What is the interest rate?

Direct Loans have a fixed interest rate that differs depending on the loan type and other factors. Check with your school’s financial aid office or StudentAid.gov for current interest rate information.

If you receive a Direct Subsidized Loan on or after July 1, 2012, and before July 1, 2014, you will be responsible for paying any interest that accrues on it during your grace period. You do not have to make payments during the grace period (unless you choose to), but the interest will be capitalized (added to your principal amount of your loan) when the grace period ends. Interest on your unsubsidized and PLUS loan begins to accrue on the date your loan is first disbursed.

How do I repay my loan?

After you receive the money from your Direct Loan, your loan servicer will usually explain to you and provide you with a loan repayment schedule that states when your first payment is due, the number and frequency of payments, and the amount of each payment. Contact your loan servicer directly to find out how to make payments. It is very important that you make your full loan payment on time according to your repayment schedule. If you don’t, you could end up in default, which has serious consequences (see Understanding Default at StudentAid.gov). Student loans are real loans—you have to repay the amount you borrowed plus any interest that accumulates.

What’s a loan servicer?

A loan servicer is a company that collects payments on your loan, responds to your service inquiries, and performs other administrative tasks associated with maintaining a loan on behalf of a lender.

How much time will I have to repay my loan, and how much will I have to pay each month?

Generally, you’ll have from 10 to 25 years to repay your loan, depending on the repayment plan that you choose. You may choose a repayment plan that best meets your needs. The repayment plans are:

- **Standard Repayment Plan**—Under this plan, you’ll have fixed monthly payments for up to 10 years.
- **Graduated Repayment Plan**—Under this plan, your payments start lower and then gradually increase, usually every two years. You must repay the loan in 10 years.
- **Extended Repayment Plan**—Under this plan, you will have fixed or graduated monthly payments for up to 25 years. To be eligible for this repayment plan, you must have more than $30,000 in Direct Loan debt and you must not have had an outstanding balance on a Direct Loan on Oct. 7, 1998.
- **Income-Contingent Repayment (ICR) Plan**—Under this plan, your monthly payment is adjusted each year based on your annual income (and your spouse’s income, if you’re married), your family size, and the total amount of your Direct Loans. Payments are made for a maximum of 25 years.

(Direct PLUS Loans made to parents may not be repaid under ICR.)

**Income-Based Repayment (IBR) Plan**—Under this plan, your monthly payment is capped at an amount that is affordable based on your income and family size. Payments are made over a period of 25 years. (Direct PLUS Loans made to parents may not be repaid under IBR.)

**Note:** There are additional requirements for each repayment plan. You can read more about each of the plans, including the new “Pay As You Earn Repayment Plan” at StudentAid.gov/repay. You can also use our online calculators to estimate your monthly payment under each repayment plan. You can change plans at any time. There’s no penalty if you make payments before they are due or pay more than the amount due each month.

Can my loan ever be canceled, discharged, or forgiven?

You must pay your loan even if you don’t complete your program of study, can’t find a job related to your program of study, or are unhappy with the education you paid for with your loan. We may discharge (forgive) your loan if you become totally and permanently disabled, have your loan canceled in bankruptcy, or if you die. We may discharge some or all of your loan in the following situations:

- Your school closed before you completed your program.
- Your school forged your signature on your promissory note or falsely certified that you were eligible for aid.
- Your loan was falsely certified through identity theft.
- You withdrew from school but the school didn’t pay a refund that it owed. Get more information about refund policies at StudentAid.gov.

You also may qualify for forgiveness of some or all of your loan balance if you meet the following conditions:

- If you teach full-time for five years at a school or educational service agency serving low-income families and meet other requirements, or
- After you have made 120 on-time, full, monthly payments on a Direct Loan under certain repayment plans while employed full-time by certain public service organizations (additional conditions apply). Note that only payments made after Oct. 1, 2007, qualify.

Learn more about loan forgiveness options at StudentAid.gov.

**SAVE TIME AND MONEY WITH AUTOMATIC PAYMENT WITHDRAWAL**

Your loan servicer may offer an interest rate reduction on your loans if you enroll in an automated payment plan. Contact your loan servicer for details.

**REMEMBER**

It is important that you stay in contact with your loan servicer and inform your loan servicer of changes to

- your name, address, or phone number,
- your enrollment status, such as transferring schools, dropping below half-time enrollment, or leaving school (including graduation).