

# Bipartisan Student Loan Certainty Act

## **Student Loan Facts:**

- Approximately 11 million students take advantage of the federal student loan program each year.
- Of those 11 million students, more than 8.5 million are undergraduate students who take advantage of the Stafford loan program.
- Over 6.5 million of these students take out both Subsidized and Unsubsidized loans.
- There will be \$140 billion in new loans issued every year.
- There will be \$1.4 trillion in loans issued over the next decade.
- The average student loan debt for a college student who graduated in 2011 is \$26,600.

## **What The Bill Does:**

- Lowers interest rates for ALL students who take out a new federal student loan after July 1, 2013.
- Cuts the interest rate nearly in half for more than 8.5 million undergraduates that will be taking out a loan this summer from 6.8% to 3.86%.
- 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.
- Compared to doing nothing, we save students \$8 billion in 2013 and over \$31 billion over the next four years.
- Compared to extending the 3.4 percent rate on subsidized rates for one more year, our plan saves students \$6 billion in 2013 and over \$27 billion over the next four years.

## **Results in the following interest rates on loans taken out after July 1, 2013:**

*Provides a long-term solution for students, parents, and taxpayers.*

- 3.86% on subsidized and unsubsidized loans to undergraduate students
  - Interest rates for undergraduate students will never go above 8.25%
- 5.41% on unsubsidized loans to graduate students
  - Interest rates for graduate students will never exceed 9.5%
- 6.41% on PLUS loans to parents and graduate students
  - Interest rates for PLUS borrowers will never exceed 10.5%

## **Offers advantages to students:**

- Allows the average undergraduate student who starts college this year to save more than \$2,000 over the lifetime of the loan.
- Keeps in place Income-Based Repayment (IBR), which allows students to pay just 10 percent of their adjusted income based on their family size, and at the end of 20 years, any remaining debt is forgiven.
  - For example, if you're married with two kids and make \$40,000, your monthly loan payment can be reduced to \$142 per month.

