



FEDERATION OF AMERICAN CONSUMERS AND TRAVELERS - NEWS RELEASE -

FOR IMMEDIATE RELEASE

Income-Based Repayment Plan for Federal Student Loan Borrowers

EDWARDSVILLE, IL, July 30, 2009 -A new repayment option is now available from the Department of Education that lowers monthly payments for Americans with heavy federal student loan burdens. The new Income-Based Repayment (IBR) plan links payments to income and family size.

The new IBR program is available to borrowers repaying new and existing federal student loans (Direct or Federal Family Education Loans). Those with high student loan debt relative to their income also may be eligible for the IBR program.

For example, someone with student loan debt of \$25,000 at 6.8 percent interest would have a monthly payment of \$288 under the standard 10-year repayment plan. If the borrower were single with no dependents and had an Adjusted Gross Income (AGI) of \$30,000, the monthly payment would drop to \$172 per month, a reduction of \$116 per month, or 40 percent, under the IBR Program.

Payments are recalculated each year.

Vicki Rolens, managing director for the Federation of American Consumers and Travelers (FACT), warns: "The lower payments will almost certainly result in longer repayment periods and increased interest charges. If you can live with the standard repayment plan, you may want to forego IBR."

Borrowers who wish to apply for IBR should contact their lender, who will determine eligibility. (Borrowers can use an [IBR calculator](#) to estimate monthly payments and get a good idea of their eligibility possibilities.)

A related program for borrowers working in public service jobs.

Borrowers who work in public service may be eligible to receive an additional benefit while using IBR: after 10 years, any remaining loan balance may be canceled. This Public Service Loan Forgiveness Program is available only in the Direct Loan Program to borrowers making payments while working full-time for the government, in schools, or for certain nonprofit organizations. (Borrowers with Federal Family Education Loans may be able to consolidate their loans into the Direct Loan Program in order to tap into this benefit.)

More detailed information about IBR and other repayment plans is available from the Department of Education at 1-800-4-FED-AID or www.studentaid.ed.gov.

This news release is issued as a service of the Federation of American Consumers and Travelers (FACT). FACT is a not-for-profit organization which serves more than 1 million consumers nationwide. Additional information on FACT may be found in the *Encyclopedia of Associations*, and by visiting the association's Web site (www.usafact.org). Informative, unbiased news bulletins are regularly disseminated by FACT to help its members remain current on matters which might seriously impact their lives. In addition to publishing consumer-related reports, the association provides more than 30 benefits for its members, ranging from [dental discounts](#) and [prescription drug savings](#) to [scholarships](#) and [roadside assistance](#). FACT's administrative office is located at 318 Hillsboro Avenue, Edwardsville, IL 62025.

FACTnewsreleasesconsumerhotlinemedicalinsurancedentalcaresdiscountsprescriptiondrugsavingsstudentloans