



RECEIVED

JUL 29 2009

HARRISBURG OFFICE

FOR IMMEDIATE RELEASE

NEWS RELEASE

CONTACT: Keith New, 717-720-2509
knew@pheaa.org

New Student Loan Repayment Plan Offers Financial Relief for Many Graduates

Income Based Repayment option linked to how much borrowers earn

Harrisburg, PA (July 28, 2009) – The Pennsylvania Higher Education Assistance Agency is reminding college graduates of a new loan repayment plan which took effect in July. The program is designed for student loan borrowers who may be having difficulty making their monthly loan payments.

The Income Base Repayment (IBR) program is available for students with Stafford, Graduate PLUS, and federal consolidated loans. Perkins Loans also qualify if they are consolidated with the Federal Direct Loan Program. Borrowers must have loan balances of at least \$30,000 to qualify for the program and borrowers currently in default are not eligible. Private loans do not qualify for the repayment plan.

Monthly repayment amounts under the program vary depending on the amount of debt, income, and the number of people in a household. Additionally, the new program offers loan forgiveness to borrowers who make 25 years of payments if they are not more than 360 days delinquent on any monthly payment.

Since longer repayment periods typically increase the amount of interest borrowers are responsible for repaying, PHEAA encourages borrowers to discuss the IBR option with a customer service representative to determine if it is the best option for their individual situation.

“This is great news for borrowers who are struggling with repayment.” said William Adolph, PHEAA Board Chairman. “It gives graduates who may not yet be making large salaries an opportunity to reduce their monthly loan payments and relieves the pressure and stress of how they will pay their bills each month.”

Borrowers who choose to work for the government, a public-service, or nonprofit agency could have their debt cleared after 10 years of repayment under the Public Service Debt Forgiveness Program, however, those borrowers cannot have any late payments during their repayment years and all loans must be through the Direct Loan Program.

- more -