

# 3 WAYS TO END AN ISA

ISAs end one of three ways: when graduates reach

1. the close of the payment window,
2. the maximum monthly payments, or
3. the payment cap— whichever comes first.

ISAs are built to end. To understand how, consider this sample student experience:

*Maya, a student at RMU, signs ISAs that total \$10,000. She graduates May 2021 and enters a 6-month grace period. At this point, her ISA payment experience will unfold one of three ways.*

**ISA Amount** | \$10,000 **Income Share** | 3.65% **Max Monthly Payments** | 84 **Payment Cap** | 1.8x (\$18,000) **Max Deferment** | 36 mo. **Payment Window** | 120 mo. **MIT** | \$2,083.33/mo. (≈\$25,000/yr.)

## 1. REACH CLOSE OF PAYMENT WINDOW

### JUNE 2021

After graduation, Maya freelances, earning \$24,800 annually, or \$2,067/month. She submits income documentation for ISA servicing during her 6-month grace period.

### JANUARY 2022

Maya's 6-month grace period ends, and her first monthly payment should be due. Because her earnings fall below the minimum income threshold (MIT), she qualifies for deferment. While Maya is in deferment, no monthly payments are due.

### DECEMBER 2025

Maya continues to submit income documentation every year and any time her earnings vary. In December 2025, she exhausts the maximum deferment period. From that point on, each month she earns below the MIT, she makes a \$0 payment that counts down to the end of her payment window.

### DECEMBER 2031

Maya's payment window closes, effectively ending her ISA obligation.

## 2. MAKE MAXIMUM MONTHLY PAYMENTS

### JUNE 2021

After graduation, Maya is hired for a marketing job with a salary of \$32,000, or \$2,667/month. She submits income documentation for ISA servicing during her grace period.

### JANUARY 2022

Maya's first monthly payment is due.

$$\text{Payment} = \text{monthly income} \times \text{income share}$$

### FEBRUARY 2022 – NOVEMBER 2028

Maya continues making monthly payments and submitting income documentation. Her income may change with raises or job changes, but her income share will remain at 3.65%.

### DECEMBER 2028

Maya makes the 84 maximum monthly payments, effectively ending her ISA obligation.

## 3. HIT PAYMENT CAP

### JUNE 2021

After graduation, Maya is hired as a business analyst with a salary of \$56,000, or \$4,667/month. She submits income documentation for ISA servicing during her grace period.

### JANUARY 2022

Maya's first monthly payment is due.

$$\text{Payment} = \text{monthly income} \times \text{income share}$$

### FEBRUARY 2022 – NOVEMBER 2027

Maya continues making monthly payments and submitting income documentation. Her income may change with raises or job changes, but her income share will remain at 3.65%.

### DECEMBER 2027

Maya hits the payment cap with \$18,000 of total payments, effectively ending her ISA obligation.

# 3 WAYS TO END AN ISA

For a closer look at Maya's three sample payment experiences, see the year-by-year breakdown of each ISA-endpoint path below.

Note that in each of these examples, Maya follows a relatively linear employment path. In other examples, Maya's earnings and income-based payments may be less linear. For example, she could earn above the MIT for three years, make payments those years only, and still end her ISA at the close of the payment window—without reaching the maximum monthly payments or payment cap.

The examples below do not predict your post-graduation experience. But they should help give you a picture of the ways ISAs end.



## PAYMENT WINDOW

the number of months before your ISA automatically expires

### 1. REACH CLOSE OF PAYMENT WINDOW

YEAR	ANNUAL INCOME	MONTHLY INCOME	INCOME SHARE	MONTHLY PAYMENT	PAID THIS YEAR	TOTAL PAID	TOTAL # PAYMENTS
2022	\$24,800	\$2,067	3.65%	\$0	\$0	\$0	0
2023	\$30,000	\$2,500	3.65%	\$91	\$1,092	\$1,092	12
2024	\$24,800	\$2,067	3.65%	\$0	\$0	\$1,092	12
2025*	\$0	\$0	3.65%	\$0	\$0	\$1,092	12
2026	\$0	\$0	3.65%	\$0	\$0	\$1,092	24
2027	\$0	\$0	3.65%	\$0	\$0	\$1,092	36
2028	\$0	\$0	3.65%	\$0	\$0	\$1,092	48
2029	\$18,000	\$1,500	3.65%	\$0	\$0	\$1,092	60
2030	\$14,000	\$1,167	3.65%	\$0	\$0	\$1,092	72
2031	\$16,000	\$1,333	3.65%	\$0	\$0	\$1,092	84

\*In 2025, Maya exhausts her 36 months of deferment.



## MAX MONTHLY PAYMENTS

the maximum number of monthly payments you could be obligated to make

### 2. MAKE MAXIMUM MONTHLY PAYMENTS

YEAR	ANNUAL INCOME	MONTHLY INCOME	INCOME SHARE	MONTHLY PAYMENT	PAID THIS YEAR	TOTAL PAID	TOTAL # PAYMENTS
2022	\$32,000	\$2,667	3.65%	\$97	\$1,164	\$1,164	12
2023	\$34,000	\$2,833	3.65%	\$103	\$1,236	\$2,400	24
2024	\$36,000	\$3,000	3.65%	\$110	\$1,320	\$3,720	36
2025	\$38,000	\$3,167	3.65%	\$116	\$1,392	\$5,112	48
2026	\$40,000	\$3,333	3.65%	\$122	\$1,464	\$6,576	60
2027	\$42,000	\$3,500	3.65%	\$128	\$1,536	\$8,112	72
2028	\$44,000	\$3,667	3.65%	\$134	\$1,608	\$9,720	84



## PAYMENT CAP

the maximum amount you could be obligated to share

### 3. HIT PAYMENT CAP

YEAR	ANNUAL INCOME	MONTHLY INCOME	INCOME SHARE	MONTHLY PAYMENT	PAID THIS YEAR	TOTAL PAID	TOTAL # PAYMENTS
2022	\$56,000	\$4,667	3.65%	\$170	\$2,040	\$2,040	12
2023	\$66,000	\$5,500	3.65%	\$201	\$2,412	\$4,452	24
2024	\$80,000	\$6,667	3.65%	\$243	\$2,916	\$7,368	36
2025	\$88,000	\$7,333	3.65%	\$268	\$3,216	\$10,584	48
2026	\$96,000	\$8,000	3.65%	\$292	\$3,504	\$14,088	60
2027	\$108,000	\$9,000	3.65%	\$329	\$3,912	\$18,000	72

All figures in this illustration have been rounded to the nearest dollar. They are for illustrative purposes only and are not predictions of your unique payment experience. Actual ISA terms, earnings amounts, and payment experiences will vary.

