Comparing Income-Driven Repayment Plans: **SAVE vs. REPAYE**

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The newest income-driven repayment (IDR) plan — Saving on a Valuable Education (SAVE) plan — modifies and replaces the existing Revised Pay as You Earn (REPAYE) plan to meaningfully lower monthly payments and overall loan balances for most student loan borrowers. The goal of the new SAVE plan is to better assist low-income borrowers and provide more flexibility toward student debt forgiveness.

The REPAYE plan, with an income threshold of 150 percent of the Federal Poverty Level and no financial hardship requirement, was an improvement over previous IDR plans. However, despite a 50 percent subsidy on unpaid accrued interest and payments of 10 percent of discretionary income, student loan balances continued to grow and borrowers were still having difficulty making payments. The SAVE plan promises to lower student loan obligations for low- and middle-income borrowers.

The Biden-Harris Administration has also modified IDR plans as a whole, including providing borrowers with credit for certain periods of deferment and forbearances; preventing payments from fully resetting after consolidation; automatically enrolling delinquent borrowers in an IDR plan; and reducing the number of IDR plans available to borrowers.

	SAVE	REPAYE
Discretionary Income Threshold	225% of Federal poverty level	150% of Federal poverty level
Monthly Payments	**Undergraduate:** 5% of discretionary income **Graduate/Professional:** 10% of discretionary income **Both types:** between 5 and 10% of discretionary income based on a weighted average	**All federal loan types:** 10% of discretionary income
Years to Forgiveness	**Undergraduate:** 20 **Graduate/Professional:** 25	**Undergraduate:** 20 **Graduate/Professional:** 25
Forgiveness for Low Debt Borrowers	Forgiveness after 10 years for borrowers with an original principal balance of $12,000 or less	N/A
Treatment of Unpaid Interest	Eliminated each month	50% of unpaid interest accrues

What follows are examples of different debt and income scenarios and how the SAVE plan compares to REPAYE. All borrowers are unmarried, are the only member of the household, and live in the lower 48 states. An interest rate of 6.6% was applied to both the graduate and prior undergraduate loans.

Borrower 1: "Typical" Law Graduate

Borrower 1 reflects an average or "typical" law school graduate. As such, this borrower has average undergraduate debt, average law school debt, and the median income for a lawyer.

- **Undergraduate Debt: $29,000**
- **Law School Debt: $126,000**
- **Annual Income: $80,000**
- **Total Loans After Capitalization: $173,711**

SAVE Compared to REPAYE	
Total Paid	$61,756 less (-20.4%)
Interest Paid	$11,618 less (-4.7%)
Number of Payments	300 (Same)
Forgiveness Amount	$53,798 more (+45%)
Initial Monthly Payment	$124 less (-25.6%)

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Borrower 2: Public Institutions/Small Firm

Borrower 2 attended public institutions for college and law school and began a career as an attorney in a small law firm after graduation. Borrower 2 has average undergraduate debt at a public institution, average law school debt of a law student at a public law school, and median first-year associate base salary at a law firm of 50 or fewer attorneys.

- **Undergraduate Debt: $27,000**
- **Law School Debt: $100,000**
- **Annual Income: $85,000**
- **Total Loans After Capitalization: $140,702**

SAVE Compared to REPAYE	
Total Paid	**$43,908 less (-14.5%)**
Interest Paid	**$18,969 more (+10.7%)**
Number of Payments	**300 (+4.2%)**
Forgiveness Amount	**$62,877 more (+388.4%)**
Initial Monthly Payment	**$133 less (-25.3%)**

Borrower 3: Private Institutions/Private Practice

Borrower 3 comes from a higher socioeconomic background and took a job in private practice after law school. This borrower does not have undergraduate debt, attended a private law school, and works in a private law firm.

- **Undergraduate Debt: $0**
- **Law School Debt: $200,000**
- **Annual Income: $165,000**
- **Total Loans After Capitalization: $230,849**

SAVE Compared to REPAYE	
Total Paid	**$20,520 more (+4.6 %)**
Interest Paid	**$20,520 more (+9.5%)**
Number of Payments	**243 (+7%)**
Forgiveness Amount	**$0 (Same)**
Initial Monthly Payment	**$91 less (-7.6%)**