

## Sapient CPA LLC

Jo-Ku Tang, CPA/PFS, CGMA  
One Bridge Plaza N Suite 275  
Fort Lee, NJ 07024  
201-468-6441  
201-468-6440  
jtang@sapientcpa.com

# Federal Student Loan Interest Rates Decrease for 2019-2020

For the first time in three years, interest rates on federal student loans will decrease for the 2019-2020 academic year. The lower rates apply to new federal student loans made on or after July 1, 2019, through June 30, 2020. The interest rate is fixed for the life of the loan.



### **Subsidized vs. unsubsidized**

*What's the difference? With subsidized loans, the federal government pays the interest that accrues while the student is in school, during the six-month grace period after graduation, and during any loan deferment periods. With unsubsidized loans, the borrower is responsible for paying the interest during these periods. Only undergraduate students are eligible for subsidized loans, and eligibility is based on demonstrated financial need.*

	New rate 2019-2020	Old rate 2018-2019	Available to	Borrowing limits
<b>Direct Stafford Loans: Undergraduates (Subsidized)</b>	4.53%	5.05%	Undergraduate students only Subsidized loans are based on financial need as determined by the federal aid application (FAFSA)	For dependent undergraduates: 1st year: \$5,500 (max \$3,500 subsidized) 2nd year: \$6,500 (max \$4,500 subsidized) 3rd, 4th, 5th year: \$7,500 (max \$5,500 subsidized) Max: \$31,000 (max \$23,000 subsidized)
<b>Direct Stafford Loans: Undergraduates (Unsubsidized)</b>	4.53%	5.05%	Undergraduate students only; all students are eligible regardless of financial need	For dependent undergraduates: 1st year: \$5,500 (max \$3,500 subsidized) 2nd year: \$6,500 (max \$4,500 subsidized) 3rd, 4th, 5th year: \$7,500 (max \$5,500 subsidized) Max: \$31,000 (max \$23,000 subsidized)
<b>Direct Stafford Loans: Graduate or Professional Students</b>	6.08%	6.6%	Graduate or professional students only; all students are eligible regardless of financial need Unsubsidized loans only	\$20,500 per year; max \$138,500
<b>Direct PLUS Loans: Parents and Graduate or Professional Students</b>	7.08%	7.6%	Parents of dependent undergraduate students and graduate or professional students Unsubsidized loans only	Total cost of education, minus any other aid received by student or parent