

In grace period and owe more than \$25,000

Subject: Repay your federal student loan based on your income

Dear Borrower,

Your loan servicer has contacted you or will be contacting you soon about your repayment options for your federal student loan. As you consider these options, the U.S. Department of Education wants to remind you that you may qualify for an income-driven plan, which calculates your monthly payment based on your income.

You will likely qualify for an income-driven repayment plan if your total federal student loan debt exceeds your annual income. Under an income-driven plan, your initial payment could be as low as \$0 per month.

When you make payments based on your income, your loans are paid off over a longer period of time than the standard 10-year plan. While this reduces your monthly payment amount, it also increases the total amount you pay over time. But if you work in public service, you may qualify to have your remaining loan balance forgiven after 10 years of payments.

If you think this option is right for you, use the [repayment estimator](#) to estimate your monthly payments under these plans and see if you might qualify. Your loan servicer can also help you better understand your repayment options.

Thank you,

U.S. Department of Education