

HAMPDEN-SYDNEY COLLEGE

Federal Stafford Loan

Loan Repayment Options

You have the option to prepay any loan, pay any loan on a shorter schedule, and change repayment schedules. Following are the repayment schedules currently available:

Standard Repayment Schedule

- Minimum monthly payment is \$50, but may be higher depending on total outstanding balance
- Maximum repayment period is 10 years

Extended Repayment Schedule

- Available to *new borrowers* on or after October 7, 1998 who have a balance of more than \$30,000 in student loans from the Federal Family Education Loan Program (FFELP) or from the Federal Direct Loan Program
- Payment amounts may be either fixed or graduated
- Maximum repayment term is 25 years
- More interest may accrue over the life of the loan because the principal decreases at a slower rate.

Graduated Repayment Schedule

- Begins with lower payment amounts that increase over time.
- Maximum repayment period is 10 years
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.

Income-Contingent (Federal Direct Loan Program) Repayment Schedule

- Payment amount based on adjusted gross income, family size, and total amount owed
- Eligibility and payment amount verified annually
- Maximum repayment term is 25 years
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.
- Any outstanding loan balance after 25 years of qualifying monthly payments will be discharged. You may have to pay taxes on the amount that is discharged.

Income-Based Repayment (IBR) Schedule

- Maximum monthly payment will be 15 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty line for your family size and state
- More interest may accrue over the life of the loan because the principal decreases at a slower rate.
- Any outstanding loan balance after 25 years of qualifying monthly payments will be discharged. You may have to pay taxes on the amount that is discharged.

Pay As You Earn (PAYE) Repayment Schedule

- Available to *new borrowers* on or after October 1, 2007 who have received a Direct Loan disbursement on or after October 1, 2011.
- Maximum monthly payment will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty line for your family size and state.
- Maximum repayment term is 20 years
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.
- Any outstanding loan balance after 20 years of qualifying monthly payments will be discharged. The amount discharged may be taxable.

Revised Pay As You Earn (REPAYE) Repayment Schedule

- Maximum monthly payment will be 10 percent of discretionary income, the difference between your adjusted gross income and 150 percent of the poverty line for your family size and state. Payments change as income changes.
- Maximum repayment term is 20 years
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.
- Any outstanding loan balance after 20 years of qualifying monthly payments will be discharged. The amount discharged may be taxable.

Income-Sensitive (Federal Family Education Loan Program) Repayment Schedule

- Monthly payment amount based on annual income
- Payment cannot be lower than your monthly interest amount
- Eligibility and payment amount verified annually
- Maximum repayment period is 10 years
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.

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Comparison of Repayment Options

As noted above, your payment amount depends on a variety of factors, including your loan balance and in some circumstances, your income and family size. To provide you with a comparison of payment options, we've developed this scenario:

You are single and have two children. Your gross income is \$30,000 annually (\$2,500 monthly). For the year in question, the poverty level for your family size (three in your household) is \$17,600.

150 percent of the poverty level is \$26,400. Your income exceeds this amount by \$3,600.

You have borrowed \$32,000 in unsubsidized Federal Stafford Loans. The interest rate for these loans is 6.8 percent.

Based on this scenario, here are some **approximate** payment amounts for each option:

Repayment Option	Repayment Period	Monthly Payment Amount	Total Interest Paid	Total Amount Paid
Standard	10 years	\$368.26	\$12,190.85	\$44,190.85
Graduated	10 years	\$181.33 for 2 years, \$282.95 for 1.5 years, \$390.63 for 1.5 years, then \$510.80 for remaining 5 years	\$21,554	\$51,554
Income-Sensitive or Income-Contingent	10 years	\$196.56 for 1 year, then return to standard (\$369.56) for remaining 9 years	\$12,978.76	\$44,978.76
Income-based	10 years	\$45 for 2 years, then converts to standard (\$480.39) for remaining 8 years	\$15,197.44	\$47,197.44
Extended (with standard repayment plan)	25 years	\$222.10	\$34,630	\$66,630
Consolidation (interest rate increases to 6.875 percent)	20 years	\$245.70	\$26,966.67	\$58,966.67

Check with your loan servicer if you have questions about your payment amount.