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NEWS RELEASE

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**New Student Loan Repayment Plan Offers
Financial Relief for Many Graduates**

Income Based Repayment option linked to how much borrowers earn

Harrisburg, PA (July 29, 2009 – updated information) – 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 Based Repayment (IBR) plan is available to students with Stafford, Graduate PLUS, and Federal Consolidation loans, provided Parent PLUS loans were not included in the Consolidation loan. Perkins loans also qualify if they are consolidated into a Federal Consolidation loan. Borrowers currently in default are not eligible; however, defaulted borrowers who rehabilitate their loans regain eligibility for IBR. Private loans do not qualify for the repayment plan.

Monthly repayment amounts under an IBR repayment plan vary depending on the amount of student loan debt, income, and the number of people in the household. The new plan also offers loan forgiveness to borrowers who make 25 years of qualifying payments.

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 must make 10 years of payments under certain repayment plans. In addition, loans cannot be in default and all loans must be through the Direct Loan Program, including Federal Family Education Loans that have been consolidated into a Federal Direct Consolidation loan.

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"Encouraging students to become involved in public service careers such as teaching, social work, and careers in government can be difficult due to lower salary potential," noted Sean Logan, PHEAA Board Vice Chairman. "And yet, it is vitally important that we continue to develop professionals interested in public service careers. This new loan forgiveness option could make the difference in getting students interested in these types of jobs."

For eligibility requirements and to link to IBR calculator, visit aesSuccess.org.

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About PHEAA

Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading nonprofit student aid organizations. Today, PHEAA is a national provider of student financial aid services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing systems and outreach programs. As a nonprofit organization belonging to the Commonwealth of Pennsylvania, PHEAA devotes its energy, resources and imagination to developing innovative ways to ease the financial burden of higher education for Pennsylvania's students, families, schools and taxpayers.