Student Loans

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Office of Student Financial Aid

Applying for Federal Student Loans

- FAFSA (Free Application for Federal Student Aid)
  - fafsa.gov
  - myStudentAid mobile app
  - Complete application yearly: opens October 1
- Eligibility:
  - US citizen or permanent resident
  - Enrolled at least half-time
  - Not be in default on a federal student loan, or owe a refund on a grant
  - Maintain Satisfactory Academic Progress (SAP – session in the next block)
  - No conviction of selling or possession of illegal drugs
- Regardless of income, students qualify for loans

Office of Student Financial Aid

The University of Iowa
Federal Student Loan Options

- **Subsidized loan**
  - Interest-free while in school
  - 4.529% fixed interest rate in repayment (for 2019-20 loans)

- **Unsubsidized loan**
  - Accrues interest while in school
  - Undergraduate: 4.529% fixed interest rate
  - Graduate: 6.079% fixed interest rate

- **Graduate/Parent PLUS loan**
  - Requires a credit check
  - Parents: apply each semester at studentloans.gov
  - If denied, undergrad student can borrow more unsubsidized loan (the student must contact us to request the additional loan)
  - 7.079% fixed interest rate and 4.248% origination fee

Maximum Loan Limits for Federal Direct Loans

<table>
<thead>
<tr>
<th></th>
<th>Dependent Undergraduate</th>
<th>Independent Undergraduate</th>
<th>Graduate - Unsubsidized</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Year</td>
<td>$5,500</td>
<td>$9,500</td>
<td>$20,500 ($22,500 for Health Prof. Students, may have more options)</td>
</tr>
<tr>
<td>Second Year</td>
<td>$5,500</td>
<td>$10,500</td>
<td></td>
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<tr>
<td>Third Year +</td>
<td>$7,500</td>
<td>$12,500</td>
<td></td>
</tr>
<tr>
<td>Aggregate Loan Limit</td>
<td>$31,000</td>
<td>$57,500</td>
<td>$138,500</td>
</tr>
</tbody>
</table>

That's not much for loans!
Other Loan Options

- PLUS loans for the remaining cost of attendance
- Private student loans
  - Comparison tool on our website

Managing Student Loans in School

Financial Aid To Do List in MyUI
Managing Student Loans in School

- Excess financial aid is refunded to the student
- Students can reduce loans after they have disbursed
  - Cancel through our office – cancels accrued interest and loan fees
  - Student pays reduced loan through UBill
- Can make payments toward loans through servicer

Student Loans at UI

- $28,000 average loan debt for undergraduates
- 40% of undergraduates do not borrow loans
- Private loan counseling (2017-18)
  - 9% average loan reduction
  - Of those who reduce, on average reduce the loan by 40%
  - Total reductions: $1.8 million
- Very low default rate
  - Typically those who do default borrowed less than $10,000 and didn't complete their degree

Student Loan Repayment

- Assumes $31,000 borrowed with $30,000 starting salary
Questions?

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