



## Student Loan Tips

# Private Student Loan Interest Rates Explained

Learn how interest rates are set for private student loans, what factors impact your rate, and how to choose between fixed and variable options.

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When you apply for a private student loan, one of the most important details to understand is your **interest rate** — the cost of borrowing money. It affects how much you'll repay over time and varies widely from person to person.

Here's how private student loan interest rates work and what influences yours.

Unlike federal student loans, which have one standard fixed rate, private lenders offer customized interest rates based on your creditworthiness and financial profile. This is why most undergraduate students apply with a cosigner — someone with strong credit can help secure a lower rate.

There are two main types of interest rates:

### **Fixed Rate:**

Your rate stays the same for the life of the loan. It offers predictability and makes it easier to plan your monthly payments.

### **Variable Rate:**

Your rate can go up or down over time, depending on the market. These loans often start with a lower rate than fixed loans but can become more expensive if rates rise.

### **Here are some key factors that determine your rate:**

- Credit score (yours and your cosigner's)
- Income and employment history
- Debt-to-income ratio
- Loan term (shorter terms often come with lower rates)
- Repayment plan (making payments while in school may lower your rate)

## Second Look Loan Interest Rates

GradBridge specializes in working with **near-approval borrowers**, and while our rates are typically higher to reflect higher credit risk, they're still a better and more structured option than high-interest alternatives like credit cards or personal loans.

Keep in mind: your APR (annual percentage rate) includes your interest rate plus any fees, so it's the best number to compare across lenders.

Understanding your rate — and how it's calculated — gives you more control and confidence in choosing the right student loan for your future.