

Sarae Kurth: [00:00](#) Hello, you're listening to the Clear Money Program's online radio show. I am your host Sarae Kurth, Community Relations Coordinator at Denver Community Credit Union, Denver Community is a not-for-profit financial cooperative serving the people of Denver, Arapahoe and Adams counties. On this show, I'd like to welcome Mr. Carlos Colon, a personal finance coach at mpowered, mpowered as a non-profit resource for individuals and families in Colorado who wants to learn about money management and participate in coaching to achieve their personal definition of financial success. We'll be discussing what types of student loan repayment plans, based on income are available. Hi Carlos. Thank you for joining me. Could you please tell us a little about yourself and what you do at mpowered to get started?

Carlos Colon: [00:47](#) As you mentioned, I'm a personal finance coach at mpowered. I'm bilingual, so I'm able to serve both Spanish and English speaking communities. I also teach a lot of our classes through our partner agencies and uh, have been asked to continue Amy Fidelis's wonderful work with the curriculum and class development.

Sarae Kurth: [01:07](#) Cool. So before we get into it, I want our listeners to please note that the repayment plans that we will be discussing only apply to federal student loans and plus loans made directly to students, not parents. You should contact your private student loan service or directly to discuss what repayment plans they have available. So Carlos, what is the most popular income based student loan repayment plan and how does it work?

Carlos Colon: [01:33](#) I think that most borrowers would qualify for the, uh, also called income based repayment plan. Um, basically, it's calculated based on your income, of course, your total amount of student loan debt and your household size. And household size, my understanding, is it's different from, from a number of dependents which you claim on their tax preparation, so on the tax preparation, you would claim only you, your dependence, whereas on household size you'd claim everyone who lives in the house, um, that is dependent, that is involved in your income or the finances, right? So you would kind of, your spouse as well. Um, and some occasions also the total amount of student loans that your spouse has can count towards the calculation.

Sarae Kurth: [02:21](#) Cool. That's good to know. Um, how has an income contingent repayment plan or ICR plan different from an income based repayment plan?

- Carlos Colon: [02:33](#) So the ICR, or the income contingent, it's an older repayment plan. It has less benefits in the sense that the payments are slightly higher than the income-based repayment option. Um, but it's the only option that is available for parents with a student loan. So student loans to take out a part of me. So parents who take out loans on behalf of their children, that's parent loans. Um, my understanding is that the income contingent is the only income based repayment option for them. Um, so even though it's an older program, it remains a useful for that part of the community.
- Sarae Kurth: [03:16](#) That's good to know. Um, are there any other federal student loan repayment plans that are based on income?
- Carlos Colon: [03:23](#) Yes. The newest form that has been added recently is the pay as you earn and that one provides the most benefit. It's only available for uh, new borrowers. Borrowers that have don't have student loans before October 1st, 2007 have loans, a direct loans only. By the way, after 2011.
- Sarae Kurth: [03:50](#) OK. Um, so with the income based repayment plan, the income contingent repayment plan and the pay as you earn repayment plan, is it possible to qualify for forgiveness of the outstanding balance of your student loan if you meet certain requirements over a specified period of time?
- Carlos Colon: [04:13](#) Yes, um, the specified period of time depends on the repayment option. For some, it's the years, um, for income based repayment is 25. You do have to pay taxes. Um, on the amounts forgiven, so the, the amount forgiven it's going to be considered taxable income. But if you're repaying loans for 25 years, in this case, any amount over that is going to be forgiven. They also qualify. You are very useful for people who are in public service or something called public service loan forgiveness. A lot of people unfortunately don't know about qualified based on your employer, not the job that you do necessarily. So anyone who works for any level of government, municipal, state or federal, also employees of non-profit 501c-3s, I know qualify and other non-profits may qualify as well on a case by case basis that would have to be verified. Um, and basically the goal there is to be under one of these payment plans so that you can minimize your monthly payment and thereby maximize the amount that gets forgiven in 10 years. So you have to make a hundred and 20 qualifying repayments and it has to be under repayment, a student loan status. I know it's a lot to take in.
- Sarae Kurth: [05:37](#) It's really good to know all the details about that. So yeah. Thank you for sharing. Um, and I appreciate your time and

expertise. Carlos, could you please share your contact information so that listeners can reach you if they have any questions?

Carlos Colon: [05:51](#) Sure, so you can reach me or anyone at mpowered at 303-233-2773 and my e-mail at mpowered is carlos@mpoweredcolorado oil rig.

Sarae Kurth: [06:05](#) Great. Thank you so much. Please visit student aid dot e, d dot g o v for more details about student loan repayment plans that we discussed followed Denver community on twitter or facebook for personal finance tips and community news or website has done for community that c o p slash education. Thanks for listening.