#MakeTheCase

Income-Driven Repayment Plans

The existing income-driven repayment plans should be reduced to a single plan that doesn't harm current federal student loan borrowers.

The federal government administers five income-driven repayment (IDR) plans. And, while the intent of these plans—to ease the financial burden of borrowers—reflects the right policy, **the number and details of the plans create unnecessary complexity and may lead to confusion for borrowers**.

In fact, because each disbursed student loan is treated separately, one borrower may have multiple loans that each qualify for a different repayment plan, with its own eligibility criteria, payment terms and forgiveness timeline, only adding to the complexity and confusion for borrowers.

- As of December 2023, approximately 11.04 million unique borrowers were enrolled in IDR plans.
- Nearly 4.9 million borrowers were enrolled in the newest IDR plan (SAVE).

With so many students enrolled and so many different plans available, financial aid administrators and loan servicers may struggle to provide borrowers with accurate and up-to-date information and guidance on which plan would be best for their individual circumstances. **A single IDR plan could help reduce confusion and increase repayment rates**.

CURRENT IDR PLANS

Repayment Plan	Eligible Borrowers	Monthly Payment	Loan Forgiveness
Saving on a Valuable Education (SAVE)	Any borrower with eligible federal student loans	5% for undergraduate loans; 10% for graduate loans; weighted average for borrowers with both loan types	20 years (undergraduate) 25 years (graduate and professional)
Pay As You Earn (PAYE)	New borrower as of 10/1/07, and received a Direct Loan disbursement on or after 10/1/11	10% of discretionary income. Capped at 10-year Standard Repayment Plan amount.	20 years
Income-Based Repayment (IBR), new	No outstanding balance on Direct or FFEL loans when Direct Loan received on or after 7/1/14	10% of discretionary income. Capped at 10-year Standard Repayment Plan amount.	20 years
Income-Based Repayment (IBR), old	Existing borrower prior to 7/1/14	15% of discretionary income. Capped at 10-year Standard Repayment Plan amount.	25 years
Income-Contingent Repayment (ICR)	Any borrower with eligible federal student loans	The lesser of 20% of discretionary income or a 12-year fixed payment.	25 years