

2011-2012 Federal Student Loan Programs

What is a federal student loan?

Federal loans are borrowed funds you must repay, along with the interest that accrues. A federal 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 nonfederal loans issued by private lenders like banks or credit unions. Private student loans often have higher interest rates and loan fees than federal loans, typically require a credit check, and do not provide as many flexible repayment options and plans.

How can I tell the difference?

If you are not sure whether you're being offered a private loan or federal loan, check out the name of the loan—

does it include 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-based repayment options, ways 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 always exhaust federal student loan options before considering a private loan.

What types of federal student loans are available and how much can I borrow?

Loan Program	Eligibility	Fixed Annual Interest Rate	Annual Loan Limit	Maximum Loan Amount Allowed Upon Graduation	Details
Federal Perkins Loans	Undergraduate and graduate students who are enrolled at least part-time and who demonstrate financial need	5%	Undergraduate students: Up to \$4,000 Graduate students: Up to \$8,000 Amount received depends on financial need, amount of other aid, and availability of funds at school	Undergraduate students: \$27,500 Graduate students: Up to \$60,000 (this amount includes undergraduate loans)	Your college is the lender.
Federal Direct Subsidized Stafford Loans	Undergraduate and graduate students who are enrolled at least half-time Must demonstrate financial need	Undergraduate students: For loans first disbursed on or after July 1, 2010, and before July 1, 2011: 4.5% For loans first disbursed on or after July 1, 2011, and before July 1, 2012: 3.4% Graduate students: 6.8%	\$3,500 - \$8,500, depending on year in school See Annual Loan Limit chart below	Undergraduate students: \$23,000 Graduate students: \$65,500	The U.S. Department of Education is the lender. The federal government pays interest while you are in school.

Loan Program	Eligibility	Fixed Annual Interest Rate	Annual Loan Limit	Maximum Loan Amount Allowed Upon Graduation	Details
Federal Direct Unsubsidized Stafford Loans	Undergraduate and graduate students enrolled at least half-time Financial need is not required	6.8%	\$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	Dependent¹ undergraduate students: \$31,000 Independent² undergraduate students: \$57,500 Graduate students: \$138,500	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.
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	7.9%	The student's cost of attendance (determined by the school) minus any other financial aid received	No aggregate limit for PLUS Loans	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 is based on the weighted average of the interest rates on the loans being consolidated, rounded up to the nearest one-eighth of 1%	Not applicable	Not applicable	The U.S. Department of Education is the lender. Print an application at loanconsolidation.ed.gov or call 800.557.7392 to see if this option is right for you.

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

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.

YEAR	INDEPENDENT			DEPENDENT		
	Maximum Subsidized	Additional Unsubsidized	Combined	Maximum Subsidized	Additional Unsubsidized	Combined
Freshman	\$3,500	\$6,000	\$9,500	\$3,500	\$2,000	\$5,500
Sophomore	\$4,500	\$6,000	\$10,500	\$4,500	\$2,000	\$6,500
Junior/Senior	\$5,500	\$7,000	\$12,500	\$5,500	\$2,000	\$7,500
Graduate	\$8,500	\$12,000	\$20,200	N/A	N/A	N/A

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