

# New Federal Student Loan Interest Rates for 2019-2020 Announced

**Ballard Spahr**  
LLP

Article By

[Rene McNulty](#)

[Ballard Spahr LLP](#)

[Consumer Finance Monitor](#)

- [Administrative & Regulatory](#)
- [Financial Institutions & Banking](#)
- [Public Education & Services](#)
  
- [All Federal](#)

Friday, May 31, 2019

The Department of Education has announced the new federal student loan interest rates for [2019-2020](#). For the first time in three years, interest rates on federal student loans will decrease. Rates for Direct Subsidized and Unsubsidized Loans (for undergraduate students) will fall to 4.53 percent, down from 5.05 percent for the 2018-2019 academic year. Rates for Direct Unsubsidized Loans (for graduate/professional students) will drop to 6.08 percent from 6.6 percent. PLUS loan rates (for parents and graduate/professional students) will fall to 7.08 percent from 7.6 percent. These changes will take effect for new federal student loan borrowers after July 1, 2019. The interest rates set for 2019-2020 only apply to new federal student loans and are fixed for the lifetime of the loan. This means borrowers who already have federal student loans will not see their interest rates change.

## What This Means For Private Lenders

While lenders originating private education loans may consider the changes in federal student loan rates in determining the rates that they will charge on their own loans, they also need to be mindful of the immediate impact these rate changes will have on their loan disclosures. Under the Truth in Lending Act (TILA) and Regulation Z, private lenders are required to make a number of disclosures related to federal student loan interest rates. In particular, lenders must disclose federal student interest rates as an alternative option for consumers as part of their loan

application and solicitation disclosures and as part of their loan approval disclosures. This means that private lenders must update their disclosures to reflect the new federal interest rates. Because the Official Staff Commentary states that information must be accurate as of the time the disclosure is provided to consumers, private lenders have until July 1, 2019 to make these required updates.

Copyright © by Ballard Spahr LLP

**Source URL:** <https://www.natlawreview.com/article/new-federal-student-loan-interest-rates-2019-2020-announced>