Step 1: Estimate your monthly RePAYE payment at https://studentloans.gov/myDirectLoan/repaymentEstimator.action?_ga=2.200627950.1136480231.1528041322-1557278905.1527821061#. Multiply by 12. Enter in Box 1.

Step 2: Calculate your Annual Interest on Subsidized (Box 2) and Unsubsidized Loans (Box 3)

Step 3: Subtract your Subsidized Interest (Box 2) from your Annual Payment (Box 1). If any remains, subtract that from Your Unsubsized Annual Interest (Box 3). Enter amount in Box 4. If Box 1 is less than Box 2, write the amount from Box 3 in Box 4.

Step 4: Divide Box 4 by 2 and enter in Box 5. This is the amount of interest not forgiven by the Federal Government that will be added to your principal next year.

Step 5: Add your annual payment and the amount in Box 5 and enter in Box 6. This is the actual interest paid/accrued by you for the year.

Step 6: Multiply box 5 by 100 then divide that by the total principal balance (Subsidized + Unsubsidized)

Step 7: Multiply box 6 by 100 then divide by the total principal (Subsidized + Unsubsidized). Enter in Box 7. This is the Effective Annual Interest Rate you will pay under the RePAYE program for the first 3 years. To calculate your effective interest rate thereafter, re-calculate but add any remaining amount from Step 3 (Box 2 – Box 1) to the amount in Box 4, then continue from there.

Box	Description
(1)	Annual Interest Payment = Estimated Monthly Payment x 12
(2)	Principal x (Annual Interest Rate/100)
(3)	Principal x (Annual Interest Rate/100)
(4)	Unsubsidized Interest Remaining After Payments
(5)	Remaining Unpaid Interest
(6)	Remaining Unpaid Interest
(7)	Effective Annual Interest Rate