

HAMPDEN-SYDNEY COLLEGE

The average Federal Direct Loan debt of graduating seniors for 2017-2018 = \$23,213.17

Federal Direct Loan Repayment Options

You have the option to prepay any loan, pay any loan on a shorter schedule, and change your repayment plan. You may use the Repayment Estimator at StudentLoans.gov to evaluate your federal student loan payments for each repayment plan so you can make an informed decision about whether you will select a plan other than Standard Repayment. Following are the repayment plans currently available:

Standard Repayment

- Minimum monthly payment is \$50, but may be higher depending on total outstanding balance
- Maximum repayment period is 10 years
- This repayment plan saves you money over time because your monthly payments may be slightly higher than payments made under other plans, but you'll pay off your loan in the shortest time. For this reason, you will pay the least amount of *interest* over the life of your loan.

Extended Repayment

- 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
- Monthly payments are lower than the Standard Repayment and Graduated Repayment plans but more interest may accrue over the life of the loan because the principal decreases at a slower rate.

Graduated Repayment

- 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

- Payment amount will be the lesser of 20 percent of discretionary income (difference between your total income and 150 percent of the poverty guideline for your family size and state of residence) OR the amount you would pay on a 12-year Standard Repayment Plan multiplied by a percentage based on your income.
- Eligibility and payment amount verified annually
- More interest will accrue over the life of the loan because the principal decreases at a slower rate.
- Maximum repayment term is 25 years
- 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)

- 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.