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Interest Rates Decrease Slightly on Federal Student Loans

Each year, thousands of students take out federal loans to help pay for college or graduate school. The interest rates on federal student loans are fixed for the life of the loan but reset each year on July 1 for new loans. This year, there's some good news for students and parents. Rates on new loans issued during this academic year--July 1, 2015, through June 30, 2016--are slightly lower than they were for the 2014/2015 academic year.

Key details

	New rate: 2015/2016	Old rate: 2014/2015	Eligibility	Borrowing limits
Stafford Loan (subsidized or unsubsidized)	4.29%	4.66%	Undergraduate students (dependent or independent)	For dependent undergraduates: 1st year: \$5,500 (\$3,500 subsidized) 2nd year: \$6,500 (\$4,500 subsidized) 3rd, 4th, 5th year: \$7,500 (\$5,500 subsidized) Max: \$31,000 (\$23,000 subsidized)
Stafford Loan (unsubsidized only)	5.84%	6.21%	Graduate students	\$20,500 per year (unsubsidized only); max \$138,500 (\$224,000 for health professionals)
PLUS Loan	6.84%	7.21%	Graduate and professional students and parents of dependent undergraduates	Total cost of education, minus any financial aid received by student



The federal government pays the interest on subsidized Stafford Loans while the student is in school, during the six-month grace period after graduation, and during any loan deferment periods. With unsubsidized Stafford Loans, the student pays the interest during these periods. Eligibility for subsidized Stafford Loans is based on financial need, as determined by the federal government's financial aid application, the FAFSA. Graduate students aren't eligible for subsidized Stafford Loans.

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