Comparing Discounts

The best discount is getting an interest-rate reduction from the start. After that, the value of the discounts that lenders dangle to entice borrowers diminishes.

DISCOUNT OFFERED	PERCENTAGE-POINT CUT
One percentage point lower interest rate at start of loan	**1.00**
One percentage point lower interest rate at start of repayment*	**0.78**
One percentage point lower interest rate after 48 payments**	**0.33**
One-point reduction in fees	**0.23**
1% reduction of principal after 48 payments**	**0.12**

*Interest accrues for four years without discount while student is in school

**Fewer than 10% of borrowers qualify for benefits such as this, which are contingent on on-time payments

Data: Project on Student Debt