



MEDIA ALERT
June 30, 2009

CONTACT: [Edie Irons](#)
510/883-7302
[Gretchen Wright](#)
202/371-1999

New Federal Income-Based Repayment Plan Goes Into Effect July 1

Income-Based Repayment (IBR), a new federal program that caps monthly student loan payments based on a borrower's income and family size, goes into effect on July 1. The application for this program, along with more information about eligibility, is now available on the [U.S. Department of Education's web site](#), and from several major lenders.

IBR could significantly lower student loan payments for hundreds of thousands of people. The program is available for almost all federal loans made to undergraduate and graduate students, whether the loan is from a private company like Sallie Mae or Citibank, or directly from the federal government. In addition to lowering loan payments, IBR also forgives any debt and interest left after 25 years of payments, or after as few as 10 years for people who work in public service.

The program is designed to help people with more debt than they can reasonably afford to pay off in 10 years. For most eligible borrowers, IBR payments will be capped at less than 10% of total income, and for those with very low incomes, IBR payments could be as low as \$0 a month. Someone who owes more in federal student loans than they earn in a year would probably qualify for IBR. For example, a single person earning \$30,000 a year with \$30,000 in debt could cut her or his standard monthly payment amount in half. Individuals should contact their lenders for information about changing their repayment plan to IBR.

Public Service Loan Forgiveness is available for full-time government and nonprofit workers with federal student loans in the Direct Loan program. People working for federal, state, or local government – including public schools, universities, and hospitals – or for a 501(c)3 nonprofit organization, can qualify.

More information about these new programs is available at www.IBRinfo.org. Created by the nonprofit Project on Student Debt, the site includes answers to frequently asked questions, and a calculator to estimate eligibility and monthly payment amounts.

###

The Project on Student Debt is supported by The Pew Charitable Trusts, the William and Flora Hewlett Foundation, the Ford Foundation, the BayTree Fund, and individual donors. The Project on Student Debt is an initiative of the Institute for College Access & Success, an independent, nonprofit organization working to make higher education more available and affordable for people of all backgrounds. For more information see www.projectonstudentdebt.org and www.ticas.org.