

# Update for Federal Policymakers — May 2018

In this document, we provide information on our recent activities supporting Iowa students and families.

## 1. Tax-Exempt Bonds Are Issued to Support Iowa Students and Families

In December 2017 and again in May 2018, Iowa Student Loan issued federal tax-exempt bonds in order to support and sustain funding for recent and future supplemental private student loans and to provide programs that help Iowans succeed in college and in loan repayment. These bond issuances were possible due to the preservation of tax-exemption Qualified Student Loan Bonds (QSLBs) during consideration of federal tax law changes in 2017, and provisions of the federal Iowa Code allowed for this activity.

*Iowa Student Loan thanks Iowa's members of the U.S. House and Senate who worked to preserve current law for QSLBs and we ask for your continued vigilance to ensure these provisions are retained in federal law.*

## 2. More Competitive Loan Rates for Students Are Offered

Due in part to tax-exempt bond funding, Iowa Student Loan is able to offer competitively priced loan options for students who have exhausted federal aid eligibility through the Partnership Advance Education Loan. Issuing bonds allows us to fund supplemental loans for college-bound students and their families on a more favorable basis than we would otherwise be able to offer.

Intended to fill any gaps in funding after all other financial aid resources for students as well as earnings and savings have been exhausted, Iowa Student Loan offers rates ranging from 5.56%-6.85% fixed interest annual percentage rates (APR), lower than many national for-profit competitors.

	<b>LOWEST<sup>1</sup></b>	<b>HIGHEST<sup>1</sup></b>
<b>Iowa Student Loan</b>	<b>5.56%</b>	<b>6.85%</b>
Discover	6.19%	10.99%
Wells Fargo <sup>2</sup>	5.94%	11.26%
Sallie Mae	5.74%	11.85%

Fixed Interest Annual Percentage Rates (APR)<sup>3</sup>

<sup>1</sup> The specific rate you are offered will be determined by your credit history and credit score.

<sup>2</sup> Wells Fargo's lowest annual percentage rate (APR) includes a 0.25% discount for having a prior student loan with Wells Fargo or a qualified Wells Fargo consumer checking account.

<sup>3</sup> APRs were retrieved from the lenders' websites on March 13, 2018, including the Iowa Student Loan website, for loans for student borrowers where repayment is deferred while the student is enrolled at least half time. For complete details on how APRs were calculated, visit the lenders' websites. APRs are listed in ascending order of highest APR offered and may be different for loans where repayment is not deferred.

### 3. Additionally, Competitive Loan Rates for Parents and Families Are Offered

Parents or family members borrowing on behalf of a student can find a competitively priced option from Iowa Student Loan. This loan is also funded through tax-exempt bond financing for Iowa families and offers rates lower than that of the Federal PLUS Loan for parents.

Iowa Student Loan offers the College Family Loan for creditworthy parents, family members or others who wish to assist a student attending college.

**5.56% to 6.85%**

Fixed Interest Annual Percentage Rates (APR)

Parents can borrow a Federal PLUS Loan on the student's behalf. Caution: the Federal PLUS Loan has an additional origination fee of 4.264%.

**7.00%**

Fixed Interest Rate

### 4. We Continue Reinvesting in Iowans

Families often realize how little they know about the current state of college financing once the first tuition bill arrives. To assist families before this stage, we foster an understanding of student loan debt and financial decision-making through innovative online tools and through parent and student award programs.

One such program, the Iowa Financial Know-How Challenge: Senior Scholarship recently awarded 30 Iowa high school seniors each with a \$2,000 college scholarship for demonstrating important financial literacy skills after using two of Iowa Student Loan's online tools. More than 4,000 students registered for the program in 2017-2018. Since 2013, the program has awarded \$240,000 in scholarship funds to Iowans. All members of Iowa's Congressional delegation, the governor, and legislators who had constituent winners were recently notified of these awards.



*Photo: Governor Reynolds and Lt. Gov. Gregg with 2018 scholarship recipients.*

### 5. Iowa Student Loan Board Adopts Federal Legislative Priorities for 2018

Based on our experience in serving Iowa students and families, we offer the following recommendations for improving federal education policy through reauthorization of the Higher Education Act (HEA), see attachment.