

Student Loan Forgiveness Paused Under IBR: What Borrowers Need to Know Now

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(DOE) has announced a suspension of student loan forgiveness under the **Income-Based Repayment (IBR)** plan — a crucial program that helps borrowers manage high student loan debt relative to income. This pause comes amidst broader legal and policy shifts in the landscape of income-driven repayment (IDR) plans.

What Is the IBR Plan?

The IBR plan is a federally authorized repayment program designed for borrowers whose debt levels are high relative to their income. Under IBR:

- Monthly payments are capped at 10% or 15% of discretionary income.
- Payments are recalculated annually based on income and family size.
- After 20 or 25 years of qualifying payments (depending on when the borrower received their first loan), any remaining balance may be forgiven.

Unlike other income-driven plans, IBR was enacted by Congress — giving it a more secure legal foundation.

Why Is Forgiveness Paused?

Although IBR has not faced direct legal challenges, the Department of Education announced that **forgiveness under IBR is temporarily paused while internal systems are updated**. In a July 2025 statement, the DOE clarified:

“Currently, IBR forgiveness is paused while our systems are updated. IBR forgiveness will resume once those updates are completed.”

This pause comes amid broader changes, including the dismantling of the **Saving on a Valuable Education (SAVE)** plan, which was blocked by federal court rulings — first in July 2024 and again in February 2025 by the Eighth Circuit Court of Appeals. As a result, **forgiveness under the SAVE, Pay As You Earn (PAYE), and Income-Contingent Repayment (ICR) plans has also been suspended**.

The Legal Landscape: Congressional vs. Administrative Plans

The Department cited that SAVE, PAYE, and ICR were not created by Congress, limiting the DOE’s ability to defend them in court. In contrast, IBR — as a congressional statute — remains legally intact.

“Forgiveness as a feature of the SAVE, PAYE, and ICR Plans is currently paused because those plans were not created by Congress. ED can and will still process loan forgiveness for the IBR Plan, which was separately enacted by Congress.”

Despite this distinction, critics argue that the DOE is using the SAVE injunction as a justification to delay IBR forgiveness — further frustrating borrowers awaiting relief.

What Many Borrowers Should Do Now

With over **1.5 million IDR applications backlogged**, interest charges have resumed for those enrolled in the SAVE plan. The DOE is now advising borrowers to **switch to the IBR plan**, which remains legally viable and eligible for forgiveness — once system updates are completed.

In a statement earlier this month, Secretary of Education Linda McMahon emphasized the urgency:

“The Department urges all borrowers in the SAVE Plan to quickly transition to a legally compliant repayment plan — such as the Income-Based Repayment Plan. Borrowers in SAVE cannot access important loan benefits and cannot make progress toward loan discharge programs authorized by Congress.”

Key Takeaways for Borrowers

- **IBR forgiveness is paused** but not eliminated. It is expected to resume after system updates.
- **Forgiveness under SAVE, PAYE, and ICR is blocked** due to federal court injunctions.
- **Borrowers should consider switching to IBR** to continue progressing toward forgiveness.
- **Interest is now accruing** on SAVE plan loans, raising the financial stakes of staying in limbo.



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