

Federal Student Loan Amounts and Terms for 2008-09

This chart summarizes the loan limits, interest rates, and other terms for federal student loans from July 1, 2008 through June 30, 2009. FFEL refers to the Family Federal Education Loan Program, where private lenders provide federal loans to students and parents. The federal government acts as the lender in the Direct Loan Program.

Basic Eligibility Requirements		U.S. citizens or permanent residents enrolled at least half time in a qualified program at a participating school, not in default on a prior student loan, and not convicted of a drug offense while receiving prior federal financial aid. Total aid, including student loans, cannot exceed school's total cost of attendance (tuition & fees, room & board, transportation, personal and miscellaneous expenses).
Stafford	Eligibility	No credit check. FAFSA required. Subsidized loans require financial need; unsubsidized loans are available regardless of need.
	Annual Loan Limits	Dependent students: \$5,500 as freshmen (including up to \$3,500 subsidized); \$6,500 as sophomores (including up to \$4,500 subsidized); \$7,500 as juniors and seniors (including up to \$5,500 subsidized).
		Independent students: \$9,500 as freshmen (including up to \$3,500 subsidized); \$10,500 as sophomores (including up to \$4,500 subsidized); \$12,500 as juniors and seniors (including up to \$5,500 subsidized).
		In addition, TEACH Grants of up to \$4,000 per year (up to a total of \$16,000) become unsubsidized Stafford loans if the borrower does not complete the teaching obligation.
		Graduate students: \$20,500 (including up to \$8,500 subsidized).
	Aggregate Loan Limits	Dependent students: \$31,000. Independent students (undergraduate): \$57,500. Graduate and professional students: \$138,500 (or \$224,000 for certain medical training) including undergraduate borrowing.
	Interest rate	6.8% on unsubsidized loans. On subsidized loans, no interest is charged during school and in some deferment periods; in repayment, the rate is 6.0% for undergraduate students and 6.8% for graduate students.
Fees	2% (see Discounts)	
PLUS	Eligibility	Available regardless of need to parents of dependent students (Parent PLUS) and to graduate and professional students (Grad PLUS). Credit check must show no delinquencies in the previous 90 days (some exceptions for extenuating circumstances) and no bankruptcy in the previous five years. FFEL lenders may apply stricter requirements but may not deny a loan based on the absence of a credit history. The credit requirement can be met by a cosigner. For Parent PLUS, the school decides whether to require the FAFSA or not.
	Loan Limit	Total cost of attendance minus other financial aid. No aggregate maximum.
	Interest rate	7.9% in the Direct Loan Program, sometimes matched by lenders in FFEL, where the maximum rate is 8.5%.
	Fees	4% (see Discounts)
Rate reduction for automatic electronic payments		0.25% interest rate reduction offered by the Direct Loan Program and by many FFEL lenders. (Note: a 0.25% interest rate reduction is equal in value to about a 1% fee at loan disbursement).
Discounts		Some FFEL lenders/agencies offer discounts, such as covering a portion of the fee and/or offering a principal reduction or interest rate reduction tied to on-time payments. In the Direct Loan Program, fees are reduced by 1.5% at disbursement; the 1.5% is charged later if the borrower fails to make the first 12 payments on time.
Income-Based Repayment		This new repayment option will be available starting July 2009 for both FFEL and Direct Loan programs (includes Grad PLUS). It will cap payments at an affordable level for borrowers with high federal student loan debt relative to their income. Income-Contingent Repayment is available now in the Direct Loan Program. Income-Based Repayment is not available with private loans.
Loan Forgiveness		New 10-year Public Service Loan Forgiveness program available only in the Direct Loan Program (includes Grad PLUS). Teacher loan forgiveness programs (Stafford only) available in both FFEL and Direct.

For more information about federal student loans, please visit: www.studentaid.ed.gov