

DOE Adjusts Student Loan Repayment Plans In Anticipation of October Loan Repayment Restart

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With the end of the COVID-19 pandemic-era student loan repayment pause, regulators and lenders alike are preparing for repayment to begin again in the fall of 2024. Federal government-backed student loans will start accruing interest again on September 1, and payments will be due starting in October 2023. With repayment looming, the U.S. Department of Education (DOE) has promulgated rules to help provide relief and new avenues of repayment for certain borrowers.

Effective on July 1, 2024, the U.S. Department of Education finalized a rule (Rule) in the Federal Register ([88 FR 43820](#)) governing income-contingent repayment plans and income-based repayment plans under several federal student loan programs (34 C.F.R. Part 682 & 34 C.F.R. Part 685). The Rule, also known as the Saving on a Valuable Education Plan or SAVE, has been categorized as the “most affordable repayment plan ever,” according to a statement released by the DOE.

The Rule categorizes existing repayment plans into three types: (1) fixed payment repayment plans, which establish monthly payment amounts based on the scheduled repayment period, loan debt, and interest rate; (2) income-driven repayment plans, which establish monthly payment amounts based in whole or in part on the borrower’s income and family size; and (3) the alternative repayment plan on a case-by-case basis when a borrower has exceptional circumstances or has failed to recertify the information needed to calculate an income-driven repayment payment.

Additionally, the Rule will adjust the treatment of spousal income in the Revised Pay-As-You-Earn (REPAYE) plan for married borrowers who file separately. The Rule also will increase the amount of income exempted from the calculation of the borrower’s payment amount from 150% of the Federal poverty guideline or level (FPL) to 225% of FPL for borrowers on the REPAYE program.

The Rule provides an early implementation date of July 30, 2023, for some specific changes. However, the Rule will be fully implemented by July 1, 2024.

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