

Which Is Right for You?

There's no one-size-fits-all answer. Consider:

- **Your timeline:** Short-term loans often favor variable rates.
- **Your budget:** Fixed rates help with long-term planning.
- **Your comfort level:** Can you handle possible rate changes?

Use a student loan calculator (CollegeAve.com/calculators) to compare monthly payments for both options — and reach out to your lender or financial aid office if you're unsure.

Tip: Even small differences in interest rate can affect your monthly payments and total loan cost. Take a few minutes to understand both options before you borrow — your future self will thank you!

Whether you're planning for next semester or thinking ahead to graduation, College Ave has the tools and resources to help you feel more confident every step of the way.



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Fixed vs. Variable Interest Rates

WHAT TO KNOW BEFORE YOU BORROW

When you take out a private student loan, one of the most important decisions is choosing between a fixed or variable interest rate. Each has its own advantages – the key is choosing the one that best fits your budget, risk tolerance and financial goals.



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What's a Fixed Rate?



A fixed interest rate stays the same for the entire life of your loan - which means your monthly payment does not change once you enter repayment.

Key Benefits

- Predictable payments — easy to plan and budget for.
- Long-term stability — protected from rising rates.
- Peace of mind — no surprises in your monthly bill.

Things to Consider

- Fixed rates often start slightly higher than variable rates.
- You won't benefit if overall interest rates go down.

Good Fit If You:

- Prefer consistent, reliable payments.
- Plan to repay your loan over several years.
- Prefer knowing exactly what you'll owe each month.



What's a Variable Rate?

A variable interest rate can change over time based on market conditions. Your monthly payment may go up or down depending on how rates move.

Key Benefits

- Typically lower starting rate — may save you money early on.
- Flexible option if you plan to pay off your loan quickly.

Things to Consider

- Payments could increase if interest rates rise.
- Budgeting may be less predictable month-to-month.

Good Fit If You:

- Expect to repay your loan quickly.
- Feel comfortable with some risk.
- Believe rates will stay steady or decrease.

