



FOR IMMEDIATE RELEASE

Interest Rates on Federal Education Loans Rising
Iowa's Nonprofit Student Loan Provider Offers More Competitive Rates

WEST DES MOINES, IOWA (May 22, 2018) — Interest rates on federal education loans will increase for a second year in a row, up to 7.60% for some borrowers, making college even more costly for some families.

Beginning July 1, parent and graduate student borrowers will see a rate of 7.60% through the Federal Direct PLUS Loan program, the highest rate charged by the U.S. Department of Education to families paying for college.

In keeping with its nonprofit mission to help Iowa students and families obtain the resources necessary to succeed in postsecondary education, Iowa Student Loan will retain its current interest rates on all loan options, which offers creditworthy parents and family members a competitive alternative to the federal PLUS Loan for parents.

How the Numbers Stack Up

Using the indicated PLUS Loan rate of 7.60% and the upfront fee of 4.264%, and Iowa Student Loan's highest College Family Loan interest rate for an immediate repayment option of 6.30% with no origination fee, the following comparison can be made for every \$10,000 borrowed.

	College Family Loan	PLUS Loan (2018-2019)
Amount Borrowed	\$10,000	\$10,000
Interest Rate	6.30%	7.60%
Term (in years)	10	10
Monthly Payment	\$112.53	\$119.22
Interest Paid	\$3,503.60	\$4,306.40
Fees	\$0.00	\$426.40
Total Cost	\$13,503.60	\$14,732.80

“This difference in rate can equate to thousands of dollars saved for families,” said Steve McCullough, president and CEO of Iowa Student Loan.

How the Rates Compare

Interest rates on federal loans are reset each year according to the rate indicated by the 10-year Treasury note during the last auction held before June 1. That auction occurred on May 9 with an indicated rate 0.6% higher than the current 7.00% PLUS Loan rate. This does not take into account an additional upfront fee of 4.264%. Iowa Student Loan does not charge any upfront or origination fees.

	College Family Loan			PLUS Loan	
Repayment	Immediate	Deferred		Immediate	Deferred
Fixed Interest Rate	6.30%	7.22%		7.60%	7.60%
Upfront Fee	0%	0%		4.264%	4.264%

**The corresponding rates shown are: the interest rate for the PLUS Loan for parents (which was officially published May 18) against the highest offered fixed-rate, immediate repayment and deferred payment, College Family Loan options available through Iowa Student Loan.*

“We encourage student borrowers to exhaust all sources of student financial aid and savings before seeking a private loan to fill the gap,” said McCullough. “However, parents considering a PLUS Loan should also look at our loans. There are differences that might make one parent option more beneficial than the other which is why we offer a comparison of the PLUS Loan to Iowa Student Loan’s College Family Loan on our website.”

Made by the U.S. Department of Education, all federal Direct Loan interest rates are increasing across the board for undergraduate and graduate student borrowers, and parents borrowing on behalf of their student. More than 3.5 million people owed an all-time high \$83.9 billion in Direct PLUS Loans for parents, as of Sept. 30, 2017, according to information from the U.S. Department of Education.

Additional Resources Available

Iowa Student Loan offers a competitive private student loan option for student borrowers, often with creditworthy cosigners, called the Partnership Advance Education Loan.

Parent borrowers who may have borrowed the higher cost Direct PLUS Loan or private loans can take advantage of the Reset Refinance Loan offered by Iowa Student Loan which may offer a lower interest rate or monthly payment.

These private student loan options and Iowa Student Loan's free online tools and resources to help families plan and pay for college can be found at www.iowaStudentLoan.org.

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About Iowa Student Loan

Established in 1979 as a private, nonprofit organization, Iowa Student Loan helps Iowa students and families obtain the resources necessary to succeed in postsecondary education. Iowa Student Loan has helped more than 392,500 students pay for college. The organization, based in West Des Moines, Iowa, also provides an array of borrower benefits, financial literacy tools and community reinvestment programs, including support for free college planning services for students and their families. For more information about Iowa Student Loan, visit www.iowaStudentLoan.org.

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