PGPresents, LLC
Independent Student Loan Consulting

# Income Driven Repayment Plans
# How to Get a $0 Calculated Payment Your First Year

You may be able to get a $0 calculated payment with an Income Driven Repayment (IDR) plan like Pay As You Earn (PAYE) or Revised Pay As You Earn (REPAYE) for the first 12 months of repayment when your federal Direct Loans first come due, about six months after you graduate.

Remember that payments with IDRs are generally based on income from the most recently filed tax return, hence they lag a year. When you apply for an IDR, you will be asked if you filed a return for either of the prior two years, and if you answer yes, you will be requested to send it in (or make it available electronically) to your loan servicer. This is when you can send in a tax return for 2022, which for many medical school graduates in the Class of 2023 will reflect no income.

Please note the following:

- $0 calculated payments obviously do nothing to help pay down your debt, but they can be quite beneficial for borrowers who have cash flow concerns and who may have more costly repayment obligations right out of school such as consumer debt and private student loan payments.
- *$0 calculated payments with an IDR count as eligible payments for Public Service Loan Forgiveness (PSLF), assuming other eligibility requirements for PSLF are met (see our statement on PSLF at www.PGPresents.com for details).*
- Your loan servicer ultimately determines your monthly payment using a set federal formula, thus while we cannot promise you a $0 payment your first year after graduation when your loans come due, this information should help ensure you know how to put yourself in position for such, should that be part of your repayment strategy.

In addition, also please note the following:

- Married borrowers might not see a $0 calculated payment, as that depends on not only spousal income and spousal federal debt, but which IDR the borrower chooses and their tax filing status. Please see our PAYE versus REPAYE comparison chart on our home page for details.
- Borrowers applying for an income plan who have not filed a tax return in the past two years will likely be asked to provide *current income* information (for example, your stipend) when submitting the application for an income plan.
- Borrowers whose parents claim them on *their* tax return can also expect to have to submit *current income* information when applying for an income plan, and *not* a copy of their parents' return.

*PLEASE READ THIS CAREFULLY*

*This information is provided courtesy of PGPresents, LLC, an independent student loan consulting company under contract with Midwestern University, and is being provided to help upcoming Class of 2023 graduates with repayment. We are not tax advisors, but are sharing this information with you about how payments are calculated with the income plans. Should you want or need tax advice, please see a tax professional.*

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