FAQ
SAVE PLAN
September 2023

What are the benefits of the SAVE plan?

The SAVE plan is an Income Driven Repayment (IDR) plan designed to be more affordable than other IDR plans. It replaces the former REPAYE IDR plan.

All IDR plans base your monthly payment on your discretionary income and family size. However, the calculations for the SAVE plan protect more of your income from loan repayment. Everyone enrolled in SAVE is expected to save at least $1,000 per year compared to the other IDR plans. Some individuals (those earning less than $32,800) will qualify for a $0 monthly payment.

Under the SAVE plan, a borrower will also eliminate the accumulation of unpaid interest that otherwise would cause the loan balance to grow. For example, if a borrower has a SAVE loan payment of $50 a month and accumulates $75 in interest each month, the $50 loan payment will be applied to the interest and remaining $25 in interest would be waived/not charged.

Other benefits under the SAVE plan will take effect in July 2024. The additional benefits will include further reducing monthly payments from 10% of your income to 5% on undergraduate loans.

What kinds of loans are eligible for the SAVE plan?

Generally, most Direct loans (those held by the Department of Education) are eligible for repayment under the SAVE plan. The main exception is for Parent PLUS loans – these are not eligible.

Certain ineligible loan types (like FFEL loans) can be consolidated into a Direct Consolidation Loan in order to be eligible to use the SAVE plan.

For more information on these and other issues, see Federal Student Aid’s page on the SAVE plan here.

How do I sign up for the SAVE plan?

Some borrowers will not have to take any action to sign up for the SAVE plan and others may have to submit an application.

If you were enrolled in the REPAYE plan, your account should have already been switched over to the SAVE plan (or, it will happen very shortly). You can go to your student aid profile with Federal Student Aid – studentaid.gov – to confirm which repayment plan you are currently enrolled in.

If you were not previously enrolled in the REPAYE plan, you will have to submit an Income Driven Repayment (IDR) application and enroll in the SAVE plan.

Is there any loan forgiveness tied to the SAVE plan?

All IDR plans are eligible for forgiveness after either 20 or 25 years of loan payments. However, there is a new forgiveness provision that is specific to the SAVE plan. Beginning in July 2024, borrowers who, at any point in time, took out less than $12,000 in student loans can enroll in SAVE and receive forgiveness on any outstanding balance after 10 years of payments. And someone who, for example, took out $15,000 in student loans would be eligible for forgiveness on SAVE after 13 years.

Like other IDR plans, the SAVE plan is also a qualifying payment plan for individuals looking to obtain forgiveness through Public Service Loan Forgiveness (PSLF).

Where can I find additional information about the SAVE plan?

Visit the Department of Education's website – studentaid.gov – or AFSCME's Student Debt Resources at afscme.org/members-resources.