Income Driven Repayment Plans

Income Driven Repayment (IDR) plans are designed to help borrowers who cannot afford payments with time-driven plans such as the Standard 10-year and Extended 25-year plans. Borrowers with high student loan debt-to-income (DTI) ratios often use IDRs to repay their student loans, as these plans provide affordable payments for most.

There are a number of IDRs, including:

- SAVE (Saving on a Valuable Education, which replaced REPAYE)
- PAYE (Pay As You Earn)
- IBR (Income Based Repayment)
- ICR (Income Contingent Repayment)

With income plans, payments are generally based on income from the most recently filed tax return, so the payment calculation tends to lag a year. This is how some borrowers have $0 calculated payments when they first enter an IDR, if they have a $0 tax return on file (or a return with minimal income).

However, note that current income can be used if either a) the borrower has no return on file or b) current income is significantly less than that reported on the prior year return. Once calculated, payments are good for 12 months, at which time borrowers must renew or recertify their payment amount with their loan servicer.

Under the direction of President Biden and the U.S. Department of Education (ED), there is a new repayment plan now available called SAVE, which provides student loan borrowers with the most affordable payments ever. SAVE replaced REPAYE (Revised Pay As You Earn), and borrowers previously in REPAYE are automatically moved to SAVE. While SAVE regulations will go into full effect July 1, 2024, the following provisions with SAVE are already in place:

- SAVE has lower payments than other IDRs, because more of a borrower's discretionary income (DI) is protected in the payment calculation.
- Married borrowers can exclude spousal income from their payment calculation if they file separately.
- ED will stop charging monthly interest that is not covered by the borrower's minimum payment with SAVE. This means your balance will never grow when your calculated payment with SAVE is less than the monthly interest you owe.

Please see our IDR Comparison Chart for details on the various plans. Note that we exclude ICR from our chart, as that is a much older plan that routinely results in significantly higher payment.

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