

FEDERAL STUDENT LOAN REPAYMENT OPTIONS

April 2, 2026

WHAT YOU NEED TO KNOW

Last month, a federal court permanently ended the SAVE repayment plan. The Department of Education has told all 7.5 million SAVE borrowers that they must switch to a new plan within 90 days or they will be automatically placed on the most expensive option. Interest has been accruing on your loans since August 2025, even while your payments were paused. **The good news?** You have options. The sooner you act, the more control you have.

KEY DATES

Now – June 30: Optional early action window (highly recommended)

July 1, 2026: Official 90-day notices begin from servicers

September 30, 2026: Deadline to choose a plan or be auto placed on Standard Plan

WHAT YOU NEED TO DO

1. Review all available repayment plans
2. Enroll in a new plan
3. Understand your borrower's rights
4. Get free, trusted help if needed

AVAILABLE REPAYMENT PLANS

1. INCOME-BASED REPAYMENT (IBR)

Monthly payment: 10-15% of discretionary income (based on when you borrowed). Payment never exceeds what you'd owe on the Standard 10-year plan. Could be \$0/mo. If income is low enough

PROS

- ✓ Open to ALL borrowers — no income test required (as of July 2025)
- ✓ Payment capped at Standard Plan amount
- ✓ Qualifies for Public Service Loan Forgiveness (PSLF) 10 years for eligible public servants
- ✓ Forgiveness: 20 years (borrowed after July 1, 2014) or 25 years (borrowed before July 1, 2014)
- ✓ Protects you if income drops

CONS

- ✗ Forgiven amounts taxable as income (after 2025)
- ✗ Interest can grow if payments are low
- ✗ Requires annual income recertification

Best for most borrowers

2. REPAYMENT ASSISTANCE PLAN (RAP)

Monthly payment: 1-10% of adjusted gross income (AGI). Minimum \$10/mo. if income is under \$10,000/yr. Payments shield you from runaway interest (your balance won't grow if you make full, on-time payments).

PROS

- ✓ Payments scale with income (very low for low earners)
- ✓ Interest protection (full, on-time payments prevent balance growth)
- ✓ Qualifies for Public Service Loan Forgiveness (PSLF)
- ✓ Will be available to all existing borrowers
- ✓ Forgiveness: 30 years

CONS

- ✗ Not available until July 1, 2026 (you may need IBR as a bridge)
- ✗ Forgiveness after 30 years (longer than IBR/PAYE)
- ✗ Forgiven amount is taxable as income
- ✗ Details still being finalized by the Dept. of Ed

3. PAY AS YOU EARN (PAYE)

Monthly payment: 10% of discretionary income. Payment capped at Standard 10-year Plan amount. Eligibility restricted to borrowers with no loan balance before Oct. 1, 2007 and at least one disbursement on/after Oct 1, 2011.

PROS

- ✓ Shortest income-driven forgiveness: 20 years
- ✓ Payment capped (protects if income rises)
- ✓ Qualifies for Public Service Loan Forgiveness (PSLF)
- ✓ Can exclude spouse's income if filing taxes separately

CONS

- ✗ Strict eligibility (many borrowers don't qualify)
- ✗ Closing new enrollments July 1, 2027
- ✗ Forgiven amount is taxable as income
- ✗ Requires annual income recertification

4. INCOME-CONTINGENT REPAYMENT (ICR)

Monthly payment: the lesser of 20% discretionary income OR what you'd pay on a fixed 12-year plan. Generally higher payments than IBR or PAYE. Only option for Parent PLUS borrowers seeking income-driven payments.

PROS

- ✓ Only IDR option for Parent PLUS (must consolidate first)
- ✓ Open to all direct loan borrowers (no income test)
- ✓ Qualifies for Public Service Loan Forgiveness (PSLF)
- ✓ Forgiveness after 25 years (enroll before 7/1/26)

CONS

- ✗ Usually the highest payment of all IDR plans
- ✗ Phasing out July 1, 2028
- ✗ Forgiven amount is taxable as income
- ✗ Requires annual income recertification

5. STANDARD REPAYMENT PLAN

Monthly payment: Fixed amount over 10 years (or 10-25 years on the new Tiered Standard Plan, based on your balance). Payments are typically the highest of all plans (but you pay off loans faster).

PROS

- ✓ Pay off debt faster (10 years)
- ✓ Pay less total interest over time
- ✓ Qualifies for Public Service Loan Forgiveness (PSLF) (if eligible)
- ✓ Simple (no annual recertification needed)

CONS

- ✗ Highest monthly payment (often unaffordable)
- ✗ Payment NOT based on income (doesn't adjust if you earn less)
- ✗ This is where you land if you miss the 90-day deadline

This is the default plan
if you take no action

6. GRADUATED REPAYMENT PLAN

Monthly payment: Starts lower, increases every 2 years over a 10-year period. Good if you expect your income to grow steadily over time.

PROS

- ✓ Lower payments early in your career
- ✓ Pays off in 10 years
- ✓ Good for borrowers expecting income growth

CONS

- ✗ Payments are NOT income-based (still tied to loan balance)
- ✗ Pay more in total interest than Standard
- ✗ Does not qualify for PSLF
- ✗ No forgiveness option

7. EXTENDED REPAYMENT PLAN

Monthly payment: Stretched over up to 25 years (lower monthly payments than the Standard Plan, but you must have more than \$30,000 in federal loans to qualify).

PROS

- ✓ Lower monthly payments than Standard
- ✓ Fixed or graduated payment option
- ✓ No income documentation required

CONS

- ✗ Must have \$30K+ in direct loans to qualify
- ✗ Pay significantly more interest over 25 years
- ✗ Does not qualify for PSLF
- ✗ No forgiveness option

HOW TO ENROLL IN A NEW PLAN

1. UPDATE YOUR CONTACT INFO WITH YOUR LOAN SERVICER

Log in to StudentAid.gov to confirm your servicer and make sure your email/phone are current. Official notices go there — don't miss them.

2. USE THE LOAN SIMULATOR TO COMPARE YOUR OPTIONS

Go to studentaid.gov/loan-simulator — enter your income and loan balance to see estimated monthly payments across all plans. Free. No commitment.

3. APPLY FOR YOUR CHOSEN PLAN ONLINE

Apply at studentaid.gov/idr for income-driven plans (IBR, PAYE, ICR). For Standard, Graduated, or Extended plans, contact your loan servicer directly. It's always free to apply.

4. GATHER YOUR INCOME DOCUMENTATION

You can use your most recent tax return (2024 AGI), a recent paystub, or your W-2. Use whichever reflects your current income most accurately — this directly affects your monthly payment amount.

5. WATCH FOR SCAMS — IT'S ALWAYS FREE

Legitimate servicers and federal tools never charge fees to enroll or switch plans. If someone asks for payment to "process" your application, it's a scam. Report it to the CFPB at consumerfinance.gov/complaint

KNOW YOUR RIGHTS

Knowing these rules can protect you from higher payments, loss of forgiveness credit, or default.

Don't ignore the 90-day notice

If you miss the deadline, you'll be automatically moved to the Standard Plan — which could mean payments hundreds of dollars higher than what you were paying. After 90 days of no payments, loans enter delinquency. After 270 days, default — which damages your credit and can lead to wage garnishment.

SAVE forbearance time did NOT count toward forgiveness

Months spent in SAVE forbearance since July 2024 don't count toward income-driven forgiveness timelines. If you were pursuing PSLF, those months may count if you use the PSLF Buyback program. Switch to a qualifying plan now to restart your clock.

IDR loan forgiveness is now taxable (as of January 1, 2026)

Amounts forgiven under IBR, PAYE, ICR, or RAP after December 31, 2025, will be taxed as income. PSLF forgiveness remains permanently tax-free. Plan ahead and consult a nonprofit credit counselor or tax professional if you're approaching forgiveness.

SEEK HELP – YOU DON'T HAVE TO FIGURE THIS OUT ALONE

These free, vetted resources are here for you. No fees, no salespeople.

studentaid.gov/loan-simulator

Official federal loan simulator to compare plans side by side

[Federal Student Aid Ombudsman](#)

Neutral, confidential help resolving loan disputes: 1-877-557-2575

[CFPB Student Loan Tools](#)

Consumer Financial Protection Bureau: Know your rights, file complaints

[The Institute for College Access & Success \(TICAS\)](#)

Up-to-date borrower FAQs and policy analysis

[National Consumer Law Center](#)

Free legal information and borrower advocacy resources

[TISLA — Free Student Loan Advice](#)

Free, unbiased guidance from nonprofit student loan experts