Post-SAVE Options

January 27, 2026

The Saving on a Valuable Education (SAVE) plan seemed like a great program for people who graduated from college with large piles of student debt. An estimated 7.7 million student loan borrowers are currently enrolled in a program that exempted them from having to pay principal and interest on their loans if their income was below 225% of the poverty line and offered affordable repayment amounts based on higher income levels. The program prevented interest from accruing on the balance if people above that level were prompt about making their discounted payments. Another attractive feature is that the outstanding loan balance would be forgiven after 20 years of making the required (income-based) payments.

All of that—and SAVE itself—is being eliminated. The U.S. government has agreement to cancel SAVE in order to settle a lawsuit brought by several state attorney generals. That leaves those millions of borrowers scrambling to move themselves onto other existing income-based repayment programs. The options are the Pay As You Earn (PAYE) plan, which sets payments at 10% of 'discretionary income;' Income-Based Repayment (IBR), which requires payments from 10% to 15% of 'discretionary income,' depending on when the money was borrowed; and the Income-Contingent Repayment (ICR) program, where payments are set at the lesser of 20% of 'discretionary income' or what the borrower would pay on a fixed plan over 12 years. (Discretionary income is calculated by subtracting 150% of the federal poverty guideline for your family size and state from the adjusted gross income on your tax form.)

Borrowers can check their eligibility for the different plans at https://studentaid.gov/idr/; they'll just need their FSA ID, their personal and financial information. The government also offers a loan simulator (https://studentaid.gov/loan-simulator/) to help borrowers explore their options.

Any shift they make is likely to be temporary, however. Under the One Big Beautiful Bill Act, borrowers enrolled in ICR or PAYE plans are required to transition to a different repayment play by July 1, 2028.

Sources:

https://edfinancial.studentaid.gov/income-driven-repaymentinformation-center/save#

https://www.studentchoice.org/the-end-of-the-save-plan-what-it-means-for-student-loan-borrowers/

https://www.lendkey.com/blog/paying-for-school/save-plan-ends-8-key-steps-for-borrowers/?gad

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number (215) 325-1595 or you can click here to schedule a meeting.

Please feel free to forward this article and offer to anyone you know who might have financial questions or need some unbiased advice. Most financial advice is sales advice. In stark contrast, we are fee-only (non-commissioned) fiduciary advisors. We just provide truthful, unbiased advice to our clients.

Jeffrey Broadhurst
MBA, CFA, CFP
Broadhurst Financial Advisors, Inc.

Our physical and mail address:
1911 West Point Pike
P.O. Box 301
West Point, PA 19486-0301

Contact us:
Phone: (215) 325-1595
Email: jeff@broadhurstfinancial.com