

Federal Student Loans

Loans are an option to help cover your education costs and there are several types of loans available. Research your options before making a choice of a loan program to pursue. We recommend that you begin with federal loans since there are many benefits (e.g., fixed interest rates and income-based repayment plans) not typically offered with private loans. It is important that you exhaust all other options for aid before pursuing loans to minimize debt.

Federal Direct Subsidized and Unsubsidized Loans:

What are Subsidized and Unsubsidized Loans?

Federal Direct Subsidized and Unsubsidized Loans are made available by the U.S. Dept. of Education, after submitting the FAFSA, and are the most commonly used loans for undergraduate students.

Who is eligible for Federal Loans?

Students who submit the FAFSA, meet the [eligibility requirements](#) for all types of federal student aid, and are enrolled at least half-time (6 credits or more) can borrow these loans.

What is the difference between Subsidized and Unsubsidized loans?

- **Subsidized loans** are available to students who demonstrate financial need (determined by the FAFSA). The U.S. Dept. of Education subsidizes this loan (pays the interest) while you are enrolled at least half time.
- **Unsubsidized loans** are available to student regardless of financial need. Interest begins accruing on these loans immediately after they are disbursed.

Federal Direct Loan Terms	
Maximum Loan Amount:	Depends on your dependency status and grade level (see chart below).
Interest Rate:	3.73% fixed for the 2021-22 academic year (rates for 2022-23 will be announced in June).
Fees:	A 1.057% origination fee is deducted at each loan disbursement.
Requirements to Receive Funds:	Complete Entrance Counseling and a Master Promissory Note at studentaid.gov and be enrolled at least half time.
Repayment Terms	
Grace Period:	After you graduate or drop below half-time, you will have a 6-month grace period
Repayment Length:	Between 10 and 25 years, depending on total borrowing and chosen repayment plan.
Payment Due:	Monthly
Payment Amount:	Depends on amount borrowed and chosen repayment plan. No payments are required while you are enrolled at least half-time.

How much can I borrow?

The total amount of Direct loans you can borrow depends on your dependency status and year in school (you are considered to be an *independent* student if you are married, have children, are at least 24 years old, a graduate student, a veteran, a member of the armed forces, or an orphan, ward of the court or homeless—otherwise, you are considered to be a *dependent* student). Here are the maximum annual and lifetime loan limits:

Year in School	Dependent Students*	Independent Students
1st Year:	\$5,500 (no more than \$3,500 may be in subsidized loans)	\$9,500 (no more than \$3,500 may be in subsidized loans)
2nd Year:	\$6,500 (no more than \$4,500 may be in subsidized loans)	\$10,500 (no more than \$4,500 may be in subsidized loans)
3rd & 4th Years:	\$7,500 (no more than \$5,500 may be in subsidized loans)	\$12,500 (no more than \$5,500 may be in subsidized loans)
Maximum Total Loan Debt:	\$31,000 (no more than \$23,000 may be in subsidized loans)	\$57,500 (no more than \$23,000 may be in subsidized loans)

**Dependent students whose parents are unable to borrow a PLUS loan are eligible for an additional \$4,000 in unsubsidized loans during the 1st and 2nd years, and an additional \$5,000 in unsubsidized loans during the 3rd year and beyond.*

Is there a time limit on how long I can receive loans?

Yes, but only for Direct Subsidized loans. You cannot receive these loans for more than 150% of the length of your program. So, for a four-year bachelor's degree program, the maximum period you can receive Direct Subsidized loans is six years (150% of 4 years = 6 years).

How will I receive my loan money?

As with all other types of financial aid, your loan(s) will first be sent to the UIW Business Office to be applied directly to your bill. Typically, the total amount of the loan is disbursed evenly between the Fall and Spring semesters. If any additional funds remain after the bill has been paid, a refund for the excess funds will be processed and sent to you.