

Interest Rates and Loan Fees for Loans

Note: Graduate students are only eligible to receive unsubsidized loans.

Interest rates are established each year for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans for which the first disbursement is on or after July 1 through the following June 30. The rate is the sum of a uniform “index rate” plus an “add-on” that varies depending on the type of loan and whether the borrower is an undergraduate or a graduate/professional student. Under the new provision, interest rates are the same for Direct Subsidized Loans and Direct Unsubsidized Loans taken out by undergraduate students, with a different rate for Direct Unsubsidized Loans taken out by a graduate/professional student and for PLUS Loans taken out by parent borrowers or graduate/professional student borrowers.

Under the law, the index rate is determined each year as the “high yield of the 10-year Treasury note” auctioned at the final auction held prior to the June 1 preceding the July 1 of the year for which the rate will be effective, plus a statutorily defined “add-on”. As noted, the add-on differs depending on the type of loan and the student’s grade level. Each loan type is also subject to a maximum interest rate (or cap). The interest rate for a loan, once established, applies for the life of the loan – that is, the loan is a fixed-rate loan.

	Undergraduate		Graduate	Graduate and Parent
Academic Year	Subsidized	Unsubsidized	Unsubsidized	PLUS
2023-2024	5.50%	5.50%	7.05%	8.05%
2022-2023	4.99%	4.99%	6.54%	7.54%
2021-2022	3.73%	3.73%	5.28%	6.28%
2020-2021	2.75%	2.75%	4.30%	5.30%
2019-2020	4.53%	4.53%	6.08%	7.08%
2018-2019	5.05%	5.05%	6.60%	7.60%
2017-2018	4.45%	4.45%	6.00%	7.00%
2016-2017	3.76%	3.76%	5.31%	6.31%

Loan Fees

Loan fees are the amounts that it cost for a student or parent loan to be originated. Loan fees are calculated as a percentage of the total loan amount. These fees are deducted from each loan disbursement and is subtracted from the loan before it is disbursed to the student or parent. Student and parents should take this fee into consideration when budgeting because the loan fees will mean that the amount received will be an actual amount lower than the amount borrowed. Student and parents will be responsible for paying back the entire amount of the loan prior to the loan fees being deducted.

Loan Fees for Direct Subsidized and Direct Unsubsidized Loans	
First Disbursement Date	Loan Fee
On or after 10/1/20 and before 10/1/24	1.057%
On or after 10/1/19 and before 10/1/20	1.059%
Loan Fees for Direct PLUS Loans	
First Disbursement Date	Loan Fee
On or after 10/1/20 and before 10/1/24	4.228%
On or after 10/1/19 and before 10/1/20	4.236%

Additional information regarding Loan fees can be found at <https://studentaid.gov/help-center/answers/article/what-are-loan-fees>.