



Primer on the Types of Federal Student Loans

Confused about which type of federal student loan you have? This primer will help you figure it out, including the loan repayment plans that loans in each program are eligible for.

William D. Ford Federal Direct Loan (Direct Loan) Program (FDLP): The Direct Loan Program is the newest of the four federal student loan programs, and the largest. If you are a current student, your loans are Direct Loans. As of June 2018, \$1.116 trillion dollars in Direct Loans were outstanding to over 33 million borrowers. The Direct Loan Program was created in 1992 and co-existed with the FFEL Program (described below) until 2010, with schools having the choice of which loan program they participated in. The Direct Loan Program is currently the only federal student loan program making new loans. The terms and conditions of loans in the FDLP are the same as FFELP loans, unless the Higher Education Act specifically provides otherwise. The chief differences in the two programs are the number and type of repayment plans available to borrowers. For example, by law only loans in the Direct Loan Program are eligible for Income Contingent Repayment (ICR), Pay As You Earn (PAYE), and REPAYE, and only loans in the FDLP are eligible for Public Service Loan Forgiveness (PSLF). Nine servicers (all of whom are SLSA members) currently service Direct Loans under contracts with the U.S. Department of Education. These servicers must comply with the Higher Education Act, regulations issued by the U.S. Department of Education, and numerous contract requirements by the Department. Direct Subsidized Loans, Direct Unsubsidized Loans, Direct PLUS Loans, and Direct Consolidation Loans are types of Direct Loans. For more information, contact your servicer or visit the [Federal Student Aid website](#)

Information about how to contact each of the nine federal contractor servicers can be found here: <https://studentaid.ed.gov/sa/repay-loans>
<https://studentloans.gov/myDirectLoan/additionalInformation.action>

If you don't know who your servicer is, you can find out by logging into the My Federal Student Aid website: <https://studentaid.ed.gov/sa/?login=true>

Federal Family Education Loan (FFEL) Program (FFELP): The FFEL Program was initiated by the Higher Education Act of 1965 as the Guaranteed Student Loan Program, and for decades it was the main source of education loans for students. It was renamed as the FFEL Program in 1992. FFELP was the first federal student loan program that provided loans directly to students, and the only such federal student loan program until the creation of the Direct Loan Program in 1992. Until 2010 the FFELP and FDLP co-existed, with schools having the choice of which of the two loan programs they participated in. Whereas Direct Loans were made by the U.S. Department of Education, FFELP Loans were made to students by banks, credit unions, nonprofits and other lenders and guaranteed by the federal government. Congress ended the FFEL Program in 2010, and the last FFELP Loan made on June 30, 2010. However, there are still \$288.6 billion dollars in outstanding FFELP Loans owed by 13.8 million borrowers (including the loans owned by the U.S. Department of Education and discussed below). The

terms and conditions of FFELP Loans are set by the Higher Education Act and by regulations issued by the U.S. Department of Education. In general, the terms and conditions of loans in the FFELP are the same as FDLP loans, unless the Higher Education Act specifically states otherwise. The chief differences in the two programs are the number and type of repayment plans available to borrowers. For example, by law FFELP Loans are not eligible for Income Contingent Repayment (ICR), Pay As You Earn (PAYE), and REPAYE, and are not eligible for Public Service Loan Forgiveness (PSLF). And only FFELP loans are eligible for the Income Sensitive Repayment plan. FFELP Loans use the same common federal forms as Federal Direct Loans. Many borrowers have both FFELP and FDLP loans depending on when they went to college, and which school they attended. Subsidized Stafford Loans, Unsubsidized Stafford Loans, PLUS Loans, and Consolidation Loans are types of FFELP Loans; they are similar to the types of Direct Loans, but with slightly different names and a few different features, such as eligibility for certain repayment plans as noted above. Many SLSA members service FFELP Loans. If you don't know who your servicer is, you can find out by logging into the My Federal Student Aid website: <https://studentaid.ed.gov/sa/?login=true>

Department of Education-owned FFELP Loans: There is a subset of FFELP Loans that is owned by the U.S. Department of Education rather than a bank or other commercial lender. During the financial crisis that began in 2008, like all other types of financial institutions, many FFELP lenders experienced difficulties accessing capital in order to make loans. Congress authorized the Department of Education to purchase FFELP loans under certain terms and conditions until 2010. The Department now owns \$91 billion in FFELP loans owed by 6.67 million borrowers. Because these loans are owned by the Department of Education, they are serviced by the same nine servicers under contract to the Department to service Direct Loans. They are serviced under the same contract as Direct Loans, but using the FFELP program rules, which offer slightly different repayment plan options than Direct Loans.

Federal Perkins Loan (Perkins) Program: Perkins is the oldest and the smallest federal student loan program. Created in 1957, there are currently \$7.4 billion in outstanding Perkins Loans to 2.4 million borrowers. It is a campus-based loan program, which means that the money to make the loans goes from the federal government to the schools, which then make loans using a mix of federal funds and institutional funds. Not all schools participate in the Perkins Program. Perkins Loans may be serviced by the school that made the loan or by a third-party servicer. Congress allowed the program to expire, and no new Perkins loans have been made since September 30, 2017. Information on the Perkins Program can be found here: <https://studentaid.ed.gov/sa/types/loans/perkins>
For more information about your Perkins loans, contact your school.