NSLP National Student Loan Program

We guarantee it.™

Income–Based Repayment (IBR) Fact Sheet

What is IBR?

Income-Based Repayment (IBR) is a student loan repayment option that is available for both the Federal Family Education Loan Program (FFELP) and the William D. Ford Direct Loan Program (DL).

Who is eligible to participate in IBR?

You may be eligible if your federal student loan debt and subsequent payments are high in relation to your annual income and family size. In order to be eligible for IBR, your lender must determine that you have a partial financial hardship. If your lender determines that you are eligible for IBR, you will need to annually provide financial information to your lender. Based on your annual financial information, your monthly payment amounts may adjust.

What loans are eligible for IBR?

The federal student loans available for the IBR plan are subsidized and unsubsidized Stafford loans, Grad PLUS and Consolidation loans under either the FFELP or DL program. Parent PLUS loans and any Consolidation loan that paid a Parent PLUS loan are not eligible for this repayment option. Defaulted loans may not be paid off through IBR.

How does the lender decide the payment amount under IBR?

The monthly payment amount is based on your federal Adjusted Gross Income (AGI) and your family size. Your annual payment is 15 percent of the difference between your AGI and 150 percent of the poverty guidelines* for your family size. That amount is then divided by 12 to arrive at the monthly payment amount. If the calculated payment amount is higher than the 10-year standard repayment amount, you will pay the standard amount**.

NSLP's IBR calculator may help you decide whether IBR could be an option for you. See **www.nslp.org/calculator.**

How does the IBR plan work?

If you are eligible for IBR, your monthly payments will be less than you would otherwise be required to pay on a standard repayment plan. If your monthly payment does not cover the accrued interest, the federal government will pay the interest on your subsidized Stafford loans for a maximum of 36 months (three years) from when you first enter IBR. After the 36 months, the interest becomes your financial responsibility and will capitalize if you are no longer eligible for the reduced payment or choose to leave the IBR plan.

Your lender annually determines whether your financial situation qualifies you to continue with the lower IBR payments. Should you no longer be eligible for the lower payments, you have the option to remain in the IBR plan. If you remain in the IBR plan, your loan term will remain on an extended IBR schedule. Should you exit the IBR plan, your repayment period is limited to the time remaining in your original 10-year repayment term.

After 300 eligible payments (25 years) have been made, any remaining balance on your federal student loan will be canceled. During the 25-year period, if your loans are ever on an Economic Hardship Deferment, those deferment months also count toward the 300 eligible payments. At this time, any loan amount that is forgiven is considered taxable income.

Where can I get more information?

If you have FFELP loans, your lender can determine your IBR eligibility; please contact your lender for eligibility information. For loans in the DL program, you will need to contact the Department of Education. Log on to **www.nslds.ed.gov** for assistance in determining your lender's contact information.

*Poverty guidelines based on the Department of Health and Human Services Poverty Guidelines are issued annually. Guidelines may be found at http://aspe.hhs.gov/poverty/09poverty.shtml

**Standard repayment amounts are calculated based on the loan's outstanding principal balance plus interest, amortized over 10 years.