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What is income based repayment as it relates to student loans?





## What is income based repayment as it relates to student loans?

### Answer:

Income based repayment (IBR) is the newest federal student loan repayment option to help college graduates manage their increasingly large student loan payment obligations. Under the program, a borrower's monthly student loan payment is calculated based on income and family size. Currently, a borrower is allowed to pay 15 percent of his or her discretionary income to student loan payments, with any remaining debt forgiven after 25 years. And for federal student loans taken out after July 1, 2014, borrowers will pay just 10 percent of their discretionary income to student loan payments, with any remaining debt forgiven after 20 years.

The IBR program is open to graduates with a federal Stafford Loan, Graduate PLUS Loan, or Consolidation Loan.

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