



An AICPA Personal Financial Planning
Section member benefit

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Interest Rates Rise on Federal Student Loans for 2018-2019

Interest rates on federal student loans are set to rise for the second year in a row. This table shows the interest rates for new loans made on or after July 1, 2018, through June 30, 2019. 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 2018-2019	Old rate 2017-2018	Available to	Borrowing limits
Direct Stafford Loans: Subsidized Undergraduates	5.045%	4.45%	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 (\$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)
Direct Stafford Loans: Unsubsidized Undergraduates	5.045%	4.45%	Undergraduate students only; all students are eligible regardless of financial need	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)
Direct Stafford Loans: Unsubsidized Graduate or Professional Students	6.595%	6%	Graduate or professional students only; all students are eligible regardless of financial need Unsubsidized loans only	\$20,500 per year (unsubsidized only); max \$138,500 (\$65,500 subsidized)
Direct PLUS Loans: Parents and Graduate or Professional Students	7.595%	7%	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



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