

Interest Rates for Direct Loans for Graduate /Professional Students 2024-2025

Subject: Interest Rates for Direct Loans First Disbursed between July 1, 2024 and June 30, 2025 Interest Rates for Direct Subsidized, Direct Unsubsidized, and Direct PLUS loans.

Under section 455(b)(7) of the Higher Education Act (HEA), interest rates on Federal Direct Loans 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 Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans for which the first disbursement is made on or after July 1 through the following June 30.

Each rate is the sum of a uniform “index rate” plus an “add-on” that varies depending on the type of loan and whether the borrower is an undergraduate or a graduate or professional student. The index rate is determined each year as the “high yield of the 10-year Treasury note” auctioned at the final auction held prior to the June 1 preceding the July 1 of the year for which the rate will be effective. Each loan type is also subject to a maximum interest rate (or cap). The interest rate for a loan, once established, applies for the life of the loan – that is, the loan is a fixed-rate loan.

Interest Rates for Direct Consolidation Loans

For Direct Consolidation Loans the interest rate is the weighted average of the interest rates on the loans included in the consolidation, rounded up to the next higher one-eighth of one percent. There is no maximum interest rate for Direct Consolidation Loans.

Direct Loan Interest Rates for 2024-2025

The chart below displays the resultant interest rates for Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2024 and by June 30, 2025

Interest Rates for Direct Unsubsidized Loans, and Direct PLUS Loans
First disbursed on or after July 1, 2024 and before July 1, 2025

| Loan Type | 10-Year Treasury Note High Yield | Add-On | Fixed Interest Rate |
|---|---|---------------|----------------------------|
| Direct Unsubsidized Loans for Graduate and Professional Students | 4.483% | 3.60% | 8.08% |
| Direct PLUS Loans for Graduate or Professional Students | 4.483% | 4.60% | 9.08% |

<https://studentaid.gov/understand-aid/types/loans/interest-rates>