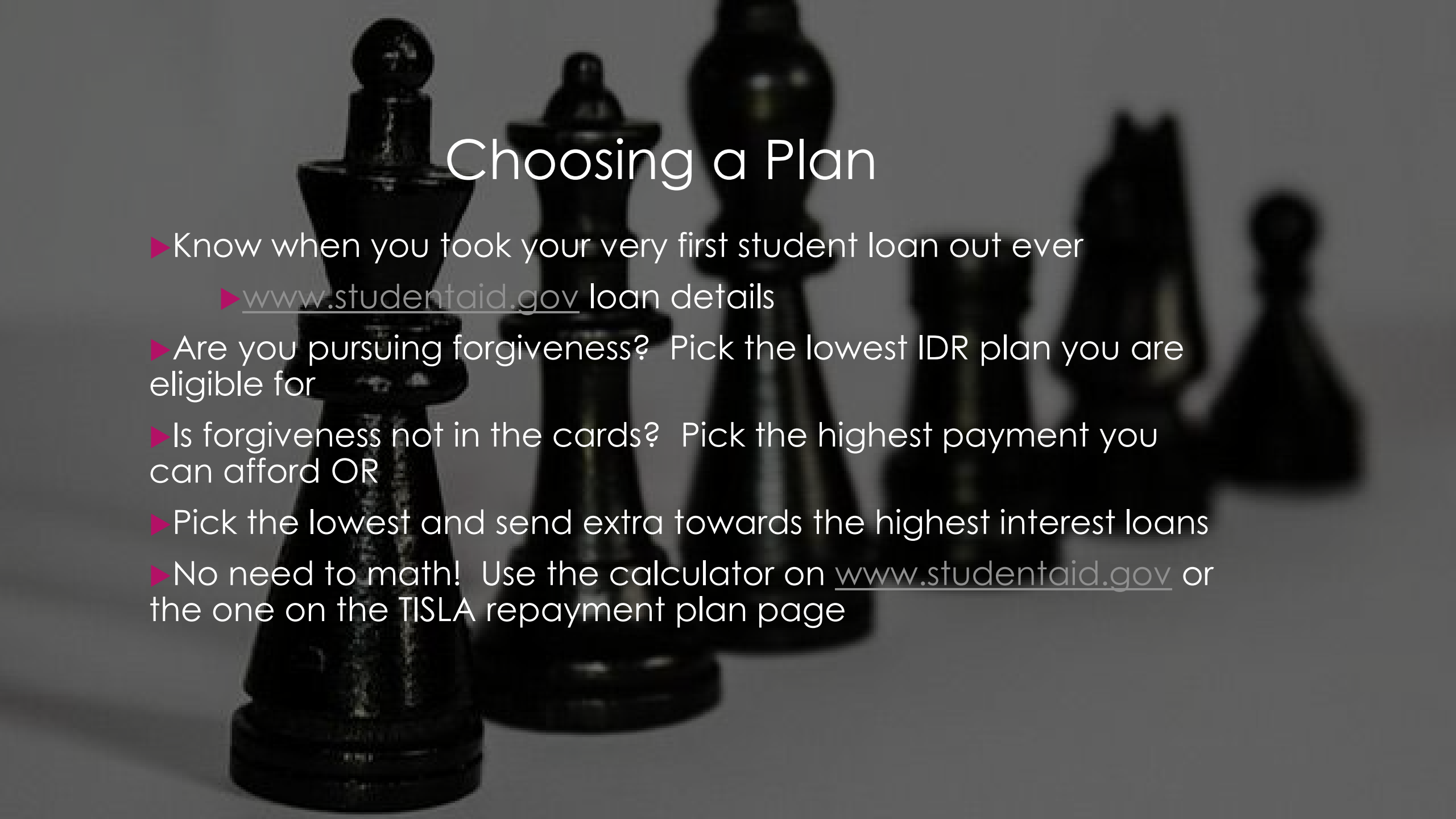
IDR Forgiveness

- ▶ Must be on an IDR for the full 240/300/360 months for balance to be forgiven
 - ▶ 10-year standard plan also counts
- ▶ Consolidation resets the IDR count to zero
 - ▶ Unless you consolidated by June 30, 2024
- ▶ Do not have to be on the same IDR the whole period.
- ▶ IDR payments do not need to be consecutive.
- ▶ Employment status or employer not relevant.
- ▶ Doesn't matter who makes the payment.
- ▶ Payment always calculated off of actual borrower's income, regardless of who is making the payments.
- ▶ All of your eligible loans must be on the same repayment plan.
 - ▶ Exception for those with Parent Plus loans
- ▶ IDR payments also count for PSLF assuming borrower is working PSLF eligible employment that month and the payment was made on a PSLF eligible loan.

Parent PLUS Loans

- ▶ Parent PLUS loans are not eligible for any IDR plans UNLESS:
 - ▶ They were consolidated (disbursed) under the Direct Loan program (www.studentaid.gov) **no later than July 1, 2026**
 - ▶ They must make one payment under ICR then can get on IBR
 - ▶ Can never borrow or consolidate again on or after July 1, 2026 or will lose access to all plans on all loans





Choosing a Plan

- ▶ Know when you took your very first student loan out ever
 - ▶ www.studentaid.gov loan details
- ▶ Are you pursuing forgiveness? Pick the lowest IDR plan you are eligible for
- ▶ Is forgiveness not in the cards? Pick the highest payment you can afford OR
- ▶ Pick the lowest and send extra towards the highest interest loans
- ▶ No need to math! Use the calculator on www.studentaid.gov or the one on the TISLA repayment plan page

PICKING THE LOWEST PLAN

- **INCOME A LOT HIGHER THAN BALANCE? DON'T NEED TO BE ON AN IDR OR HAVE PARENT PLUS THAT AREN'T ELIGIBLE FOR IDR?**
 - **GRADUATED OR EXTENDED**
- **NO LOANS TAKEN PRIOR TO JULY 2014? NEW IBR OR RAP WILL LIKELY BE LOWEST**
- **NO LOANS TAKEN PRIOR TO OCTOBER 2007? PAYE OR RAP**
- **LOANS TAKEN PRIOR TO OCTOBER 2007? IBR, ICR OR RAP**

Other Options for Payment Struggles

▶ Deferments

- ▶ No interest accrues on subsidized loans
- ▶ Unemployment: Working less than 30 hours per week and actively seeking full time work
- ▶ Economic Hardship: Making less than 150% of the poverty line for your family size, in the Peace Corps or receiving federal or state assistance
- ▶ Request form from loan holder. Payment will be due until completed form received and processed
- ▶ Interest capitalizes

▶ Forbearance

- ▶ Can be requested over the phone
- ▶ Lender's discretion
- ▶ Interest accrues on all loans
- ▶ Should be used as a last resort
- ▶ Interest does not capitalize



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SAVE LITIGATION

- **NEW PAYMENT PLAN INTRODUCED UNDER BIDEN ADMINISTRATION WAS ULTIMATELY SHOT DOWN IN COURT**
- **BORROWERS ON SAVE WILL RECEIVE NOTICE IN JULY OR AFTER WITH A 90 DAY WINDOW TO SWITCH PLANS**
- **BORROWERS ON SAVE CAN EITHER RIDE OUT THE FORBEARANCE OR SWITCH PLANS NOW**
- **FAILURE TO SWITCH BY DEADLINE WILL RESULT IN BEING PLACED ON STANDARD REPAYMENT**
- **FORBEARANCE DOESN'T COUNT TOWARDS FORGIVENESS**

RESOURCES

- **WWW.FREESTUDENTLOANADVICE.ORG**
 - **EXPLANATION OF PLANS**
 - **FREE ADVICE VIA EMAIL**
 - **FAQ ON SAVE LITIGATION**
- **WWW.STUDENTAID.GOV**
 - **APPLICATION FOR REPAYMENT PLANS AND CONSOLIDATION**
 - **LOAN SIMULATOR TOOL**
 - **PSLF HELP TOOL**
 - **EXPLANATION OF ALL PROGRAMS COVERED HERE – AND THEN SOME!**
 - **ACCESS TO YOUR LOAN INFORMATION (BUT NOT REAL TIME)**
 - **ACCESS TO PSLF COUNTS**

