# Understanding the Repayment Assistance Plan (RAP)

## What is RAP?

The **Repayment Assistance Plan (RAP)** is a federal repayment option that may help make monthly student loan payments more manageable by basing payments on your income rather than your loan balance. The Repayment Assistance Plan was established as part of changes to the federal student loan system under the One Big Beautiful Bill Act for eligible federal Direct Loan borrowers. Unlike traditional repayment plans, which calculate payments based on how much you borrowed and your interest rate, RAP determines your monthly payment using:

- Your income
- Your tax filing status (single, married filing separately, or married filing jointly)
- The number of dependents you claim

As your income changes over time, your payment may increase or decrease. The U.S. Department of Education reviews your income information annually to recalculate your payment.

## RAP Eligibility

If you receive a Direct Loan first disbursed on or after July 1, 2026, your primary repayment options generally become RAP and the Tiered Standard Plan. Below, you will find a table outlining borrowers who are, and are not, eligible for the Repayment Assistance Plan.

| Eligible for RAP | NOT Eligible for RAP |
|---|---|
| • Direct Subsidized Loans<br>• Direct Unsubsidized Loans<br>• Direct PLUS Loans for graduate or professional students (Grad PLUS Loans)<br>• Direct Consolidation Loans that do not include Parent PLUS debt | • Direct PLUS Loans for parents (Parent PLUS Loans)<br>• Direct Consolidation Loans that paid off Parent PLUS Loans<br>• Double-consolidated Parent PLUS Loans<br>• Federal Family Education Loan (FFEL) Program loans<br>• Federal Perkins Loan Program loans<br>• Health Education Loan (HEAL) Program loans |

## Monthly Payment Calculation

Your monthly payment is calculated using your **Adjusted Gross Income (AGI)** and then divided into monthly installments. The amount may be reduced by **$50 per month for each dependent** claimed on your federal tax return. Payments will be a minimum of $10 per month.

**RAP Income Percentage Chart**

| Annual AGI | Base Annual Payment* |
|---|---|
| $10,000 or less | $120 annually |
| More than $10,000 and not more than $20,000 | 1% of AGI |
| More than $20,000 and not more than $30,000 | 2% of AGI |
| More than $30,000 and not more than $40,000 | 3% of AGI |
| More than $40,000 and not more than $50,000 | 4% of AGI |
| More than $50,000 and not more than $60,000 | 5% of AGI |
| More than $60,000 and not more than $70,000 | 6% of AGI |
| More than $70,000 and not more than $80,000 | 7% of AGI |
| More than $80,000 and not more than $90,000 | 8% of AGI |
| More than $90,000 and not more than $100,000 | 9% of AGI |
| More than $100,000 | 10% of AGI |

Source: Repayment Assistance Plan base payment percentage table (Studentaid.gov)

*The base payment is a percentage of your AGI that is used to determine what would be paid over 12 months **without accounting for any reductions for your dependents.** It is not the actual monthly payment amount that you're required to pay each month.

**Highlighted sections indicate most common salary range for first-year medical residents

## Example

A borrower earning $68,000 annually would have a base annual payment of 6% of AGI:

- $68,000 × 0.06 = $4,080 annually
- $4,080 ÷ 12 = $340 monthly

If the borrower claims one dependent, the monthly payment would be reduced by $50:

- $340− $50 = $290 monthly

## What Happens if My Payment Doesn't Cover Interest?

One of RAP's most significant benefits is its **interest subsidy.**

If your required RAP payment is less than the interest that accrues during the month, the government will subsidize, or cover, the unpaid interest. This is only available to borrowers who make the required payments on time, in full.

**How does this help?**

Under some previous repayment plans, unpaid interest could cause a loan balance to grow over time. Under RAP, your overall loan balance generally will not become larger than the balance you had when entering RAP.

## Matching Principal Payment Benefit

The Matching Principal Payment Benefit helps eligible borrowers reduce their student loan principal more quickly. If a borrower makes their required monthly payment on time and in full, and less than $50 of that payment is applied to the loan principal, an additional payment may be applied to the principal balance.

The benefit is intended to ensure that the principal is reduced by up to $50 per month. For borrowers whose scheduled monthly payment is less than $50, the principal reduction is increased to the amount of the required monthly payment. The matching amount is calculated based on the portion of the borrower's payment that was applied to principal after all eligibility requirements have been met.

### Example:

A borrower has a required monthly payment of **$100**. After the payment is applied, only **$30** reduces the loan principal. Because the borrower made the payment on time and in full, an additional **$20 Matching Principal Payment** is applied. As a result, the loan principal is reduced by **$50** for that month.

## How to Enroll

Borrowers must either:

- Authorize the Internal Revenue Service (IRS) to share income information with the U.S. Department of Education, or
- Submit alternative documentation of income and dependents.

Your payment amount will be reviewed and recalculated annually. For borrowers who consent to access their federal tax information, annual certification will be done automatically. All other borrowers will need to manually update income information.

## Loan Discharge

Borrowers may receive discharge of any remaining balance after:

- 360 qualifying monthly payments
- At least 30 years of repayment

Prior qualifying progress made under certain income-driven repayment plans may count toward RAP discharge. "If you're eligible for the IBR, ICR or PAYE plans and you enroll in RAP, you're permitted to reenroll in the IBR, ICR or PAYE plan. However, payments made under RAP won't count toward discharge under the IBR, ICR or PAYE plans" (Studentaid.gov).
Forgiven/Discharged loans are **taxed as earned income**, and the amount forgiven should be claimed on annual taxes for the year in which they are forgiven.

## RAP and Public Service Loan Forgiveness (PSLF)

For borrowers employed full-time by qualifying government or nonprofit employers, **payments made under RAP count toward Public Service Loan Forgiveness (PSLF)**, provided the payments are made on time and in full, and all PSLF requirements are met.