FEDERAL STUDENT LOAN PROGRAMS

StudentAid.gov

Will you need a loan to attend college? If so, think federal aid first. Federal student loans usually offer borrowers lower interest rates and have more flexible repayment terms and options than private student loans.

1. What is a federal student loan?

Federal loans are borrowed funds that you must repay with interest. A federal student loan allows students and their parents to borrow money to help pay for college through loan programs supported by the federal government. They have low interest rates and offer flexible repayment terms, benefits, and options.

2. What is a private student loan?

A private student loan is a nonfederal loan issued by a lender such as a bank or credit union. If you're not sure whether you're being offered a private loan or a federal loan, check with the financial aid office at your school.

3. Why are federal student loans a better option for paying for college?

Federal student loans offer borrowers many benefits not typically found in private loans. These include low fixed interest rates, income-based repayment plans, cancellations for certain employment, and deferment (postponement) options, including deferment of loan payments when a student returns to school. Also, private loans usually require a credit check. For these reasons, students and parents should always exhaust federal student loan options before considering a private loan.

See the next page for the types of federal student loans available.

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HAVE QUESTIONS?
Contact or visit the following:

- StudentAid.gov
- a college financial aid office
- studentaid@ed.gov

- 1-800-4-FED-AID (1-800-433-3243) toll free
- 1-800-730-8913 (toll-free TTY for the hearing impaired)

What kinds of federal student loans are available?

Federal Loan Program	Loan Details (subject to change)	Annual Award (subject to change)
Federal Perkins Loan	• For undergraduate and graduate students • Eligibility depends on student's financial need and availability of funds at the college • Interest is 5% • College is the lender; payment is owed to the college that made the loan	Undergraduate students: up to $5,500; graduate and professional students: up to $8,000 Total amount may not exceed $27,500 for undergraduates and $60,000 for graduate students (including amounts borrowed as an undergraduate)
Direct Subsidized Loan	• For undergraduate students who are enrolled at least half-time* and demonstrate financial need • Interest is 6.8% for loans made on or after July 1, 2013 (lower rates may apply to loans made before this date) • Student is not charged interest on the loan while in school at least half-time and during deferment periods • The U.S. Department of Education (ED) is the lender; payment is owed to ED	$3,500–$5,500, depending on grade level For total lifetime limit, go to **StudentAid.gov/sub-unsub**
Direct Unsubsidized Loan	• For undergraduate and graduate students who are enrolled at least half-time*; financial need is not required • Interest is 6.8% • Student is responsible for interest during all periods • ED is the lender; payment is owed to ED	$5,500–$20,500 (less any subsidized amounts received for same period), depending on grade level and dependency status For total lifetime limit, go to **StudentAid.gov/sub-unsub**
Direct PLUS Loan	• For parent of dependent undergraduate students and for graduate or professional students; financial need is not required • Student must be enrolled at least half-time* and must be either a dependent undergraduate student for whom a parent is taking out a Direct PLUS Loan or a graduate or professional student who is receiving a Direct PLUS Loan • Interest is 7.9% • Parent of dependent undergraduate student must not have adverse credit history • Borrower must not have negative credit history • Borrower is responsible for interest during all periods • ED is the lender; payment is owed to ED	Maximum amount is cost of attendance minus any other financial aid student receives; no minimum amount

*For definitions of these and other terms, visit **StudentAid.gov/glossary**.

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