


















Federal vs Private

Student Loan Comparison

COMPARE LOAN FEATURES BELOW

	Federal Direct Stafford (unsubsidized)	Federal Direct Graduate PLUS	Non-Federal Private Student Loans
COSIGNER REQUIRED?	 No cosigner required.	 No cosigner required, but a cosigner can be used if student does not pass credit check.	 No cosigner required, but using a credit-worthy cosigner may dramatically decrease your interest rate. Discuss details and conditions with lender.
INTEREST RATES?	 6.00% fixed interest rate for loans with first disbursement date between 7/1/2017—6/30/2018.	 7.00% fixed interest rate for loans with first disbursement date between 7/1/2017—6/30/2018.	 Variable rates as low as ~3.00% APR. Fixed rates as low as ~5.50% APR. Rates vary by lender and credit worthiness. Having a good credit rating and/or using a credit-worthy cosigner may dramatically decrease your loan interest rate. Discuss details and conditions with lender.
INTEREST CAPITALIZATION?	 Interest capitalizes upon repayment or at end of a deferment or grace period.		 Varies. Some lenders capitalize interest monthly or quarterly. Discuss details and conditions with lender.
LOAN ORIGATION FEES?	 1.066%	 4.264%	 Usually none. Discuss details and conditions with lender.
INCOME-BASED REPAYMENT PLANS?	 Federal student loans may qualify for several income-base repayment plans. Income-based repayment plans may offer more affordable monthly payments based on income level and family size. Visit http://tinyurl.com/pcomfinaid-fedrepay to learn more.		 Most private lenders do NOT offer income-based repayment plans at this time. However, a couple lenders are beginning to add income-based repayment options. Discuss details and conditions with lender.
LOAN CONSOLIDATION?	 Borrowers may be able to consolidate federal Stafford, Graduate PLUS, and Perkins loans. Consolidation can simplify loan repayment by centralizing your loans to a single monthly payment. Do note that consolidating may add or remove certain repayment plans and loan benefits depending on the type of loan and date it was borrowed.		 Non-federal private student loans CANNOT be consolidated with federal student loans in the federal Direct Loan Consolidation program. Some banks & lenders now allow refinancing of federal & private student loans after graduation. Visit http://goo.gl/42O3DH for more information.
PUBLIC SERVICE LOAN FORGIVENESS (PSLF) ELIGIBILITY?	 Eligible for the federal PSLF program. PSLF allows borrowers to qualify for forgiveness of the remaining balance due on eligible federal student loans after making 120 payments under certain repayment plans while employed full time by certain public service employers. Visit http://tinyurl.com/pcomfinaid-pslf to learn more.		 Non-federal private student loans are NOT eligible for PSLF.



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Private Student Loans

Questions to ask when applying

ASK THESE IMPORTANT QUESTIONS WHEN RESEARCHING NON-FEDERAL PRIVATE STUDENT LOAN OPTIONS:

<p>Is the interest rate variable or fixed?</p>	<p>Fixed interest rates keep the same rate for the life of the student loan.</p> <p>Variable interest rates usually fluctuate on a quarterly basis. During repayment, your monthly payment amount may increase or decrease based on changes to the variable interest rate.</p>																		
<p>Can I receive a better interest rate if I have a credit-worthy cosigner, use other banking products with the lender, or setup automatic monthly payments deducted from a bank account?</p>	<p>Using a credit-worthy cosigner may dramatically decrease your loan interest rate.</p> <p>A bank may offer a better interest rate on their non-federal private student loan if the borrower has other banking products with them such as a checking account, savings account, mortgage, and more.</p>																		
<p>When and how often does the loan capitalize interest?</p>	<p>Interest capitalization is when the interest accrued on a loan is added to the principal amount of the loan. See example below:</p> <table border="1" data-bbox="1018 706 1858 925"> <thead> <tr> <th></th> <th>With Yearly Capitalization</th> <th>Without Yearly Capitalization</th> </tr> </thead> <tbody> <tr> <td>Principal Amount</td> <td>\$10,000 @ 10.0% fixed interest rate</td> <td>\$10,000 @ 10.0% fixed interest rate</td> </tr> <tr> <td>Year 1 Interest Accrued</td> <td>\$1,000</td> <td>\$1,000</td> </tr> <tr> <td>New Principal Amount</td> <td>\$11,000</td> <td>\$10,000 (plus \$1,000 in interest accumulated)</td> </tr> <tr> <td>Year 2 Interest Accrued</td> <td>\$1,100</td> <td>\$1,000</td> </tr> <tr> <td>New Principal Amount</td> <td>Loan is now accumulating interest on \$12,100</td> <td>\$10,000 (plus \$2,000 in interest accumulated)</td> </tr> </tbody> </table>		With Yearly Capitalization	Without Yearly Capitalization	Principal Amount	\$10,000 @ 10.0% fixed interest rate	\$10,000 @ 10.0% fixed interest rate	Year 1 Interest Accrued	\$1,000	\$1,000	New Principal Amount	\$11,000	\$10,000 (plus \$1,000 in interest accumulated)	Year 2 Interest Accrued	\$1,100	\$1,000	New Principal Amount	Loan is now accumulating interest on \$12,100	\$10,000 (plus \$2,000 in interest accumulated)
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<p>Are there any loan fees?</p>	<p>Loan fees may be deducted from the amount borrowed before the loan disburses to the school. For example, a \$10,000 loan may have a 3.0% origination fee. That means only \$9,700 of the original \$10,000 borrowed will actually pay to the school. However, you still owe \$10,000 in principal amount.</p> <p>Ask if the loan has any loan fees such as origination fees and/or service fees.</p>																		
<p>After I leave school or graduate, when will my first loan payment be due?</p>	<p>Find out if you will receive a grace period on your loan repayments. Once you are no longer enrolled at least half time in an eligible program, a grace period may grant you a period during which you are not required to make loan payments. If your loan has a grace period, payment will be due at the conclusion of the grace period. Medical students should ask if the loan has any deferment options during residency years.</p>																		
<p>If I have an economic hardship, what can be done to reduce or defer my monthly payment?</p>	<p>Before borrowing a loan, ask your lender about your options to reduce or delay repayment in case you have difficulty making payments. There may be options for you including applying for deferment or changing your repayment plan.</p>																		



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