



Grad PLUS Loan Information

Grad PLUS loans are doing what they were intended to do – reduce reliance on private education loans.

In AY2007-08, 11% of master's degree and 9% of doctoral degree students borrowed from private lenders. However, in AY2011-12, only 4% of master's degree students and 2% of doctoral degree students borrowed from private lenders – a sizeable reduction.

Borrowing under Grad PLUS Loans is capped.

Master's and doctoral degree students can only borrow up to the cost of attendance minus estimated financial assistance (EFA) from other sources (e.g. fellowships, grants, and unsubsidized Stafford Loans).

Grad PLUS Loans cost more for master's and doctoral degree students compared to other federal student loans.

Grad PLUS Loans have a higher interest rate, higher origination fees, and accrue interest while students are in school earning their degrees.

- For Academic Year (AY) AY2016-17, the interest rate for Grad PLUS Loans is set at 6.31%, compared to 3.76% for subsidized and unsubsidized Stafford Loans for undergraduate students.
- Grad PLUS Loans have a loan origination fee of 4.276% for AY2016-17, compared to 1.069% for subsidized and unsubsidized Stafford Loans.
- In addition, Grad PLUS loans are not subsidized; therefore, interest accrues on the loan while master's and doctoral degree students are earning their degrees. By the time these degree recipients begin repaying their loans, they already owe more than they initially borrowed.

Grad PLUS Loans serve low-income master's and doctoral degree students.

In AY2011-12, 7.2% of all master's degree students and 6.1% of all doctoral degree-research/scholarship students borrowed Grad PLUS loans. However, a disproportionate percentage of Grad PLUS borrowers are low-income master's and doctoral degree students.

- 21.3% of all master's degree students had income levels between 0 and 100% of poverty; by comparison, 43.7% of all master's degree students who borrowed Grad PLUS loans had income levels between 0 and 100% of poverty.
- 15.3% of all doctoral degree-research/scholarship students had income levels between 0 and 100% of poverty; by comparison 30.6% of all doctoral degree-research/scholarship students who borrowed Grad PLUS loans had income levels between 0 and 100% of poverty.

Master's and doctoral degree students with Grad PLUS loans borrow more in federal loans.

Grad PLUS loans supplement the financial needs of master's and doctoral degree students in addition to unsubsidized Stafford Loans.

- 51% of Grad PLUS loan recipients in Academic Year (AY) 2011-12 were master's and doctoral (PhD and EdD) students.
- The average federal loan amount borrowed overall by master's degree students in AY2011-12 was \$17,278, compared to \$32,824 borrowed by master's degree students who had Grad PLUS loans.
- The average federal loan amount borrowed overall by doctoral degree-research/scholarship students in AY2011-12 was \$18,372, compared to \$29,384 for those who also had Grad PLUS loans.

Data source: U.S. Department of Education, NCES, National Postsecondary Student Aid Study, 2011-12