



# FEDERAL STUDENT LOANS

**Federal student loans are an investment in your future. They can help you finance your education, but you want to be savvy when borrowing. Federal student loans offer many benefits compared to other options you may consider when paying for college:**

The interest rate on federal student loans is fixed and usually lower than that on private loans-and much lower than that on a credit card!

You don't need a credit check or a cosigner to get most federal student loans.

You don't have to begin repaying your federal student loans until after you leave college or drop below half-time.

If you demonstrate financial need, the government pays the interest on some loan types while you are in school and during some periods after school.

Federal student loans offer flexible repayment plans and options to postpone your loan payments if you're having trouble making payments.

If you work in certain jobs, you may be eligible to have a portion of your federal student loans forgiven if you meet certain conditions.

**REMINDER:**  
Only borrow what you need.

Our peer educators from the Center for Financial Wellness can help in determining need. Make an appointment on their website at: [financialaid.berkeley.edu/financial-wellness](http://financialaid.berkeley.edu/financial-wellness).

For more information regarding federal student loans, contact Cal Student Central or visit the Federal Student Aid website: [studentaid.gov](http://studentaid.gov)

## WHAT TYPES OF FEDERAL STUDENT LOANS ARE AVAILABLE?

### Direct Subsidized Loan

Need-based loan, interest is paid by the U.S. Department of Education while the student is enrolled in school half-time or more. You will be responsible for interest and repayment six months after you separate from school or when enrollment drops below half-time. Available to undergraduates.

### Direct Unsubsidized Loan

No requirement to demonstrate need, interest accrues once the loan is disbursed. Repayment begins six months after separation from school or when enrollment drops below half-time. Available to undergraduate and graduate students.

### Direct PLUS Loan

Eligibility is not based on financial need and a credit check is required. Available to graduate or professional students and parents of dependent undergraduate students. Interest accrues once the loan is disbursed. Repayment begins 60 days after the last disbursement on the loan for the year. Repayment can be deferred until after graduation, however, the loan is still accruing interest.

## WHAT ARE THE INTEREST RATES?

For loans first disbursed on or after July 1, 2023, and before July 1, 2024:

Direct Subsidized & Unsubsidized for undergraduate students: **5.50%**  
Direct Unsubsidized for Graduate or Professional: **7.05%**  
Direct PLUS for Graduate, Professional or Parents: **8.05%**

## HOW MUCH CAN I BORROW?

### If you are a Dependent Undergraduate

First year, \$5,500, with a maximum of \$3,500 in the subsidized loan. Second year, \$6,500 with a maximum of \$4,500 in the subsidized loan. Third and fourth years, \$7,500 with a maximum of \$5,500 in the subsidized loan.

### If you are an Independent Undergraduate

First year, \$9,500 with a maximum of \$3,500 in the subsidized loan. Second year, \$10,500 with a maximum of \$4,500 in the subsidized loan. Third and fourth years, \$12,500 with a maximum of \$5,500 in the subsidized loan.

### If you are a Graduate or Professional

You can borrow up to \$20,500 each year in the unsubsidized loan--except for some graduate health profession programs which have higher annual limits.

### Direct PLUS Loan

The Direct PLUS Loan can be used by graduate or professional students for the remainder of their college costs not covered by other financial aid. If you are a parent of a dependent undergraduate student, you can also borrow the remainder of the dependent student's college costs not covered by other financial aid.

### For lifetime aggregate limits visit:

<https://studentaid.gov/understand-aid/types/loans/subsidized-unsubsidized>

### WHAT ARE DEFERMENT AND FORBEARANCE?

If you meet certain eligibility requirements, deferment or forbearance allows you to temporarily stop making payments or to temporarily reduce your monthly payment amount for a specified period.

### DEFERMENT AND FORBEARANCE DIFFERENCES:

The main difference is that with a deferment, you may not be responsible for paying the interest that accrues on the subsidized loan during the deferment period.