Alternative Loan 102

Fixed or Variable Rate
Fixed or Variable Rate........

• Which one should you choose?
Fixed or Variable Rate........

• You will need to know what the prime rate is
  • And why you should be concerned
Fixed or Variable Rate ......

• You will need to know what the prime rate is.

• The U.S. Prime Rate is a commonly used, short-term interest rate in the banking system of the United States. All types of American lending institutions (traditional banks, credit unions, thrifts, etc.) use the U.S. Prime Rate as an index or foundation rate for pricing various short- and medium-term loan
Fixed or Variable Rate

• You will need to know what the prime rate is
  • This rate is not constant, and it is subject to change each year or each quarter
Fixed or Variable Rate…….

• You will need to know what the prime rate is
  • The current prime rate may or may not impact your decision, but it will impact your rate
  • If you choose a variable rate, your rate is subject to change every quarter
Fixed or Variable Rate........

• You will need to know what the prime rate is

• Initial variable rates may be lower than any fixed rate offered, and they will adjust with the prime rate, because variable rates are offered as prime rate plus any additional rate that your bank determines
Fixed or Variable Rate

• You will need to know what the prime rate is
  • Initial variable rates may be lower than any fixed rate offered, and they will adjust with the prime rate, because variable rates are offered as prime rate plus any additional rate that your bank determines

If the prime rate rises, your monthly payments may be higher than the offered fixed rate and vice-versa
Fixed or Variable Rate

• You will need to know what the prime rate is

• If you want the lowest interest offered, and you are prepared to make adjustments to your payments depending on the prime rate; then a variable rate is for you. Now if you are more conservative as it pertains to your finances, and you do not want to gamble with your payments; then a fixed rate is for you.

If you require some more advice, contact the Office of Financial Aid at faid@desu.edu