

Student Loan Interest Rates Making News

As the Democratic majority in Congress positioned itself in the early part of the new Congressional session, one of the most high-profile issues on the party's agenda was reducing student loan interest rates. In January, the House of Representatives passed H.R. 5, The Student Debt Relief Act of 2007, designed to phase in an interest rate reduction to 3.4 percent by July 1, 2011. The five-year reduction would then revert back to today's fixed, 6.8 percent rate on January 1, 2012.

The proposal is not yet law, as it must also be voted on by the Senate and signed into law by the President. Financial aid experts agree that, if the bill is eventually signed, it will first evolve in the Senate and will likely change from its current form.

If H.R. 5 becomes law, the interest rate for undergraduate subsidized loans will be different from unsubsidized loans for the first time.

Unsubsidized Staffords would remain fixed at 6.8 percent.

With the changes made last year in the Higher Education Reconciliation Act (HERA), keeping track of the interest rates and different fees can be a challenge. The table below shows both the interest rate proposal under H.R. 5 and the HERA changes together.

For the most current updates on the progress of H.R. 5 and other changes that might occur in the new Congress, visit the College Assist Web site at www.college-assist.com and choose "Federal Updates" from the Quick Links menu.

For loans first disbursed on or after July 1 of:	2006	2007	2008	2009	2010	2011	2012 (January 1)
undergraduate subsidized, interest rate (fixed) under H.R. 5:	6.8%	6.12%	5.44%	4.76%	4.08%	3.4%	6.8%
all unsubsidized and graduate level subsidized, interest rate (fixed) is:	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
the origination fee is:	2%	1.5%	1%	0.5%	0%	0%	0%
the federal default fee is (if charged):	1%	1%	1%	1%	1%	1%	1%

upcoming financial aid training

Beginning in June, College Assist will again offer its free, four-part workshop series. The series is designed to cover financial aid office work processes from the FAFSA through withdrawal and graduation. Workshops 1 and 2 are geared toward new financial aid professionals, focusing on financial aid basics and the FFEL Program. Workshops 3 and 4 have been designed for financial aid professionals with a solid knowledge of the topics offered in Workshops 1 and 2. We recommend participants plan to attend all workshops to follow the workflow processes to completion. However, one-day registrations will be accepted.

College Assist training is provided at no cost and each workshop includes a complimentary continental breakfast.

Workshop 1: June 28

Workshop 2: June 29

Workshop 3: July 26

Workshop 4: July 27

For more information, visit www.college-assist.com and choose "Training Schedule" from the Quick Links menu, or contact Compliance Trainer Julia Alexander at jalexander@college-assist.com.