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The New Year is a good time to take stock of student loan repayment options

A new income-driven repayment plan is now available to federal direct student loan borrowers

WILMINGTON, Del., Dec. 31, 2015 (GLOBE NEWSWIRE) -- It will be another new year soon, but before the countdown to midnight begins, student loan borrowers should review their repayment plans and available options. That's the advice of Navient, the largest student loan servicer, dedicated to helping customers navigate the path to financial success.

"During this time of year when many people are looking over their finances, thinking of New Year's resolutions and preparing for tax season, student loan borrowers should review their available repayment plans and options," said Jeff Whorley, group president, asset management and servicing, Navient. "Borrowers should ensure they are enrolled in the plan that meets their loan repayment objectives, short-term and long-term financial goals and future earnings expectations. As a student loan servicer, Navient provides borrowers with information and resources about the options available."

The lowest cost, fastest way to repay a federal student loan is generally the standard 10-year repayment plan. Under this plan, according to the U.S. Department of Education's Repayment Estimator, a typical bachelor's degree recipient who borrowed $27,000 in federal student loans at a 5 percent interest rate would make standard payments of $286 per month. Over the 10-year term, this borrower's interest would total approximately $7,400.

Federal student loans also offer options to lower the monthly amount due by tying payments to income and making them over a longer period of time, such as through the Income-Based Repayment or Pay As You Earn plans. A newly introduced plan, Revised Pay As You Earn or REPAYE, enables any federal Direct Loan borrower to set payments to 10 percent of discretionary income. REPAYE offers loan forgiveness of any remaining balance after a 20-year period of qualifying payments for undergraduate borrowers, a 25-year period for graduate borrowers, or a 10-year period for public service professionals.

Under REPAYE, a bachelor's degree recipient who borrowed $27,000 in loans and earns $35,000 at a technology company would—at $145 per month—pay significantly less each month initially than under the standard plan. With 5 percent annual raises, the payment would rise to $351 per month in the final year. In total, the borrower would pay approximately $12,600 in interest charges before the balance is repaid in 14 years, according to the Repayment Estimator. The Department of Education blog provides additional information that may be helpful to borrowers. For example, the Department advises, "if you can afford to pay more on your loan, you should, since this will save you more on interest costs over the life of your loan."

Eligibility criteria for the various income-driven repayment plans are set by the federal government. Interested borrowers can compare plans and electronically apply for the plan of their choice at StudentLoans.gov. Customers with Navient-serviced loans also may login to their account to model their payments under various plans.

Navient also offers a repayment plan comparison chart and free online modules on repayment options, IDR plans, budgeting and other financial literacy topics.

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About Navient

As the nation's leading loan management, servicing and asset recovery company, Navient (Nasdaq:NAVI) helps customers navigate the path to financial success. Servicing more than $300 billion in student loans, the company supports the educational and economic achievements of more than 12 million Americans. A growing number of public and private sector clients rely on Navient for proven solutions to meet their financial goals. Learn more at navient.com.

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