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NEWS RELEASE

PHEAA’s PA Forward Student Loan Program
Sets Interest Rates for 2021-22, Expands Benefits

Harrisburg, PA (May 27, 2021) – The Pennsylvania Higher Education Assistance Agency (PHEAA) today announced a change to interest rates for PA Forward undergraduate, graduate, and parent borrowers, along with expanded benefits and eligibility requirements.

Combined with the program’s existing benefits, PA Forward undergraduate and graduate borrowers can experience fixed interest rates as low as 3.73 percent APR* and no higher than 6.69 percent APR**. This rate change applies to new applications beginning May 12, 2021.

The Program continues to offer undergraduate and graduate loan borrowers a .50 percent interest rate reduction for achieving successful graduation, while expanding their eligibility for a further rate reduction just for enrolling in Direct Debit, PHEAA’s automatic payment service. Now, in-school borrowers who choose an Interest Only or a Partial Interest repayment plan are eligible to sign up for Direct Debit to take advantage of the .25 percent interest rate reduction previously only offered to borrowers in repayment.

Additionally, PA Forward Parent borrowers can now sign up for direct debit and receive the .25 percent interest rate reduction for Parent loans where they are deferring principal and paying interest during the time the dependent student is enrolled at least half time as well as Parent Loans who chose Immediate Repayment. Combined with all the program’s benefits, PA Forward Parent borrowers can experience interest rates as low as 3.91 percent APR*** and no higher than 6.55 percent APR****.

Additionally, PHEAA is expanding eligibility requirements to include residents of West Virginia attending school in Pennsylvania and to allow students who are enrolled less than half time***** to apply for a PA Forward Student Loan. These changes to the program requirements create lending opportunities for students who previously would not qualify.

“Our goal is to ensure that Pennsylvania students and families have the tools and resources needed to achieve an affordable higher education, regardless of their circumstances,” said Representative Mike Peifer, PHEAA Board Chairman “While student loans should only be considered as a last resort funding option, we know that many families will need to borrow - even beyond their eligibility for low-cost federal loans. In these situations, PA Forward
Student Loan can serve as a responsible borrowing option.”

Now in its third year, the PA Forward Student Loan Program is a suite of borrower-friendly, Pennsylvania-based, student loan products allowing students and families to borrow up to the total cost of attendance with competitively low interest rates and a variety of upfront and repayment benefits. Additional benefits include no application or origination fees, flexible repayment options, and biweekly payment options that can pay off a loan sooner, saving borrowers even more money in interest.

“The PA Forward Student Loan Program is a great example of different facets of Pennsylvania state government coming together to help our college bound students and their families”, said Senator Wayne D. Fontana, PHEAA Board Vice Chairman. “While student loans should be avoided whenever possible, it's important to have a borrower-friendly loan option available that will always prioritize the immediate and long-term needs of students.”

PHEAA is the lender and servicer for the program, with a line of credit provided by the PA Treasury and tax-exempt allocation from the PA Department of Economic Development (DCED), making PA Forward Pennsylvania's student loan program.

The PA Forward Student Loan Program includes four different student loan products:

- PA Forward Undergraduate Loan for students seeking an undergraduate degree, certificate, or diploma
- PA Forward Graduate Loan for students seeking an advanced degree such as masters, doctoral, law, health profession, or others
- PA Forward Parent Loan for parents or guardians of dependent undergraduate students seeking an undergraduate degree, certificate, or diploma
- PA Forward Refinance Loan for borrowers in repayment seeking a more streamlined way to manage their debt by combining all of their federal and private student loans into a single monthly payment under new terms and conditions.

While the PA Forward Student Loan Program does not require a co-signer if the borrower has reached the age of majority in their state, applicants may benefit from a creditworthy co-signer if they do not meet minimum credit requirements. A creditworthy co-signer may also increase an applicant's chances for approval and could result in a lower interest rate.

As with all PHEAA’s business activities, the money earned through the program will be used to help support the Agency's public service mission. This includes $1 billion that has been allocated to fund student aid programs and services for Pennsylvania residents over the last 10 years.

To help students make more informed choices about their higher education funding plan and prevent unnecessary or excessive borrowing, PHEAA offers MySmartBorrowing.org. This free resource helps users understand how different career, school, and financial
decisions made during the college-planning process can influence the total cost of their education and their ability to repay any student loans after graduation.

To learn more about PA Forward Student Loans and submit an application, please visit PHEAA.org/PA-Forward or call 1-800-PA-FORWD.

* The lowest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan and a repayment term of 120 months, monthly payments of $100.87 and a final payment $78.29, a fixed periodic interest rate of 4.17%, and a total amount financed of $11,980.40. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period and a 0.50% graduation benefit was applied 47 months into repayment.

** The highest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected a Fully Deferred Repayment Plan and a repayment term of 180 months, monthly payments of $117.93, a fixed periodic interest rate of 7.07%, and a total amount financed of $21,227.72. The borrower received an in-school deferment of 46 months and a grace period of 6 months. The borrower in this sample did not qualify for any interest rate discounts.

*** The lowest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Immediate Repayment Plan and a repayment term of 120 months, monthly payments of $100.87, a fixed periodic interest rate of 4.17%, and a total amount financed of $12,103.84. The borrower in this sample qualified for a 0.25% Direct Debit benefit for the entirety of the repayment period.

**** The highest APR is based on the following assumptions: a loan of $10,000 made in a single disbursement, a borrower who selected an Interest Only Repayment Plan and a repayment term of 180 months, monthly payments of $54.75 for 46 months and monthly payments of $87.50 for the remainder of the repayment term, a fixed periodic interest rate of 6.57% and a total amount financed of $18,267.78. The borrower in this sample did not qualify for any interest rate discounts. These APRs are estimates and may differ from the actual rates received.

***** Undergraduate and Graduate programs only; Immediate Repayment rules apply, 10 year maximum loan term, $5,000 maximum loan limit with a $1,500 minimum,

About PHEAA
Created in 1963 by the Pennsylvania General Assembly, the Pennsylvania Higher Education Assistance Agency (PHEAA) has evolved into one of the nation's leading student aid organizations. Today PHEAA is a national provider of student financial services, serving millions of students and thousands of schools through its loan guaranty, loan servicing, financial aid processing, outreach, and other student aid programs.

PHEAA's earnings are used to support its public service mission and to pay its operating costs, including administration of the PA State Grant and other state-funded student aid programs. As the only major federal loan servicer with a nonprofit public service mission, PHEAA devotes its energy and resources to help ease the financial burden of higher education for its primary stakeholders – Pennsylvania students and families.

PHEAA conducts its student loan servicing operations nationally as FedLoan Servicing and American Education Services (AES). PHEAA operates its digital technology division as Avereo.