

## Press Release



# New Study: Student Loan Switch to Market Rates Would Save Students Money & Save Taxpayers Billions

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*Proposal Would Save Students Up to \$1,413 Over the Life of Their Loan; Save Taxpayers \$4 Billion Over Next Decade*

WASHINGTON – The American Action Forum (AAF) released a new study today examining the student loan proposal in the House of Representatives to transition to market-based interest rates. The study found that switching to market-based interest rates, would save students up to \$1,413 over the life of their loan and would reduce the deficit by nearly \$4 billion over the next ten years.

The authors, Scott Fleming and Chad Miller, write that “Shifting to market based rates **would provide a long-term solution to the borrower interest rate issue**, eliminating the need for annual fixes. In the process, such a change in policy would:

- “Reduce interest rates for all borrowers –saving students as much as \$1,413;
- “Save taxpayers \$4 billion over the next decade;
- “Remove federal bureaucrats from setting interest rates.”

This paper makes clear that transitioning to a market-based loan structure the most cost-effective solution for both students and taxpayers.

Read the [complete paper online here.](#)

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