



Simplifying Student Loan Repayment

No Income = Zero Payment

Student Loan Repayment Simplification:

- Streamlines nine current ways to repay a federal student loan into two, simple options:
 - A standard, 10-year mortgage-style repayment plan
 - An income-based repayment plan dependent on the borrower's annual income
 - Borrowers pay 10% of their discretionary income—defined as all income above 150% of poverty level (currently \$19,140 for an individual)
 - If a borrower earns less than 150% of the poverty level or has no income, their monthly payment is \$0
 - If a borrower has only undergraduate loans, then their outstanding debt will be forgiven after 20 years of payments. If the borrower has any graduate loans, then their outstanding debt will be forgiven after 25 years of payments.
- Federal student loan borrowers who enter repayment or wish to switch repayment plans on or after October 1, 2020, can choose from the two, simple repayment options
- If a current borrower likes their repayment plan, a borrower can keep their repayment plan
- Ensures that borrowers who wish to receive Public Service Loan Forgiveness pay their fair share by requiring borrowers to remain enrolled in the income-determined repayment plan for each of the 120 monthly payments needed to qualify for Public Service Loan Forgiveness
- Ensures that borrowers participating in the Public Service Loan Forgiveness program benefit because a payment in either of the two repayment plans count toward the 120 monthly payments needed to qualify for Public Service Loan Forgiveness