Federal Need a loan to help pay for college? Consider a federal loan first!

You will not have to start repaying your federal student loans until you graduate, leave school, or change your enrollment status to less than half-time.

The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates.

Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.

You don’t need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.

You won’t need a cosigner to get a federal student loan in most cases.

Interest may be tax deductible.

If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.

There are several repayment plans, including options to tie your monthly payment to your income.

There is no prepayment penalty fee.

You may be eligible to have some portion of your loans forgiven if you work in public service.

Free help is available at 1-800-4-FED-AID and on StudentAid.gov.

Private Many private student loans require payments while you are still in school.

Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.

Private student loans are not subsidized. No one pays the interest on your loan but you.

Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.

You may need a cosigner.

Interest may not be tax deductible.

Private student loans may not offer forbearance or deferment options.

You should check with your lender to find out about your repayment options.

You need to make sure there are no prepayment penalty fees.

It is unlikely that your lender will offer a loan forgiveness program.

The Consumer Financial Protection Bureau’s private student loan ombudsman (www.consumerfinance.gov) may be able to assist you if you have concerns about your private student loan.

Comparing Federal and Private Student Loans

Need a loan to help pay for college? Consider a federal loan first!

Federal vs. Private

1. Repayment
   - After graduation
   - Many private student loans require payments while you are still in school.

2. Interest Rates
   - The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates.
   - Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.

3. Subsidized Loans
   - Undergraduate students with financial need will likely qualify for a subsidized loan where the government pays the interest while you are in school on at least a half-time basis.
   - Private student loans are not subsidized. No one pays the interest on your loan but you.

4. Credit
   - You don’t need to get a credit check for most federal student loans (except for PLUS loans). Federal student loans can help you establish a good credit record.
   - Private student loans may require an established credit record. The cost of a private student loan will depend on your credit score and other factors.

5. Cosigner
   - You won’t need a cosigner to get a federal student loan in most cases.
   - You may need a cosigner.

6. Tax Deduction
   - Interest may be tax deductible.
   - Interest may not be tax deductible.

7. Payment Options
   - If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.
   - Private student loans may not offer forbearance or deferment options.

8. Repayment Plans
   - There are several repayment plans, including options to tie your monthly payment to your income.
   - You should check with your lender to find out about your repayment options.

9. Penalty Fee
   - There is no prepayment penalty fee.
   - You need to make sure there are no prepayment penalty fees.

10. Loan Forgiveness
    - You may be eligible to have some portion of your loans forgiven if you work in public service.
    - It is unlikely that your lender will offer a loan forgiveness program.

11. Assistance
    - The Consumer Financial Protection Bureau’s private student loan ombudsman (www.consumerfinance.gov) may be able to assist you if you have concerns about your private student loan.

Federal Student Aid
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StudentAid.gov