

Saving on a Valuable Education (SAVE) Repayment Plan

President Biden announced a new income-driven repayment (IDR) plan that would drastically reduce student loan borrowers' monthly payments and help eliminate unpaid interest accrual.

Timeline

The SAVE Plan will be completely rolled out on July 1, 2024. However, three key items are being implemented before the payment pause ends:

- The amount of income that is protected from payments in the calculation for the SAVE plan is increasing from 150% to 225% of the federal poverty guidelines. This means that more of your discretionary income is protected, therefore lowering your monthly payments.

Estimated Monthly Payments Under the SAVE Plan

Income	Payment	Payment	Payment	Payment	Payment
\$60K	\$227	\$130	\$34	\$0	\$0
\$50K	\$143	\$47	\$0	\$0	\$0
\$40K	\$60	\$0	\$0	\$0	\$0
\$30K	\$0	\$0	\$0	\$0	\$0
\$20K	\$0	\$0	\$0	\$0	\$0
\$10K	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
Family Size	1	2	3	4	5

- The Department of Education will stop charging any monthly interest not covered by the borrower's monthly payment. This means that borrowers will not see their balances balloon while making their monthly payments.
- Married borrowers who file their taxes separately will no longer be required to include their spouse's income in their payment calculation for the SAVE Plan.

Here are the changes that will be implemented in July 2024:

- Payments on undergraduate loans will be cut in half, from 10% to 5% of discretionary income. Borrowers with a mixture of undergraduate and graduate loans will pay a weighted average between 5% and 10% of their discretionary income.
- Borrowers who originally borrowed \$12,000 or less will receive debt cancellation after 120 payments, or ten years' worth of payments. Cancellation will be available on a sliding scale after every \$1,000 and year's worth of payments. The chart below provides examples of the cancellation timelines. Like other income-driven repayment plans, borrowers enrolled in these plans are eligible for cancellation after 20 or 25 years in repayment.

Amount Originally Borrowed	Timeline to Cancellation
Up to \$12,000	10 years
Up to \$13,000	11 years
Up to \$14,000	12 years
Up to \$15,000	13 years
Up to \$16,000	14 years

Eligibility

The following Direct Loans are eligible for SAVE:

- Direct Subsidized Loans
- Direct Unsubsidized Loans
- Direct Plus Loans (made to graduate or professional students)
- Direct Consolidation Loans (with the exception of loans to repay Plus Loans made to parents) .

If you have Federal Family Education Loans (FFEL) or Perkins Loans, you can consolidate your loans to make them eligible for SAVE. Parent PLUS Loans are excluded from the SAVE Plan.

How to Enroll

You can enroll in the SAVE Plan by contacting your servicer or by signing up online at studentaid.gov/idr. All borrowers who are currently enrolled in the Revised Pay As You Earn (REPAYE) Plan will be automatically enrolled in the SAVE Plan.