What Is a Federal Student Loan?
Federal student loans are funds borrowed from the U.S. Federal Government that you must repay, along with the interest that accrues. A federal student loan allows you and your parents to borrow money to help pay for college through federal government programs.

What Is a Private Student Loan?
Private loans are non-federal loans issued by private lenders like banks or credit unions. Private student loans often have higher interest rates and loan fees than federal student loans, typically require a credit check, and do not provide as many flexible repayment options.

How Can I Tell the Difference?
If you are not sure whether you’re being offered a private or federal student loan, check if the name of the loan includes the word “federal.” If not, ask your school’s financial aid office. Often, private loans are marketed directly to student borrowers. If you do get a private loan, let your school’s financial aid office know so they can counsel you on future loans and financial wellness.

Why Are Federal Student Loans a Better Option to Pay for College?
Federal student loans offer borrowers many benefits not typically found with private loans, including low, fixed interest rates, a six-month grace period during which no payments are due, income-driven repayment plans, options to lower or postpone payments, loan forgiveness or discharge based on your job or disability, and deferment options for military or volunteer service or if you return to school. You should explore all of your federal student loan options before considering a private loan.

What Types of Federal Student Loans Are Available and How Much Can I Borrow?

<table>
<thead>
<tr>
<th>Loan Program</th>
<th>Eligibility</th>
<th>Fixed Annual Interest Rate</th>
<th>Annual Loan Limit</th>
<th>Maximum Loan Amount Allowed Upon Graduation</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Perkins Loans</td>
<td>Undergraduate and graduate students who are enrolled at least part time and who demonstrate financial need</td>
<td>5%</td>
<td>Undergraduate students: Up to $5,500  Graduate students: Up to $8,000 Amount received depends on financial need, amount of other aid, and availability of funds at school</td>
<td>Undergraduate students: $27,500  Graduate students: Up to $60,000 (this amount includes undergraduate loans)</td>
<td>Your college is the lender</td>
</tr>
<tr>
<td>Federal Direct Subsidized Stafford Loans</td>
<td>Undergraduate students who are enrolled at least half time Must demonstrate financial need</td>
<td>Undergraduate students: For loans first disbursed on or after July 1, 2019 and before July 1, 2019: 4.53%  $3,500–$5,500 depending on year in school See Annual Loan Limit chart below</td>
<td>Undergraduate students: $23,000</td>
<td>The U.S. Department of Education is the lender  The federal government pays interest while you are in school at least half time, in grace, or in a deferment</td>
<td></td>
</tr>
<tr>
<td>Federal Direct Unsubsidized Stafford Loans</td>
<td>Undergraduate and graduate students enrolled at least half time Financial need is not required</td>
<td>Undergraduate students: For loans first disbursed on or after July 1, 2019 and before July 1, 2020: 6.08%  $5,500–$20,500 (less any subsidized amount received for the same period) depending on year in school and dependency status See Annual Loan Limit chart below</td>
<td>$31,000  Independent undergraduate students: $57,500</td>
<td>The U.S. Department of Education is the lender  You are responsible for paying all interest on the loan starting on the date the loan is first disbursed</td>
<td></td>
</tr>
</tbody>
</table>

1 The U.S. Department of Education does not assess late fees.
### Loan Program Eligibility

**Federal Direct PLUS Loans**
- Graduate and professional students and parents of dependent undergraduate students
- Student must be enrolled at least half time
- Financial need is not required
- Those qualifying must not have adverse credit history

**Fixed Annual Interest Rate**
- For loans first disbursed on or after July 1, 2019, and before July 1, 2020: 7.08%

**Annual Loan Limit**
- The student’s Cost of Attendance (determined by the school) minus any other financial aid received

**Maximum Loan Amount Allowed Upon Graduation**
- No aggregate limit for PLUS Loans

**Details**
- The U.S. Department of Education is the lender
- The loan is unsubsidized (you are responsible for paying all interest)

**Federal Direct Consolidation Loans**
- Students who want to combine multiple federal student loans into one payment
- Parent PLUS loans cannot be transferred to the student or become the student’s responsibility

**Fixed Rate**
- Fixed rate is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of 1%
- There is no cap on the interest rate for a Consolidation loan.

**Details**
- The U.S. Department of Education is the lender
- Apply online or print an application at StudentLoans.gov or call 800.557.7394 to see if this option is right for you

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**What are my Annual Loan Limits?**

Limits are determined by your class standing and dependency status. A dependent student whose parent is denied a PLUS loan may be eligible for Federal Stafford Loans at the independent level. Contact your school to see if this applies to you.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>INDEPENDENT</th>
<th>DEPENDENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Maximum Subsidized</td>
<td>Additional Unsubsidized</td>
</tr>
<tr>
<td>Undergraduate First Year</td>
<td>$3,500</td>
<td>$6,000</td>
</tr>
<tr>
<td>Undergraduate Second Year</td>
<td>$4,500</td>
<td>$6,000</td>
</tr>
<tr>
<td>Undergraduate Third Year</td>
<td>$5,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>Beyond</td>
<td>N/A</td>
<td>$20,500</td>
</tr>
</tbody>
</table>

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1. A dependent student is not married, is younger than 24, does not have children, is not a member of the armed forces, and is not a veteran. A dependent student reports parental income on the FAFSA.
2. An independent student is married, at least 24, has children, is a member of the armed forces, or is a veteran. An independent student does not report parental income on the FAFSA.