

Income-Based Repayment for Student Loans

Income-Based Repayment (IBR) is a repayment plan option for borrowers of federal student loans. IBR is calculated on a sliding scale to determine how much you can afford to pay on your federal loans. If you earn below [150 percent of the poverty level](#) for your family size, your required loan payment will be \$0. If you earn more, your loan payment will be capped at 15 percent of whatever you earn above that amount. Your remaining debt, if any, will be forgiven after 25 years of qualifying payments.

Beginning in July 2014, the Patient Protection and Affordable Care Act (ACA), was scheduled to cap annual repayment at 10 percent instead of capping the annual repayment at 15 percent of income above 150 percent of the federal poverty guidelines for the applicable household size. In addition, a borrower would be eligible for loan forgiveness after 20 years of qualifying payments, rather than the current 25 years. Since enactment of the ACA, President Obama signed an Executive Order in October 2011 making the new income-based repayment plan available two years earlier. Starting December 21, 2012, the program began accepting enrollees who were new borrowers after October 1, 2007, and who also took out a loan on or after October 1, 2011. As a result, monthly repayment amounts will be lower, and the duration that a borrower will have to repay their loans until the balance is forgiven will be shortened.

How do I apply for IBR?

To apply for Income-Based Repayment, contact your lender directly.

Additional Resources

- *Income Based Repayment Questions & Answers; U.S. Department of Education.*
<http://studentaid.ed.gov/sites/default/files/income-based-repayment-common-questions.pdf>
- *Department of Education Federal Register Notice on early start to new IBR payment levels.*
<https://s3.amazonaws.com/public-inspection.federalregister.gov/2012-29525.pdf>