## The Making College MORE AFFORDABLE ACT

|  | Current System | Cicilline Reform Plan |
| :---: | :---: | :---: |
| Payment Process | Borrowers responsible for submitting monthly payments, including written requests for deferment or forbearance. | Monthly payments automatically deducted from pre-tax income with no additional documentation required. |
| Monthly Payments | Borrowers pay 10-20\% of discretionary after-tax income. | Borrowers pay 4\% of pre-tax income under \$100,000. <br> Payments increase to 5\% per year when income reaches $\$ 100,000$, and an additional $1 \%$ for each $\$ 10,000$ increase. <br> Payment cannot exceed $10 \%$ of income for borrowers earning $\$ 150,000$ or more per year. |
| Interest | Interest accrues on a daily basis, regardless of whether a loan is in repayment, deferment or forbearance. | Zero interest.* <br> *Interest only accrues during periods of deferment or forbearance. |
| Income Threshold | No payment due if adjusted gross income is at or below 150 percent of the poverty line (currently $\$ 17,800$ for an individual). | No payment due if income is below roughly $336.7 \%$ of the federal poverty line (currently $\$ 40,000$ for an individual). |
| Length of Loan | 10-25 years. | 30 years. |

