



## Boston University Financial Assistance

### Federal Perkins Loan Program Disclosures

The Perkins Loan Program was extended through September 30, 2017 per the Federal Perkins Loan Program Extension Act of 2015. Additional Perkins loans will not be available after September 30, 2017. The Federal Perkins Loan Extension Act prohibits any further extensions of the Perkins Loan Program.

#### Perkins Loan vs. Direct Loan – Comparison of Interest Rates and Fees

(For loans with a first disbursement occurring on or after 7/1/16 thru 6/30/17.)

<u>Loan Program</u>	<u>Interest Rate</u>	<u>Origination Fee</u>
<b>Perkins</b>	<b>5.00% fixed</b>	<b>none</b>
Direct Subsidized	3.76% fixed for undergraduate student	1.069%
Direct Unsubsidized	3.76% fixed for undergraduate student	1.069%
Direct Unsubsidized	5.31% fixed for graduate student	1.069%
Graduate PLUS	6.31% fixed for graduate student	4.276%

Under section 455(b)(8) of the Higher Education Act (HEA), interest rates on Federal Direct Loans that are first disbursed on or after July 1, 2013 are set according to a formula that is based upon an auction of 10-year Treasury notes. Separate interest rates are established each year for Direct Loans for which the first disbursement is made on or after July 1 through the following June 30.

#### Perkins Loan vs. Direct Loan – Comparison of Annual Loan Limits

<u>Loan Type</u>	<u>FR</u>	<u>SO</u>	<u>JR/SR</u>	<u>Graduate</u>
<b>Perkins</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$5,500</b>	<b>\$8,000</b>
Direct Subsidized Loan	\$3,500	\$4,500	\$5,500	\$0
Direct Subsidized + Unsub	\$5,500	\$6,500	\$7,500	\$20,500

#### Direct Loan Repayment and Forgiveness Benefits Not Available to Perkins Loan Borrowers

The repayment and forgiveness benefits available to Federal Subsidized and Unsubsidized loan borrowers are not available to Federal Perkins Loan borrowers. For information on both loan programs, please go to <http://www.bu.edu/finaid/types-of-aid/loans/student-loans/>.

Repayment plans not available to Perkins borrowers include: Graduated Repayment, Extended Repayment Plan, Revised Pay As You Earn Repayment Plan (REPAYE), Pay As You Earn Repayment Plan (PAYE), Income-Based Repayment Plan (IBR). Several of the plans have flexible payment options based on income, which many borrowers find beneficial. Additional information on Direct Loan repayment plans can be found at: <https://studentloans.gov>.

In certain cases, borrowers may qualify for loan forgiveness which releases the borrower from the obligation to repay the loan. Loan forgiveness benefits for Direct Loan Borrowers are not available to Perkins Loan borrowers. Additional information on loan forgiveness, discharge and cancellation for Direct Loans and Perkins Loans can be found at: <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation/charts> .

Many of the Direct Loan benefits may be available to Perkins Loan borrowers if they elect to consolidate their Perkins Loans into a Direct Consolidation Loan.

### **Option to Consolidate Perkins Loans into a Direct Consolidation Loan**

A Direct Consolidation Loan allows you to consolidate (combine) multiple federal education loans into one loan. The result is a single monthly payment instead of multiple payments. A borrower has the option to consolidate a Federal Perkins Loan into a Direct Consolidation Loan.

Depending on the amount of your federal student loans and the repayment plan you choose, you have between 10 and 30 years to repay your Direct Consolidation Loan. The interest rate is fixed and the rate is the weighted average of the interest rates on all of the loans you consolidate, rounded up to the nearest 1/8 of 1 percent. To learn how interest rates are calculated, visit [StudentAid.gov/consolidation](https://studentaid.gov/consolidation).

Although consolidation can help you to manage your monthly payments, there are some cases when a Direct Consolidation Loan may not be right for you:

- You may lose repayment incentives.
- Any outstanding interest on the loans you consolidate will be capitalized immediately upon consolidation.
- Because the Direct Consolidation Loan can have a repayment period of up to 30 years, you may be increasing the total amount you have to pay in interest.
- If you consolidate your Federal Perkins Loans, you lose eligibility for cancellation benefits that are available only for Perkins Loans, and you also lose eligibility for Perkins Loan interest subsidy benefits.

You should carefully consider whether loan consolidation is the best option for you. For questions about consolidating loans into a Direct Consolidation Loan, contact the Loan Consolidating Information Call Center at 1-800-557-3792.

### **Outstanding Loan Balance**

To view your aggregate Perkins Loan balance during your Boston University enrollment, go to [www.bu.edu/studentlink](http://www.bu.edu/studentlink). Select the Money Matters tab and using the account inquiry tool, you may view your award history by academic year.

To view your aggregate Federal Direct Loan and other federal loan balances, go to the [www.nslds.ed.gov](http://www.nslds.ed.gov).

If you have any questions, please contact Boston University Financial Assistance by email at [finaid@bu.edu](mailto:finaid@bu.edu) or by phone at 617-353-2965.