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Because College Changes Everything

Our Mission

We advocate for and help Iowa students and their families as they explore, finance and complete educational opportunities beyond high school.

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STUDENT LOANS

A GUIDE FOR STUDENTS AND PARENTS



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Should I borrow a student loan?

Student loans can be a good option to cover educational expenses after you have exhausted other aid and employment opportunities. When borrowing, just remember that student loans must be repaid with interest.

This brochure covers several different federal and private education loan options. When deciding which loan is best for you, keep in mind that federal loans are usually less expensive, have more repayment options, offer deferment and forbearance options to postpone payments and have loan forgiveness opportunities not available for private loans. Private loans are best used as a last resort to finance any expenses that remain after family resources, scholarships, grants, institutional aid, student employment and federal loans have been exhausted.

Estimated 10-year Standard Repayment Schedule

How Much to Borrow \$

Don't borrow more than you need! Consider how much of your future paycheck will be needed to repay your loans. Repayment begins shortly after you graduate, withdraw or your enrollment drops below half time.

Total Loan Balance	Loan Payment* by Interest Rate							
	3.86%	4.29%	4.66%	5.84%	6.21%	6.4%	6.84	7.21%
\$1,000	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$2,500	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$3,500	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$4,500	\$50	\$50	\$50	\$50	\$50	\$51	\$52	\$53
\$5,500	\$55	\$57	\$58	\$61	\$62	\$62	\$63	\$64
\$10,000	\$100	\$103	\$105	\$111	\$112	\$113	\$115	\$117
\$15,000	\$151	\$154	\$157	\$166	\$168	\$170	\$173	\$176
\$20,000	\$201	\$206	\$209	\$221	\$224	\$226	\$231	\$234
\$30,000	\$302	\$308	\$314	\$331	\$336	\$339	\$346	\$351
\$40,000	\$402	\$411	\$418	\$441	\$448	\$452	\$461	\$469

Average Debt in Iowa**

Four-Year Degrees

Regent University	\$28,293	\$285	\$291	\$296	\$311	\$317	\$320	\$326	\$331
Private Not-for-Profit	\$31,497	\$317	\$323	\$329	\$347	\$353	\$356	\$362	\$369
Private For-Profit	\$23,458	\$236	\$241	\$245	\$258	\$263	\$265	\$270	\$275

Two-Year Degrees

Community College	\$14,267	\$144	\$146	\$149	\$157	\$160	\$161	\$164	\$167
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* Find payment amounts for other balances, interest rates and repayment plans with the online calculator at www.direct.ed.gov/calc.html
** Based on average debt of 2013 graduates from Iowa colleges and universities

Stay Organized and Keep in Touch

Don't be overwhelmed by the notices, statements and other paperwork you receive regarding your student loans. These papers contain important loan information, such as balances, interest rates and any borrower benefits you are entitled to receive. Keep all your loan papers in one place to ensure you have the necessary information to successfully repay your loans after graduation. Keep in touch with your loan servicer and update your contact information as necessary to ensure you don't miss any important notifications regarding your loans. If you are ever facing difficulty making a payment, contact your loan servicer immediately.

DIRECT STAFFORD LOAN SUMMARY

Interest Rates: The Bipartisan Student Loan Certainty Act of 2013 ties federal student loan interest rates to financial markets. Rates are determined each spring for new loans made for the upcoming award year, which runs July 1 through June 30. Each loan has a fixed interest rate for the life of the loan.

Fees: The Direct Stafford Loan fee is 1.073% for loans first disbursed on or after October 1, 2014. The fee decreases slightly to 1.068% for loans disbursed on or after October 1, 2015.

Eligibility: There are two types of Direct Stafford Loans: subsidized and unsubsidized. Your eligibility for both types is determined by the Free Application for Federal Student Aid (FAFSA).

Direct Subsidized Stafford Loans are restricted to borrowers with demonstrated financial need. If you are eligible for a Direct Subsidized Stafford Loan, the federal government pays the interest while you are enrolled at least half time and during periods of authorized deferment.

Note: If you borrowed a Direct Subsidized Stafford Loan(s) that was first disbursed between July 1, 2012 and July 1, 2014, you will be responsible for the interest that accrues during the grace period.

Direct Unsubsidized Stafford Loans are not awarded based on financial need. You will be charged interest from the time you receive the funds until the loan is paid in full. If you do not pay the interest while you are in school, it will be capitalized (added to the principal amount of your loan) when you enter repayment.

PERKINS LOANS

The Perkins Loan Program is set to expire on September 30, 2015. Absent congressional action, no loans to new borrowers can be made after this date.

Interest Rate: The interest rate is fixed at 5%. The federal government pays the interest while you are enrolled at least half time, during the nine-month grace period and during periods of authorized deferment.

Eligibility: Undergraduate, graduate & professional students attending participating institutions and who demonstrate exceptional financial need, as determined by the FAFSA, may be eligible.

Federal Stafford Loan Interest Rates

Loans first disbursed:	Undergraduate Subsidized Stafford	Undergraduate Unsubsidized Stafford	Graduate/Professional Sub ¹ and Unsub Stafford
On or after July 1, 2012	3.4% fixed	6.8% fixed	6.8% fixed
On or after July 1, 2013	3.86% fixed	3.86% fixed	5.41% fixed
On or after July 1, 2014	4.66% fixed	4.66% fixed	6.21% fixed
On or after July 1, 2015	4.29% fixed	4.29% fixed	5.84% fixed

Loan Limits: The chart below outlines both annual and aggregate loan limits for undergraduate, graduate and professional students

Maximum Federal Loan Limit Amounts

Borrower's academic level	Subsidized and Unsubsidized Stafford	
	Annual amount for dependent	Annual amount for independent ²
1st-year undergraduate <small>[subsidized limit is \$3,500]</small>	\$5,500	\$9,500
2nd-year undergraduate <small>[subsidized limit is \$4,500]</small>	\$6,500	\$10,500
3rd-year and beyond <small>[subsidized limit is \$5,500]</small>	\$7,500	\$12,500
Graduate/Professional ¹	N/A	\$20,500
	Aggregate	Aggregate
Undergraduate	\$31,000 <small>[subsidized limit is \$23,000]</small>	\$57,500 <small>[subsidized limit is \$23,000]</small>
Graduate/Professional Student ¹	N/A	\$138,500 combined

¹ Effective for loans first disbursed on or after July 1, 2012, graduate and professional students are no longer eligible to receive Direct Subsidized Stafford Loans. However, if you are a graduate or professional student, you may still qualify for up to \$20,500 in Direct Unsubsidized Stafford Loans each year.

² If you are age 24 or older, a graduate or professional student, married, a student with legal dependents other than a spouse, a veteran of the U.S. Armed Forces, currently serving on active duty in the U.S. Armed Forces for other than training purposes or an orphan or ward of the court (or were until age 18), you are considered independent.

Loan Limits: The maximum amount is \$5,500 per year for undergraduate students and \$8,000 per year for graduate students. Some schools have lower limits based on the availability of Perkins Loan funds.

Repayment: Perkins Loans have a nine-month grace period after you graduate, leave school or drop below half-time status before you must begin repayment. Contact your financial aid office for additional information.

PLUS LOAN SUMMARY

Direct PLUS Loans are available to parents of undergraduate students and graduate/professional students to pay for educational expenses. Direct PLUS Loans are federally insured and offer deferment, forbearance and repayment options. Typically, Direct PLUS Loans are used to pay unmet educational expenses or as an alternative to private student loans.

Eligibility:

- Any natural or adoptive parent (or the spouse of a custodial parent who is remarried) with a dependent undergraduate student who is enrolled at least half time.
- Any graduate or professional student who is enrolled at least half time.

Direct PLUS Loan borrowers are subject to credit checks. Adverse credit may prohibit borrowing in these programs. If a parent borrower is denied a Direct PLUS Loan, the dependent undergraduate student is eligible for additional Direct Unsubsidized Stafford Loan amounts. Contact financial aid officials at your college if you have questions.

Interest Rates: The interest rate for new Direct PLUS Loans first disbursed after July 1, 2015 is 6.84%. It is based upon an auction of the 10-Year Treasury bill and once calculated, remains fixed for the life of the loan.

Fees: The Direct PLUS Loan Origination Fee is 4.292% for loans first disbursed on or after October 1, 2014. The fee decreases slightly to 4.272% for loans disbursed on or after October 1, 2015.

Repayment: The first payment is due within 60 days of the date the loan is fully disbursed. Parent borrowers of Direct PLUS Loans may request postponement of repayment while the student for whom the loan was borrowed is enrolled at least half time. The postponement includes a six-month grace period after the student ceases to be enrolled at least half time. In-school deferment is available to postpone payments for graduate student borrowers who are enrolled at least half time and for the six-month period thereafter. While all borrowers are entitled to a 10-year repayment term with a minimum monthly payment of \$50, other repayment options are available.

Loan Limits: There is no annual or aggregate limit. A borrower may request an amount equal to the cost of attendance, minus any other financial aid awarded.

LOAN FORGIVENESS

Federal and state loan repayment, forgiveness and cancellation programs are available for borrowers who work in professional shortage areas such as:

- Attorneys (Public Defenders & State Prosecutors)
- Teaching
- Nursing
- Public Service
- Federal Employment
- Military Service

Detailed information on the programs can be found at: www.iowaCollegeAid.gov.

PAYMENT ESTIMATION

To view estimates of your monthly payments on different repayment plans, use the federal student loan calculator available at: www.direct.ed.gov/calc.html

PRIVATE LOANS

Private education loans are nonfederal loans offered by many major banking institutions, credit unions and education loan providers. Students should only use private education loans if they have taken advantage of all of the federal and state aid offered to them. Private education loans are not federally-insured and may be more costly than Federal Direct Stafford or Direct PLUS Loans.

There are many types of private education loans available, all with different fees and interest rate structures. If you are interested in borrowing a private education loan, start by contacting your financial aid office for assistance. You should carefully evaluate the terms and conditions of the various private education loans before applying.

If you have concerns about a private student loan, the Consumer Financial Protection Bureau's private student loan ombudsman may be able to assist you. Contact them at:

Website: www.consumerfinance.gov

Phone: 855-411-2372

Email: info@consumerfinance.gov