The recent debt ceiling bill made some changes to some aspects of student loans for graduate students. The changes will not affect the amount of funding available; however, the funding will become a little more expensive.

The first change is beginning with the 2012-2013 academic year: July 1, 2012 to June 30, 2012, all graduate students will lose the interest subsidy on the Subsidized Stafford loan. That loan will be just like the current Unsubsidized Stafford loan which has always accrued interest while a student was in school. The amount you can borrow will remain the same. The financial aid community looked at various scenarios, but the best estimate says that a student who takes out the maximum loan and graduates in six years will owe about $5,000 more by the time they graduate, and about $11,000 more over a 20-year repayment period. As written the change begins with loans made after July 1, 2012.

The second change is the loss of the “origination fee rebate” on each loan, whether unsubsidized or subsidized, for Stafford and Grad PLUS loans. Currently, there is a 1% fee on each Stafford and a 4% fee on each Graduate PLUS loan, but a portion of the fee is rebated at the time of disbursement, so the student effectively loses only 0.5% on Stafford and 2.5% on PLUS. Beginning July 1, 2012, the full fee will be charged.

The last change is the loss of the .25% interest rebate if you repay your loans electronically, when in repayment, each month.

We will keep you abreast with further changes that may emerge from the Department of Education.