

Income Based Repayment (IBR)

What is IBR?

Income based repayment (IBR) is a new repayment plan for federal student loans. It determines a monthly payment based on your income* and family size rather than student loan balance.

Eligible loans include Stafford, Grad PLUS and federal consolidation loans. Loans in default, Parent PLUS and consolidation loans that include Parent PLUS are not eligible.

To qualify

In order to initially qualify you will need to demonstrate financial need, officially known as partial financial hardship (PFH). Use the worksheet on the back of this document to see if you may qualify.

To apply

Any borrower with eligible federal loans can apply for IBR. Contact your lender or servicer to request the IBR application form.

Why use IBR?

Low monthly payment

Monthly payments under IBR are determined by your income and can be as low as \$0. You must reapply annually, and your payments will be adjusted according to changes in your income and family size.

If your payment does not cover the accrued interest on your subsidized loans, the federal government will pay the difference for up to three years. Accrued interest capitalizes when you no longer qualify for PFH or voluntarily leave IBR.

If you do not qualify for PFH in subsequent years, your monthly payment will be based on what your standard payment would have been when you started IBR. A standard payment is calculated as a level payment on a 10-year repayment term.

Loan forgiveness

To qualify for loan forgiveness you must meet the following requirements:

- Been in repayment for 25 years
- Qualified for PFH at least once
- Made 300 qualifying scheduled monthly payments (over 25 years) beginning July 1, 2009

Qualifying payments include:

- Payments made under the standard plan
- Payments made under IBR, including \$0 payment amounts
- Time spent in an economic hardship deferment that begins on or after July 1, 2009

* If you are married and file joint taxes, your spouse's income will be included in determining your monthly payment.

** If a borrower chooses to consolidate a loan that is already in IBR, the 300 qualifying payments will start over.



See next page to determine if you qualify for IBR.

Income Based Repayment Worksheet

Determine your monthly income

Obtain your adjusted gross income from your tax return (line 37 on IRS form 1040 or line 4 on 1040EZ). Add your spouse's income if you filed jointly. Divide this number by 12.

Determine 150% of the poverty line based on your family size and state of residence

Find the intersection on the chart below of your family size and state of residence.

Persons in family	48 contiguous states	Alaska	Hawaii
1	\$1,353	\$1,691	\$1,557
2	\$1,821	\$2,276	\$2,095
3	\$2,288	\$2,861	\$2,632
4	\$2,756	\$3,446	\$3,170
Each Add'l	\$467	\$585	\$537

Calculate your discretionary income

Subtract 150% of the poverty line from your monthly income.

Multiply your discretionary income by 15%

x .15

Your estimated IBR payment

A. _____

Estimate your monthly payment under a standard repayment plan

Assumes a 6.8% interest rate on a 10-year repayment term. Utilize a repayment calculator to get more accurate information considering your actual balance and interest rate.

B. _____

Total federal debt	Est. monthly payment	Total federal debt	Est. monthly payment
\$5,000	\$58	\$55,000	\$633
\$10,000	\$115	\$60,000	\$690
\$15,000	\$173	\$65,000	\$748
\$20,000	\$230	\$70,000	\$806
\$25,000	\$288	\$75,000	\$863
\$30,000	\$345	\$80,000	\$921
\$35,000	\$403	\$85,000	\$978
\$40,000	\$460	\$90,000	\$1,036
\$45,000	\$518	\$95,000	\$1,093
\$50,000	\$575	\$100,000	\$1,152

If:	Do you qualify?
The amount on line A is less than the amount on line B	Yes
The amount on line A is equal to or more than the amount on line B	No