

## RHODE ISLAND STUDENT LOAN AUTHORITY

### INCOME BASED REPAYMENT

#### GUIDANCE DOCUMENT

The Rhode Island Student Loan Authority (“RISLA”), pursuant to Chapter 62 of Title 16 of the General Laws of Rhode Island, as amended, and GLRI §42-35-2.12 of the Administrative Procedures Act hereby promulgates the following Guidance Document for Income Based Repayment.

Income-Based Repayment (IBR) is designed to reduce monthly payments to help borrowers make student loan debt manageable. To qualify for IBR, borrowers must demonstrate financial hardship. We recognize financial hardship when the monthly amount required to pay RISLA's non-federal loans under a standard repayment plan is higher than the monthly amount under IBR.

IBR payment amounts may increase or decrease each year based on the income, family size, and location of the borrower and co-borrower. Once initially qualified for IBR, RISLA non-federal loans of the qualified borrowers are automatically extended to have up to a twenty five year repayment term. That repayment term begins from the date of the borrower(s) initial repayment date and excludes any periods of deferment or forbearance other than IBR. Similar to the federal IBR program, if a RISLA IBR borrower(s) no longer qualifies for reduced payment, their monthly payment will never exceed the standard repayment amount the borrower(s) paid before becoming eligible for IBR.

All non-federal RISLA loans are eligible for IBR.

Under IBR:

- (a) monthly payments are calculated based on the adjusted gross income (AGI) and family size of the borrower and co-borrower;
- (b) monthly payments are adjusted each year, based on changes to annual income and family size;
- (c) monthly payments are never more than the standard repayment amount at the time of election of IBR;
- (d) monthly payments will not exceed 15 percent of the discretionary income of the borrower and co-borrower and will never be more than the amount required to pay under the Standard Repayment Plan;
- (e) If either borrower is married and files a joint federal tax return with their spouse, the AGI includes both the borrower's income and their spouse's income; and
- (f) the primary borrower and the co-borrower IBR repayment amounts are added together to determine the total IBR annual payments. This amount is then divided by 12 to get the monthly IBR payment amount. Income-based repayment is based on the adjusted gross income during the prior tax year.

During any IBR payment period, interest does continue to accrue.

If the loan balance is not paid in full at final maturity any remaining balance will be forgiven after 25 years of qualifying repayment. Periods of forbearance and deferment other than IBR payments are not qualifying periods of repayment.

Enrolling in an IBR plan will not disqualify a borrower from RISLA's nursing, nurse educators, Internships, and other loan forgiveness programs. However, enrolling in IBR will disqualify borrowers from getting their co-borrowers released.

The borrower and co-borrower will be required to submit updated documentation to RISLA each year. If documentation is not received or not adequate to determine eligibility for IBR, the monthly payment amount will be changed to the amount required to pay under the Standard Repayment Plan of the loan prior to enrolling in IBR. This amount will be higher than the prior IBR payment that was based on the borrower's and co-borrowers' income. In addition, if the borrower(s) do not provide the required income documentation, the IBR period will end and unpaid interest will be capitalized (added to the loan principal). Refer to the IBR application to see a list of required documentation.

Certain borrowers may have multiple co borrowers on their loans. Under those circumstances, RISLA will prorate the borrowers' income based on the non- federal RISLA loan balances between the individual RISLA non-federal loans incurred by the borrower.

## APPEALS

Any person who is aggrieved by any application of this Guidance Document or any determination with respect to his or her eligibility for IBR may appeal such determination in writing to the Executive Director of the Rhode Island Student Loan Authority, 935 Jefferson Boulevard, Warwick, RI 02886 within twenty (20) days of said application or determination. The decision of the Executive Director on all appeals shall be final.