



Student Loans: What You Should Know

Have you considered all other payment options?

- **Scholarships & Grants**
Check with your school, employer, organizations, and free scholarship searches
- **Federal and State Grants**
To be eligible, you must complete the Free Application for Federal Student Aid (www.fafsa.ed.gov)
- **Make cash payments toward tuition**

Questions to ask before borrowing:

- Which loan is right for me?
- Is there a fee on the loan? If so, what percent?
- What is the interest rate? Is it variable or fixed?
- Can I access my account online 24/7?
- If I have a question on my account, who do I call?
- How much will my payments be when I'm done with school?

Helpful Hints to Borrowing

- Only borrow what you need.
- Keep a record regarding all of your loans.
- Start making payments as soon as you can, even during school.
- Notify your lender or servicer if any of your contact information changes.
- If you are unable to make your monthly payment, contact your lender immediately for assistance.
- When paying for your education, the main goal should be keeping your debt to a minimum.

Federal Loan Programs

The Department of Education regulates the federal loan programs. **All loan funds are sent directly to your school.** Standard features include:

- Interest rates and repayment terms
- Repayment postponement options
- Annual and lifetime aggregate loan limits

Federal student loan programs include:

Federal Perkins Loans

The **Perkins Loan** is a subsidized, campus-based loan program for students with exceptional financial need. Interest is paid by the federal government while you are enrolled at least half-time and during your 9-month grace period. Your school is the lender; you will repay your loan to your school.

Features: 5% interest, no fees. Interest and repayment begin nine months after you graduate, leave school, or are no longer enrolled at least half-time.

Federal Stafford/Direct Loans

Subsidized Stafford loans are based on financial need. The government pays the interest that accrues while in school. **Unsubsidized** Stafford loans are available without demonstrated financial need. Interest is the responsibility of the borrower.

Features: Fixed interest rate (varies for subsidized vs. unsubsidized); 0-2% fee; repayment begins six months after you graduate, leave school, or are no longer enrolled at least half-time.

Federal PLUS Loans

PLUS loans are available to parents of dependent undergraduate students and graduate students in qualified programs to help meet the cost of attendance that is not covered by other financial aid.

Features: Fixed interest rate (8.5% for FFEL PLUS and 7.9% for Direct PLUS); 2.5% - 4% fee; credit check required. Repayment may be deferred until six months after you graduate, leave school, or are no longer enrolled at least half-time.

Your school may participate in the **Federal Family Education Loan (FFEL)** program and/or the **Direct Loan** program. For the FFEL program, you will choose your lender for Stafford and/or PLUS loans either from your school's recommended lender list or a lender of your choice. For the Direct Loan program, your lender will be the Department of Education.

Minnesota SELF Loan Program

The SELF loan program is a loan not based on need to help students pay for educational costs. The Minnesota Office of Higher Education is the lender.

Features: Variable interest rate; no fees. Credit worthy co-signer required. Quarterly interest payments required while in school. Repayment begins after you graduate, leave school, or are no longer enrolled at least half-time.

Private or Alternative Loan Programs

Private or alternative loans are credit-based loans from private lenders that are not federally guaranteed. Private loans often have the following characteristics:

- Require a co-signer for credit approval.
- Variable terms and interest rates.
- Do not offer in-school deferment options and require immediate repayment.

Please contact your school's financial aid administrator for more information on private or alternative loans.

Resources

How much have I borrowed? Who's my lender?

Your federal student loan history is located in the U.S Department of Education's central database for federal student aid, the National Student Loan Data System (www.nslds.ed.gov). To access your information, you will need your federal PIN (www.pin.ed.gov).

Need additional information on student loans?

- www.studentaid.ed.gov
- www.finaid.org

Are there any tax benefits related to borrowing student loans? Visit:

www.irs.gov



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