Dear Student:

The American Dental Education Association (ADEA) has provided two resources to help understand your Educational Debt as well as a Quick Reference Guide for Repayment. These two resources are located on our website under the Quick Links Tab:  http://dental.nyu.edu/student-life/financial-services.html

The Office of Student Financial Services can also assist in providing an estimate of your federal loan repayment options using The Federal Student Aid Repayment Estimator. Please note only your federal loan servicer can discuss the exact terms of your loan(s).

For International Students or students with private/alternative loans please contact your lending institution for repayment options.

Below are definitions to help guide you through the review process of repayment options.

- **Standard Repayment Plan** - is the basic repayment plan for loans from the William D. Ford Federal Direct Loan (Direct Loan) Program and Federal Family Education Loan (FFEL) Program. Payments are fixed and made up to 10 years (between 10 and 30 years for consolidation loans).
  - This repayment plan saves you money over time because your monthly payments may be slightly higher than payments made under other plans, but you’ll pay off your loan in the shortest time. For this reason, you will pay the least amount of interest over the life of your loan.

- **Income Driven Repayment Plans** – are designed to make your student loan debt more manageable by reducing your monthly payment amount.
  - Income Based Repayment Plan (repayment period 25 years) for those who are not new borrowers* on or after July 1, 2014
• Generally 15% of your discretionary income but never more than the 10–year Standard Repayment amount

• Income Based Repayment Plan (repayment period 20 years) for those **who are new borrowers** *on or after July 1, 2014*
  - Generally 10% of your discretionary income, but never more than the 10 year Standard Repayment Plan

*For the IBR Plan, you are a new borrower on or after July 1, 2014, if you had no outstanding balance on a William D. Ford Federal Direct Loan (Direct Loan) Program loan or Federal Family Education Loan (FFEL) Program loan when you received a Direct Loan on or after July 1, 2014. (Because no new FFEL Program loans have been made since June 30, 2010, only Direct Loan borrowers may qualify as new borrowers on or after July 1, 2014.)*

• **Pay As You Earn (repayment period 20 years)** - Generally 10% pf your discretionary income, but never more than the 10- year Standard Repayment Plan amount.

• **Income Contingent Repayment Plan (repayment period 25 years)** - the lesser of the following – 20% of your discretionary income or what you would pay on a repayment plan with a fixed payment over the course of 12 years, adjusted according to your income.

Under all three plans, any remaining loan balance is forgiven if your federal student loans are not fully repaid at the end of the repayment period. For any income-driven repayment plan, the repayment period includes periods of economic hardship deferment and periods of repayment under certain other repayment plans. Whether you ultimately have a balance “left to be forgiven” at the end of your repayment period depends on a number of factors, such as how quickly your income rises and how large your income is relative to your debt. Because of these factors, you may fully repay your loan prior to the end of your repayment period.

**If there is a balance “to be forgiven” it has to be claimed as taxable income under the Income Driven Repayment Plans**

Note: If you’re making payments under an income-driven repayment plan and are seeking forgiveness under the Public Service Loan Forgiveness (PSLF) Program, you may qualify for forgiveness of any remaining loan balance after you have made 10 years of qualifying payments, instead of 20 or 25 years. Qualifying payments for the PSLF Program include payments made under any of the income-driven repayment plans.
Public Service Loan Forgiveness (PSLF) Program - The PSLF Program is intended to encourage individuals to enter and continue to work full-time in public service jobs. Under this program, borrowers may qualify for forgiveness of the remaining balance of their Direct Loans after they have made 120 qualifying payments on those loans while employed full time by certain public service employers.

What must I do to have any remaining balances on my Direct Loans forgiven under the PSLF Program?

- You must make 120 on-time, full, scheduled, monthly payments on your Direct Loans. Only payments made after October 1, 2007 qualify.
- You must make those payments under a qualifying repayment plan.
- When you make each of those payments, you must be working full-time at a qualifying public service organization.

What is a qualifying repayment plan?

To maximize forgiveness under the PSLF Program, you should repay your loans on one of the income-driven repayment plans (Income-Based Repayment (IBR) Plan, Pay As You Earn Repayment Plan, or the Income-Contingent Repayment (ICR) Plan), which qualify for PSLF.

Other PSLF-qualifying repayment plans are the 10-Year Standard Repayment Plan or any other repayment plan where your monthly payment amount equals or exceeds what you would pay under a 10-Year Standard Repayment Plan.

Before selecting a repayment plan, it is important to understand the implications and costs of that decision. The longer you make PSLF-qualifying payments under a 10-Year Standard Repayment Plan, the lower the remaining balance on your loans will be when you meet all of the PSLF Program's eligibility requirements. In fact, if you make all of the required 120 qualifying payments under the 10-Year Standard Repayment Plan, there will be no remaining balance on your loans to be forgiven.

Under the IBR, Pay As You Earn, and ICR plans, your monthly payment amount will likely be lower than under any of the other PSLF-qualifying repayment plans and your repayment period will likely be longer. Because of the longer repayment period, additional interest that will accrue on your loan, and the smaller
monthly payment amount, you will be left with a higher loan balance that could be forgiven. However, if you ultimately do not meet the eligibility requirements for PSLF, you will be responsible for repaying the entire balance of your loan, including all accrued interest, unless you qualify for forgiveness under the terms of the IBR, Pay As You Earn, or ICR plan.

**What kinds of employment qualify?**

Qualifying employment is any employment with a federal, state, or local government agency, entity, or organization or a not-for-profit organization that has been designated as tax-exempt by the Internal Revenue Service (IRS) under Section 501(c)(3) of the Internal Revenue Code (IRC). The type or nature of employment with the organization does not matter for PSLF purposes. Additionally, the type of services that these public service organizations provide does not matter for PSLF purposes.

A private not-for-profit employer that is **not** a tax-exempt organization under Section 501(c)(3) of the IRC may be a qualifying public service organization if it provides certain specified public services. These services include emergency management, military service, public safety, or law enforcement services; public health services; public education or public library services; school library and other school-based services; public interest law services; early childhood education; public service for individuals with disabilities and the elderly. The organization must not be a labor union or a partisan political organization.

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