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DEPARTMENT OF EDUCATION

Annual Notice of Interest Rates for Variable-Rate Federal
Student Loans Made Under the William D. Ford Federal Direct
Loan Program

AGENCY: Federal Student Aid, Department of Education.

ACTION: Notice.

SUMMARY: The Chief Operating Officer for Federal Student
Aid announces the interest rates for Federal Direct
Stafford/Ford Loans (Direct Subsidized Loans), Federal
Direct Unsubsidized Stafford/Ford Loans (Direct
Unsubsidized Loans), and Federal Direct PLUS Loans (Direct
PLUS Loan), Assistance Listing Number 84.268, with first
disbursement dates before July 1, 2006, and for Federal
Direct Consolidation Loans (Direct Consolidation Loans) for
which the application was received before February 1, 1999.
The rates announced in this notice are in effect for the
period July 1, 2025, through June 30, 2026.

FOR FURTHER INFORMATION CONTACT: Travis Sturlaugson, U.S.
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travis.sturlaugson@ed.gov.

If you are deaf, hard of hearing, or have a speech
disability and wish to access telecommunications relay
services, please dial 7-1-1.

SUPPLEMENTARY INFORMATION:

Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans (collectively referred to as "Direct Loans") may have either fixed or variable interest rates, depending on when the loan was first disbursed or, in the case of a Direct Consolidation Loan, when the application for the loan was received. Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed before July 1, 2006, and Direct Consolidation Loans for which the application was received before February 1, 1999, have variable interest rates. For these loans, a new rate is determined annually and is in effect during the period from July 1 of one year through June 30 of the following year.

Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans first disbursed on or after July 1, 2006, and Direct Consolidation Loans for which the application was received on or after February 1, 1999, have fixed interest rates that apply for the life of the loan.

This notice announces the interest rates for variable-rate Direct Loans that will apply during the period from July 1, 2025, through June 30, 2026. Interest rate information for fixed-rate Direct Loans is announced in a separate notice published in the *Federal Register*.

Interest rates for variable-rate Direct Loans are determined in accordance with formulas specified in section 455(b) of the Higher Education Act of 1965, as amended

(HEA) (20 U.S.C. 1087e(b)). The formulas vary depending on loan type and when the loan was first disbursed or, for certain Direct Consolidation Loans, when the application for the loan was received. The HEA specifies a maximum interest rate for these loan types. If the interest rate formula results in a rate that exceeds the statutory maximum rate, the rate is the statutory maximum rate.

Variable-Rate Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans

For Direct Subsidized Loans and Direct Unsubsidized Loans with first disbursement dates before July 1, 2006, and for Direct PLUS Loans with first disbursement dates on or after July 1, 1998, and before July 1, 2006, the interest rate is equal to the lesser of—

(1) The bond equivalent rate of 91-day Treasury Bills auctioned at the final auction held before the June 1 immediately preceding the 12-month period to which the interest rate applies, plus a statutory add-on percentage; or

(2) 8.25 percent (for Direct Subsidized Loans and Direct Unsubsidized Loans) or 9.00 percent (for Direct PLUS Loans).

For Direct Subsidized Loans and Direct Unsubsidized Loans with first disbursement dates on or after July 1, 1995, and before July 1, 2006, the statutory add-on percentage varies depending on whether the loan is in an

in-school, grace, or deferment status, or in any other status. For all other loans, the statutory add-on percentage is the same during any status.

The bond equivalent rate of 91-day Treasury Bills auctioned on May 27, 2025, is 4.36 percent.

For Direct PLUS Loans with first disbursement dates before July 1, 1998, the interest rate is equal to the lesser of—

(1) The weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before the June 26 preceding the 12-month period to which the interest rate applies, plus a statutory add-on percentage; or

(2) 9.00 percent.

The weekly average of the one-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week ending on or before June 26, 2025, is 4.09 percent.

Variable-Rate Direct Consolidation Loans

A Direct Consolidation Loan may have up to three components, depending on the types of loans that were repaid by the consolidation loan and when the application for the consolidation loan was received. The three components are called Direct Subsidized Consolidation Loans, Direct Unsubsidized Consolidation Loans, and (only

for Direct Consolidation Loans made based on applications received before July 1, 2006) Direct PLUS Consolidation Loans. In most cases the interest rates for variable-rate Direct Subsidized Consolidation Loans, Direct Unsubsidized Consolidation Loans, and Direct PLUS Consolidation Loans are determined in accordance with the same formulas that apply to Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans, respectively.

Interest Rate Charts

Charts 1 and 2 show the interest rate formulas used to determine the interest rates for all variable-rate Direct Loans and the rates that are in effect during the 12-month period from July 1, 2025, through June 30, 2026.

Chart 1 shows the interest rates for loans with rates based on the 91-day Treasury Bill rate. Chart 2 shows the interest rates for loans with rates based on the weekly average of the one-year constant maturity Treasury yield.

CHART 1—DIRECT SUBSIDIZED LOANS, DIRECT UNSUBSIDIZED LOANS, DIRECT SUBSIDIZED CONSOLIDATION LOANS, DIRECT UNSUBSIDIZED CONSOLIDATION LOANS, DIRECT PLUS LOANS, AND DIRECT PLUS CONSOLIDATION LOANS							
INTEREST RATES BASED ON 91-DAY TREASURY BILL							
Loan type	Cohort	91-day T-Bill rate 05/27/25 (%)	Add-on (%)		Maximum rate (%)	Interest rate 07/01/25 through 06/30/26 (%)	
Subsidized Unsubsidized	First disbursed on/after 07/01/98 and before 07/01/06	4.36	1.70 (in-school, grace, deferment)	2.30 (any other status)	8.25	6.06 (in-school, grace, deferment)	6.66 (any other status)
Subsidized Consolidation	First disbursed on/after 07/01/98						

Unsubsidized Consolidation	and before 10/01/98; or Application received before 10/01/98 and first disbursed on/after 10/01/98						
PLUS	First disbursed on/after 07/01/98 and before 07/01/06	4.36	3.10		9.00	7.46	
PLUS Consolidation	First disbursed on/after 07/01/1998 and before 10/01/1998 ; or Application received before 10/01/98 and first disbursed on/after 10/01/98						
Subsidized Unsubsidized Subsidized Consolidation Unsubsidized Consolidation	First disbursed on/after 07/01/95 and before 07/01/98	3.36	2.50 (in-school, grace, deferment)	3.10 (any other status)	8.25	5.86 (in-school, grace, deferment)	6.46 (any other status)
Subsidized Unsubsidized Subsidized Consolidation Unsubsidized Consolidation	First disbursed before 07/01/95	3.36	3.10		8.25	6.46	
Subsidized Consolidation Unsubsidized Consolidation	Application received on/after 10/01/98 and before 02/01/99	3.36	2.30		8.25	5.66	

PLUS Consolidation					
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CHART 2—DIRECT PLUS LOANS AND DIRECT PLUS CONSOLIDATION LOANS					
INTEREST RATES BASED ON WEEKLY AVERAGE OF ONE-YEAR CONSTANT MATURITY TREASURY YIELD					
Loan type	Cohort	Weekly average of 1-year constant maturity treasury yield for last calendar week ending on or before 06/26/24 (%)	Add-on (%)	Maximum rate (%)	Interest rate 07/01/24 through 06/30/25 (%)
PLUS PLUS Consolidation	First disbursed before 07/01/98	4.09	3.10	9.00	8.20

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Program Authority: 20 U.S.C. 1087a et seq.

Richard Lucas,
Acting Chief Operating Officer
Federal Student Aid.

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