There are EIGHT different federal student loan repayment plans that you can choose from.

The different plans may seem similar, but each has distinct pros and cons. As a result, choosing the best option for your personal situation is important – your hard-earned dollars will be at stake.

I'll walk you through the key elements as well as the pros and cons of each repayment plan. Note that if you don't choose a repayment plan, your loan servicer will place you on the Standard Repayment Plan.

The eight repayment plans are:

- Standard Repayment Plan
- Graduated Repayment Plan
- Extended Repayment Plan
- Revised Pay As You Earn Repayment Plan (REPAYE)
- Pay As You Earn Repayment Plan (PAYE)
- Income-Based Repayment Plan (IBR)
- Income-Contingent Repayment Plan (ICR)
- Income-Sensitive Repayment Plan

Standard Repayment Plan

The Standard Repayment Plan (for non-consolidated loans) features fixed payments made for no more than 10 years. Having the shortest repayment period, the Standard Repayment Plan saves you money over time because you'll pay the least amount of interest over the life of the loan. The catch is that the monthly payments may be slightly higher than what you'd see under other plans. The Standard Repayment Plan is good for someone looking to pay off their loans as quickly as possible, or someone who has a high income and doesn't want to face even larger monthly payments on an income based repayment plan. This plan should NOT be used by those seeking Public Service Loan Forgiveness.

(Note: If you consolidate your federal loans and choose to pay on the Standard plan, then your repayment period will last from 10 years to 30 years, depending on the total amount of debt you have.)

Pros of the Standard Repayment Plan

- 10-Year repayment time means you'll pay less interest over time.
- Fixed payments so you know exactly how much you owe every month.

Cons of the Standard Repayment Plan

- Higher monthly payments than other plans.
- The payments are fixed, so if your income drops, the loans may further strain your finances.

Graduated Repayment Plan

The Graduated Repayment Plan features lower initial payments that increase every two years. Sir to the Standard Repayment Plan, the repayment period is typically no more than 10 years. Under plan, the range of your monthly payments will never be less than the amount of interest that acc monthly or more than three times greater than any other payment.

The Graduated Repayment Plan is good for someone looking to pay off their loans as quickly as possible, while having a low starting income that is expected to grow throughout the 10 year repayment period. This plan is NOT recommended for those seeking Public Service Loan Forgiven because your loan will already be paid off in 10 years.

(Note: As with the Standard Plan, the repayment period may be as long as 30 years if you have Consolidation Loans.)

Pros of the Graduated Repayment Plan

- 10 year repayment period allows you to free yourself of student debt more quickly than other options.
- Payments rise over time, allowing new graduates to handle student loan payments on entry-lev wages upon entering the workforce.

Cons of the Graduated Repayment Plan

- If your income doesn't grow as expected, the higher payments toward the end of the loan repayment period may strain your finances.
- You'll pay slightly more over the life of the loan compared to the Standard Repayment Plan.

Extended Repayment Plan

The Extended Repayment Plan allows you to extend the repayment period for up to 25 years. Monthly payments may be fixed or graduated and are generally lower than those found in the Standard Repayment Plan and Graduated Repayment Plan.

The Extended Repayment Plan is good for someone looking for a low monthly payment. However, you'll end up paying a lot more interest over the life of the loan. Someone with a high income but with large financial obligations might also seek this payment plan. We feel that only those in specific circumstances should consider this plan, because the Income-Driven plans offer both longer repayment periods and payments that flex with your ability to pay.

Pros of the Graduated Repayment Plan

- Lower monthly payments than the Standard Repayment Plan and Graduated Repayment Plan, making the loans less burdensome on a monthly basis.
- Monthly payments may be fixed or graduated, which gives you flexibility to decide.

Cons of the Graduated Repayment Plan

- Not everyone is eligible. You must have have more than $30,000 in outstanding Direct Loans.
- Due to the longer repayment period, you will pay more interest over the life of the loan, when compared to a shorter repayment plan.

Income-Driven Repayment Plans

There are four different Income-Driven Repayment Plans. According to the U.S. Department of Education, these plans set your monthly payment at an amount that is "intended to be affordable based on your income and family size."

The payment for these plans is typically a set percentage of your income. Some people may qualify for no monthly payments depending on their income and family size. The repayment period for these plans varies between 20 and 25 years. After the end of the repayment period, any remaining loan balance will be forgiven by the government if your federal student loans aren't fully repaid yet. According the U.S. Dept. of Education, "periods of economic hardship deferment, periods of repayment under certain other repayment plans, and periods when your required payment is zero will count toward your total repayment period."

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These plans are good for low and lower-income individuals with very high loan balances, because they help keep your payments low. Loan forgiveness at the end of the repayment period is especially helpful for those in the lowest income brackets with high amounts of debt.

Take note: If you are seeking Public Service Loan Forgiveness (PSLF), then you'll need to pick one of these plans.

The four income-driven plans are:

- Revised Pay As You Earn Repayment Plan (REPAYE Plan)
- Pay As You Earn Repayment Plan (PAYE Plan)
- Income-Based Repayment Plan (IBR Plan)
- Income-Contingent Repayment Plan (ICR Plan)

Revised Pay As You Earn Repayment Plan (REPAYE)

The REPAYE plan sets your monthly payment at 10% of your "discretionary" monthly income. Under this plan, your repayment period is 20 years if all of your loans were for undergraduate studies. If any loans were for graduate studies, the repayment period jumps to 25 years. (For the purposes of this program, discretionary income equals the difference between your annual income and 150% of the poverty guideline for your family size and state.)

The REPAYE plan is good for those with high balances and a modest income. It is also a solid plan for an individual who doesn't mind if their monthly payment is larger than what it would be under the Standard Repayment Plan since there is no cap. Additionally, for those with very large loan balances, the government subsidizes some of the interest that accrues if your monthly payment is not large enough to cover the interest payment.

Pros of the REPAYE Plan

- Any borrower with eligible federal loans can make payments under the REPAYE plan.
- Loan forgiveness at the end of your repayment period.
- The monthly payments will decrease if your income decreases, keeping the payment affordable.
- Depending on your income and family size, your monthly payment may be lower than the amount you'd pay under the Standard Repayment Plan.
- Good option for those seeking Public Service Loan Forgiveness.

Cons of the REPAYE Plan

- Each year you must recertify your income and family size, creating additional work on your part.
- If you don't recertify your income and family size annually, you will removed from the REPAYE plan.
- Depending on your income and family size, your monthly payment might be higher than the amount you'd pay under the Standard Repayment Plan.
- Due to the longer payment period, you may pay more in interest over the repayment period than under other repayment plans.

Pay As You Earn Repayment Plan (PAYE)

The PAYE plan sets your monthly payment at 10% of your monthly "discretionary" income, but never more than the monthly payment you would make under the Standard Repayment Plan. Under this plan, your repayment period is 20 years. (Discretionary income is defined as it is in the REPAYE program.)

- Lower monthly payment than under the Standard Repayment Plan.
- If your income increases to the point where your monthly payment would be more than the Standard Repayment Plan, your payment will no longer be based on your income. Instead, your payment will be the amount you would pay under the Standard Repayment Plan.
- Loan forgiveness at the end of your repayment period.
- The monthly payments will decrease if your income decreases, keeping the payment affordable.
- Good option for those seeking Public Service Loan Forgiveness.

Cons of the PAYE Plan

- You can only qualify for the PAYE plan if your monthly payment under the plan is lower than what you'd pay under the Standard Repayment Plan, and if you are considered a "new borrower."
- You must recertify your income annually, otherwise your payment will be the amount you would pay under a Standard Repayment Plan with a 10-year repayment period, "based on the loan amount you owed when you initially entered the income-driven repayment plan."
- Due to the longer payment period, you may pay more in interest over the repayment period than under other repayment plans.

Income-Based Repayment Plan (IBR)

The IBR plan sets your monthly payment at 10% (for new borrowers on or after July 1, 2014) or 15% of your monthly "discretionary income", but never more than the monthly payment you would make under the Standard Repayment Plan. Under this plan, your repayment period is 20 years if you are a new borrower on or after July 1, 2014, otherwise it's 25 years. (Discretionary income is defined as it is in the REPAYE and PAYE program.)

The IBR plan is good for new borrowers who have high balances and want a lower monthly payment. For those who don't qualify as new borrowers, your payment of 15% of income will mean you'll pay more than under the PAYE plan. However, higher monthly payments do result in lower interest paid over time.

Pros of the IBR Plan

- Your monthly payment will NEVER be more than what you'd pay under the Standard Repayment Plan.
- If your income increases to the point where your monthly payment would be more than the Standard Repayment Plan, your payment will no longer be based on your income. Instead, your payment will be the amount you would pay under the Standard Repayment Plan.
- Loan forgiveness at the end of your repayment period.
- The monthly payments will decrease if your income decreases.
- Good option for those seeking Public Service Loan Forgiveness.

Cons of the IBR Plan

- You must recertify your income annually, otherwise your payment will be the amount you would pay under a Standard Repayment Plan with a 10-year repayment period, "based on the loan amount you owed when you initially entered the income-driven repayment plan."
- Due to the longer payment period, you may pay more in interest over the repayment period than under other repayment plans.

Income-Contingent Repayment Plan (ICR)

The ICR plan sets your monthly payment as the lesser of 20% of your "discretionary" income or what you'd pay under a repayment plan with a fixed payment over 12 years. Under this plan, your repayment period is 25 years. (This plan uses a different definition of discretionary income: For ICR it's the difference between you actual income and 100% of the poverty guideline for your state and family size.)

The ICR plan is good for someone looking for a slightly lower payment and slightly longer repayment period than under the Standard Repayment Plan. This plan is only available for those with FFEL loans. Additionally, it does not qualify for PSLF.

Pros of the ICR Plan

- Anyone with eligible federal loans can make payments under this plan.
- Loan forgiveness at the end of your repayment period.
- It's the only income-driven repayment option for parent PLUS loan borrowers.
- Depending on your income and family size, your monthly payment may be lower than the amount you'd pay under the Standard Repayment Plan.
- Good option for those seeking Public Service Loan Forgiveness.

Cons of the ICR Plan

- The 25 year repayment period means you may pay a lot more in interest over the life of the loan.
- Depending on your income and family size, your monthly payment might be higher than the amount you'd pay under the Standard Repayment Plan.
- You must recertify your income annually, otherwise your payment will be the amount you would pay under a Standard Repayment Plan with a 10-year repayment period, "based on the loan amount you owed when you initially entered the income-driven repayment plan."

Income-Sensitive Repayment Plan

According to the U.S. Department of Education, the Income-Sensitive Repayment Plan is "available to low-income borrowers who have Federal Family Education Loan (FFEL) Program loans." Under this plan, your repayment period is 10 years. The monthly payment is determined based on your annual income.

Pros of the Income-Sensitive Repayment Plan

- The 10 year repayment period means that you'll pay less interest over the life of the loan than loans with longer repayment periods.
- The monthly payments will decrease if your income decreases.

Cons of the Income-Sensitive Repayment Plan

- Only low-income borrowers with FFEL Loans may qualify.
- The monthly payments will increase if your income increases.

Which Repayment Plan Is Right For Me?

Determining which repayment plan to select depends on several factors. For one, you need to check which plans you qualify for. The U.S. Dept. of Education's site has the eligibility requirements for the different plans.

Your income, family size, and personal circumstances must also be taken into account. For example, if you have a low income, then an income-driven plan may give you a lower monthly payment that is easier to handle. If you plan on pursuing public service loan forgiveness (PSLF), then the Standard Repayment Plan is not a good option.

This student loan repayment calculator is a great way to assess your situation and determine which plan will give you a manageable student loan payment so that you can create a solid plan to pay off your student loans. You'll want to input your loan amounts and see the estimated monthly payments. You'll also want to consider your future expected earnings and see which payment plan makes the most sense for you!

Link to student loan repayment calculator:

https://studentaid.gov/loan-simulator/