

FEDERAL PERKINS LOAN PROGRAM DISCLOSURE STATEMENT

You have been awarded a Federal Perkins Loan. This disclosure statement provides additional information about this loan program that is required by the U.S. Department of Education for institutions to provide to all Federal Perkins Loan borrowers before making the first disbursement.

1. **Notice and explanation regarding the end to future availability of the Federal Perkins Loan Program:**

The Federal Perkins Loan Program Extension Act of 2015, enacted on December 18, 2015, extends the Federal Perkins Loan Program through September 30, 2017. Institutions may continue to award the Federal Perkins Loan Program based on the newly established eligibility requirements. The Federal Perkins Loan Program will end as of September 30, 2017, which means no Federal Perkins Loans will be awarded after this date.

2. **Notice and explanation that repayment and forgiveness benefits available to Federal Direct Loan borrowers are not available to Federal Perkins Loan borrowers:**

Federal Direct Loan borrowers may be eligible for special income driven repayment options (like Pay As You Earn or Income Based Repayment) and may be considered for loan Forgiveness (like the Public Service Loan Forgiveness option) if they meet all qualifying requirements. However, such repayment and forgiveness options **ARE NOT AVAILABLE** to Federal Perkins Loan borrowers.

3. **Notice and explanation regarding the borrower's option to consolidate a Federal Perkins Loan into a Direct Consolidation Loan, including any benefits of consolidation:**

There are benefits and drawbacks to consolidating Federal Perkins Loans with Federal Direct Loans.

Benefits

- A Federal Direct Consolidation Loan combines the borrower's eligible loans into a single loan. This consolidates payments, so that the borrower only has ONE monthly payment rather than multiple payments to multiple loan servicers.
- A Federal Direct Consolidation Loan offers increased repayment options that may reduce payments by extending the repayment terms. It should be noted that extending the repayment period will add to the total interest on the loan over its lifetime.
- A Federal Direct Consolidation Loan may provide the borrower with more repayment options like Pay As You Earn or Income Based Repayment.
- A Federal Direct Consolidation Loan may allow the borrower to be considered for Loan Forgiveness options like Public Service Loan Forgiveness.

Drawbacks:

- If the Federal Perkins Loan borrower is or will be a school teacher, early intervention services professional, law enforcement or corrections officer, public service employee, etc., he/she may qualify for Loan Cancellation. When Federal Perkins Loans are consolidated, Loan Cancellation Benefits that are only available to the Federal Perkins Loan Program are lost.

For more information about loan consolidation, visit www.studentaid.gov/consolidation.

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4. Notice and explanation providing a comparison of the interest rates of Federal Perkins Loans and Federal Direct Loans, and informing the borrower that the borrower has reached the maximum annual borrowing limit for Federal Direct Subsidized and Federal Direct Unsubsidized Stafford Loans for which the borrower is eligible for current undergraduate borrowers AND/OR new undergraduate borrowers.

The interest rate on the Federal Perkins Loan program is currently fixed at 5.00%.

In comparison, the interest rate on Federal Direct Loans is governed by current law (The Bipartisan Student Loan Certainty Act of 2013) which states that the interest rate on Federal Direct Loans will be based on the high yield of the 10-year Treasury note at the final auction held prior to June 1 preceding the July 1 of the year for which the interest rate will be effective, PLUS a statutorily defined “add-on,” subject to an interest rate cap, and that the loan will be a fixed-rate loan.

The fixed interest rate for the next year will not be known until after the final auction occurs, but is capped to be no higher than 8.25% for Federal Direct Subsidized Stafford Loans, 8.25% for Federal Direct Unsubsidized Stafford Loans, and 10.5% for Federal Direct Parent PLUS Loans.

For the 2015-2016 academic year, the interest rates on the various Federal Direct Loan programs are as follows:

Direct Subsidized and/or Unsubsidized Stafford Loans for undergraduate students:	4.29%
Direct PLUS Loans for parents of undergraduate students:	6.84%

The fixed interest rates on the various Federal Direct Loan programs for 2016-2017 will be announced by mid-June following the final auction, with an effective date of July 1, 2016. Each loan will have a fixed interest rate for the life of the loan.

The annual borrowing levels for the Federal Direct Subsidized & Unsubsidized Stafford Loan programs are based on an undergraduate student’s established enrollment level (example: freshman, sophomore, etc.).

Undergraduate Annual Maximum:

	<u>Credit Hours</u>	<u>Maximum Basic Sub/Unsub</u>	<u>Maximum Additional Unsub</u>	<u>Maximum Combined Sub/Unsub</u>
Dependent Student:				
Freshman	00 – 29	\$3,500	\$2,000	\$5,500
Sophomore	30 – 59	\$4,500	\$2,000	\$6,500
Junior or Senior	60+	\$5,500	\$2,000	\$7,500

Independent Student:				
Freshman	00 – 29	\$3,500	\$6,000	\$9,500
Sophomore	30 – 59	\$4,500	\$6,000	\$10,500
Junior or Senior	60+	\$5,500	\$7,000	\$12,500

You can find out more about your FEDERAL student loans by accessing the National Student Loan Data System (NSLDS) at www.nsls.ed.gov. To access the website, you will need your Name, Date of Birth, Social Security Number, and FSA ID.