Follow-Up Q&A: Repayment Options

Below are general answers to questions we received during the webinar on August 20, 2026, that we were unable to address live.

WARNING: These responses are current as of **August 2026**. Due to ongoing regulatory changes, court decisions, and administrative updates affecting the federal student loan system, some information may change and could become outdated. Practitioners should verify current rules, deadlines, and eligibility requirements before advising borrowers.

For the most current guidance, please refer to:

- NCLC's Student Loan Borrower Assistance website, at **studentloanborrowerassistance.org**, and NCLC's student loan news blog at **studentloanborrowerassistance.org/updates-news/latest-news/**
- NCLC's student loan listserv. To join, visit **nclc.org/listservs**.
- The U.S. Department of Education Federal Student Aid website at **studentaid.gov**

Repayment Plans

1. I have a client in a Graduated Repayment Plan. Is it still in effect, and is it an IDR?

Yes, the **Graduated Repayment plan still exists for borrowers who are eligible for it**, including certain borrowers who only have loans disbursed before July 1, 2026. But **it is not an IDR plan**. On the Graduated Repayment plan, payments start lower and increase every two years.

2. Graduated Repayment starts with the lowest payment. Is there a downside to switching before the payment increases after two years?

Payments in the Graduated plan start low, so for some borrowers it might be a good option. But even staying on the plan for a few months when the payments are at their lowest point has some significant downsides: these payments don't count toward PSLF or IDR cancellation. Also remember that on the Graduated plan, borrowers will likely be paying more in interest over time than in the Standard plan, so it's not a good idea for borrowers who want to pay the least amount total.

3. Do borrowers have to recertify their income every year to update their payment?

Yes, but only for IDR plans. Borrowers on IDR plans must generally recertify annually. The borrower should receive a recertification date from their servicer. They need to complete the recertification by the deadline in the servicer's notice. Borrowers can recertify online at studentaid.gov/idr.

4. Can borrowers still self-certify that they have no taxable income for IDR?

Yes. When applying for IDR plans, borrowers must submit proof of their income, but **they can "self-certify" if they have no taxable income**. If they need to "self-certify," they will have to complete a form attesting to their lack of income. Borrowers cannot "self-certify" if they have taxable income, and will need to provide proof of their current income, such as recent tax returns or pay stubs. See Chapter 3 of NCLC's *Student Loan Law Manual* for more details.

5. If someone has a mix of loans disbursed before and after 2014, which IBR forgiveness timeline prevails?

IBR has different forgiveness timelines depending on whether the borrower was a "new borrower" as of July 1, 2014. A "new borrower" is defined as someone who had no outstanding balance on a Direct Loan or FFEL Program loan before July 1, 2014, or had no outstanding balance on such loans on the date they obtained a loan after July 1, 2014. If the borrower was not a "new borrower" on July 1, 2014, they will only qualify for "Old IBR," which is eligible for forgiveness after 25 years of qualifying payments, even if they took out more loans after that date. If the borrower qualified as a "new borrower" after

July 1, 2014, they will be eligible for "New IBR," which is eligible for forgiveness after 20 years of qualifying payments.

6. **Do loan interest rates carry over when switching from SAVE to IBR, or does the rate change to 6.5%?**

The interest rate generally does not change merely because the borrower switches repayment plans. A repayment plan determines **how the borrower pays the loan**, not the underlying interest rate.

7. **Under RAP, if the borrower has outstanding interest and pays $10/month, does the $50 principal reduction apply to principal, or does the subsidy go to interest first?**

The RAP structure provides **two separate benefits**: an interest subsidy and a principal reduction. If the borrower's payment does not cover the monthly interest accrual, the unpaid interest is subsidized (waived). Separately, if the borrower's payment does not reduce the principal by at least $50, the Department of Education makes a matching principal payment up to $50. This is a huge benefit!

8. **Could it be worth changing from married filing jointly to married filing separately to get lower RAP payments? What about tax considerations?**

Maybe, but the borrowers should speak with a tax advisor about the **consequences of changing their tax filing status**, including potentially losing tax benefits associated with filing jointly.

9. **If a borrower with pre-July 1, 2026 loans switches to PAYE before July 2028, can they also switch to IBR before July 2028, or only RAP?**

Borrowers in PAYE can switch to IBR at any time before PAYE is phased out on July 1, 2028. If borrowers on PAYE don't switch before PAYE is phased out, they'll automatically be placed on RAP (unless they have Parent PLUS Loans, which will be put on IBR). Even if they are put on RAP, they can still apply to switch to IBR later, so long as they don't take out or consolidate loans after July 1, 2026.

10. Is it safe to say borrowers should stay on IBR rather than RAP?

Not necessarily. There is no one-size-fits-all approach to student loan repayment. IBR may be better for some borrowers, but not all. IBR may be particularly attractive for some borrowers with older loans, including borrowers whose payments are lower on IBR and borrowers closer to IBR forgiveness. But RAP has important features, including an interest subsidy and principal matching, and it may be the only IDR option for some borrowers with newer loans.

11. If the borrower applies for a new plan after missing the 90-day SAVE-letter deadline, will they still have to pay the Standard rate if placed in the Standard Plan?

The borrower can always apply for a new plan after they are transferred to the Standard plan, but once they are put on the Standard plan, they either need to make those payments or talk to their loan servicer about a forbearance while their IDR application is being processed. Bottom line, don't **ignore the notice**, but if they miss the deadline, they can still apply for a new plan later.

12. Why are payments so much higher under other plans than they are under SAVE?

SAVE was the most affordable plan for many student loan borrowers, but **SAVE has ended**. Different plans use different formulas, so a payment that was calculated under SAVE may be substantially different under IBR, RAP, or another available plan. Borrowers should look at all of their potential options and select the best plan based on their situation. If they don't choose a plan, they'll be placed on the Standard or Tiered Standard plan (depending on whether they have any post-July 1, 2026 loans). For most people, the Standard or Tiered Standard plans will be more expensive than an IDR plan.

13. Is there a difference between IBR and IDR?

Yes. IDR means **income-driven repayment** and is an umbrella term for repayment plans that calculate payments based on income and household size. **IBR—Income-Based Repayment—is one specific IDR plan.** So: **IBR is an IDR plan, but not every IDR plan is IBR.**

14. I have clients who are under SAVE but are hesitant to switch plans because they don't want to stop their forbearance (it still says they are under forbearance until 2027-2028 depending on the client); can they switch plans but keep their longer forbearance?

No, and they shouldn't count on the online forbearance projections being correct, as we are anticipating a lot of errors with this process. The deadline borrowers need to follow is the 90-day notice from their loan servicer. **Once a borrower receives their notice from their servicer to switch out of SAVE, they must do so within 90 days of the deadline on the notice to avoid being placed in a Standard plan.** Borrowers are receiving these notices in waves, so some borrowers will have more time than others to get out of SAVE.

PSLF and Discharge

15. Do IBR repayments still count toward PSLF?

Yes.

16. What do you mean by "credits"?

When we talk about credits toward PSLF or IDR cancellation, we mean any qualifying payments that the borrower has made that would count toward the number of required payments needed to have their remaining loan balance canceled through Public Service Loan Forgiveness or Income-Driven Repayment cancellation. Remember, for PSLF, borrowers don't simply accumulate "credits" because they are employed in public service. They need **qualifying monthly payments on eligible Direct Loans while working full-time for a qualifying employer**, and the payment must satisfy the applicable PSLF requirements. They also need to submit an Employment Certification Form, which is signed by their employer, in order to earn credit toward PSLF.

For more information, see our page on cancellation and forgiveness options: https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/loan-cancellation-forgiveness-bankruptcy/cancellation-forgiveness-options/.

17. Why would you be in a 10-year Standard Plan if you want PSLF? Isn't the whole loan paid off in 10 years?

The Standard 10-year plan is technically a qualifying repayment plan for PSLF, but if the borrower makes the full scheduled payments for 10 years, the loan will generally be paid off, and there will be little or nothing left to forgive. Someone pursuing PSLF usually wants a qualifying repayment plan that results in the lowest amount paid—with the balance being forgiven after 10 years. **An IDR plan usually results in lower payments for most, but not all, borrowers.** Repayment strategies also change, and some borrowers may not have known that they were eligible for an IDR plan when they first started working in public service. But borrowers who have made payments in the 10-year Standard plan before switching to an IDR plan may still be able to count those payments for PSLF.

18. If someone starts a 501(c)(3) nonprofit and works full-time for it, can the employment qualify for PSLF?

Potentially. The organization must qualify as a PSLF-eligible employer, and the borrower's employment must meet the applicable requirements. The safest approach is to use the **PSLF Employer Search/Help Tool** to determine whether the organization qualifies: https://studentaid.gov/pslf/employer-search. Signing your own ECF could raise some red flags, so it's much safer to have other representatives of the organization or HR personnel sign the form.

19. Are Parent PLUS Loans originated on or after July 1, 2026 eligible for PSLF if the parent works full-time for a qualifying nonprofit?

No. Parent PLUS Loans originated on or after July 1, 2026 are not eligible for PSLF or IDR cancellation. This is because those loans aren't eligible for an IDR plan or the 10-year Standard plan; they are only eligible for the Tiered Standard plan. The Tiered Standard plan does not count for PSLF or IDR cancellation.

20. Can a currently-enrolled student enter repayment and build PSLF credit?

If the borrower has loans from before their current period of enrollment (ie they have loans from an undergraduate degree while they are taking on new loans for a graduate degree), the borrower may be able to opt out of their in-school deferment if they are working full-time in qualifying employment and want to start making qualifying payments to earn PSLF credit. However, if the borrower only has loans for their current program, they cannot switch their loans' status to repayment. More information is available here: https://studentaid.gov/manage-loans/lower-payments/get-temporary-relief/deferment/in-school

21. Have any PSLF rules changed recently?

New rules were supposed to go into effect on July 1, 2026, changing PSLF, but those rules were recently blocked by the courts. The new rules would have allowed the Department of Education to remove employers from qualifying for PSLF for certain activity. The court ruling means that the Department of Education can't enforce those rules. For more updates, see https://studentaid.gov/pslf/.

22. Is PSLF 10-year forgiveness and IDR 20–30 years?

Yes. See this resource for more information: https://studentloanborrowerassistance.org/for-borrowers/dealing-with-student-loan-debt/loan-cancellation-forgiveness-bankruptcy/cancellation-forgiveness-options/

23. Can you get both Teacher Loan Forgiveness and PSLF?

Maybe, but you generally cannot count the same period of qualifying teaching service toward both programs. If a borrower receives Teacher Loan Forgiveness, the five-year teaching period used to qualify for TLF generally cannot also be counted toward PSLF. See the Department of Education's answer to this question here: https://studentaid.gov/#both-tlf-pslf.

24. How can I help someone seeking PSLF whose StudentAid.gov account isn't updating to show whether payments qualified?

Make sure they are submitting their Employment Certification Forms, using the [PSLF Help Tool], if possible. The borrower won't get credit for PSLF unless they submit an ECF for their qualifying payments. We have heard reports of recent errors and discrepancies with PSLF counts. The borrower should contact their loan servicer and escalate the issue with the Department of Education Ombuds group. If the issue is still unresolved, consider filing a complaint with the borrower's member of Congress.

25. If a client gets a TPD discharge, is the discharged amount taxable income?

For **federal income-tax purposes, no**. This discharged debt is not considered taxable income by the IRS. **Some states may still treat the discharged amount as taxable income**, so borrowers should speak with a tax advisor if they have questions.

General Questions

26. I have clients asking if they should get private loans for grad school next semester so that they don't have to switch to the new repayment plans?

Generally, **no—not simply to avoid the new federal repayment rules, but this is an individual decision.** It may still be better to stick with federal loans over private loans. Taking out private loans means giving up important federal protections, including federal income-driven repayment options, PSLF, federal deferment/forbearance rules, and federal discharge programs. Private loans can also have higher interest rates for some borrowers and may require cosigners.

Remember, RAP and the Tiered Standard Plan may still be good and affordable options for many borrowers. Borrowers who may need to be more cautious with taking on new loans are borrowers with Parent PLUS Loans, as they will only be eligible to pay those loans on the Tiered Standard Plan if they take out any additional loans after July 1, 2026.

But if borrowers have loans for their own education and Parent PLUS Loans for their child's education, they can pay those loans on different plans (RAP for personal loans, and Tiered Standard for Parent PLUS) so long as they are not consolidated together.

27. Does StudentAid.gov contain the same student loan information as the loan servicer account?

Not necessarily all of the same information, and there can be delays in reporting information across both platforms. StudentAid.gov is the central record and is extremely useful for seeing the borrower's federal loans, loan types, balances, servicer, and repayment plan. But the **servicer account is the place to look for detailed servicing information**, such as payment history, pending transactions, correspondence, billing details, and sometimes more current account-level information. Borrowers also make and manage payments on their loan servicer's account.

Best practice: **check both**, particularly when troubleshooting a servicing problem.

28. When is the deadline for the temporary increased 1% interest rate for auto pay?

Borrowers need to sign up for auto pay before September 30, 2026, to qualify for the temporary increased interest rate reduction. The increase is set to last through July 1, 2028.

29. Can borrowers just stop paying their loans?

No. Borrowers shouldn't simply stop making payments without understanding the consequences. If the payment is unaffordable, there may be repayment plans, deferments, forbearances, or other options depending on the borrower's circumstances. But simply stopping payment can result in delinquency and eventually default. The government has powerful tools to collect defaulted student loans, including seizing tax refunds, garnishing wages, and taking Social Security benefits.

30. Can parents transfer their student loan balance to the student who is now working?

No. A Parent PLUS loan is the parent's debt. The parent cannot transfer the federal loan into the child's name.

31. Someone is 120+ days late but not yet in default. Could it ever be advantageous to let the loan default so they can use rehabilitation?

No. There is no scenario where purposefully defaulting solely to do a rehabilitation would be advantageous. Rehabilitation is the way of curing a default and does not confer any additional benefits beyond that. Additionally, right now, borrowers can only use rehabilitation once (this changes to two times in July 2027), so it would not make sense to use up a limited rehabilitation for this purpose. The better approach is to explore **available options before default**, including current repayment options, deferment/forbearance where appropriate, and other ways to address delinquency.

32. Is there legal consultation available at no or low cost?

This is very location- and issue-specific. Borrowers should check to see if their local l**egal aid, nonprofit consumer law programs, or law-school clinics** provide help. WE have information on finding additional legal help on our website at: https://studentloanborrowerassistance.org/for-borrowers/find-help/help-with-your-student-loans/.

33. Is there a nonprofit discount for the Student Loan Law manual?

You can find information on pricing for the Student Loan Law manual at https://library.nclc.org/Student-loan-law/subscribe. If you have questions about discounts, fill out the contact form here: https://library.nclc.org/contact.