

Fixing Student Loans for Everyone Act

What The Bill Does:

- Lowers the interest rate for 100% of borrowers who take out a new federal student loan after July 1, 2013
- Cuts the interest rate nearly in half for 9 million undergraduates that will be taking out a loan this summer from 6.8% to **3.86%**
- Protects students taking out 42% of new federal subsidized Stafford loans by correcting the increase in the interest rate which doubled on July 1 from 3.4% to 6.8%
- Sets the interest rates on all newly-issued federal student loans to the U.S. Treasury 10-year borrowing rates, *plus* add-ons to offset costs associated with defaults, collections, deferments, forgiveness, and delinquency
- **Results in the following interest rates on loans taken out after July 1, 2013:**
 - 3.86% on subsidized and unsubsidized loans to undergraduate students
 - 5.41% on unsubsidized loans to graduate students
 - 6.41% on PLUS loans to parents and graduate students
- Provides a long-term solution for students, parents, and taxpayers

The Agreement Ensures that Borrowers are not Overburdened with High Rates:

- Under CBO projections, interest rates will **NOT** reach the established caps; however, as a precaution, should unforeseen circumstances occur, the bill provides the following:
 - Interest rates for undergraduate students will never go above 8.25%
 - Interest rates for graduate students will never exceed 9.5%
 - Interest rates for PLUS borrowers will never exceed 10.5%

This is a Comprehensive Solution that Fixes the Interest Rate for ALL Borrowers:

- 82% of borrowers will pay 3% *less* in interest when they take out undergraduate Stafford loans
- 10% of borrowers will pay 2.5% *less* in interest when they take out graduate Stafford loans
- 8% of borrowers will pay 1.5% *less* in interest when they take out PLUS loans

This Solution Saves Money for Students and Protects Taxpayers

- Provides certainty by fixing the rate borrowers pay at the time they take out their loan
- Allows students to benefit from low interest rate environment
- Saves taxpayers \$715 million over ten years according to CBO.