

# FEDERAL PLUS VS PRIVATE LOANS

OFFICE OF FINANCIAL AID AND SCHOLARSHIPS • 1108 FREMONT STREET, SSC 103 • STEVENS POINT, WI 54481-3987 • WWW.UWSP.EDU/FINAID

Students and/or families seeking additional financing to cover the costs associated with education may consider federal Parent PLUS, Grad PLUS and private student loans. Which loan program is better is an individual decision and will be dependent on your and/or your family's individual circumstances and preferences. We highly recommend you research both options and choose the loan program that best meets your and/or your family's individual needs.

- Dependent undergraduate students and families have the option of using Parent Plus and private student loans
- Independent undergraduate students have the option of using private student loans
- Graduate and professional students have the option of using Grad PLUS or private student loan

Many students, particularly undergraduate students, will likely need to find willing, creditworthy individual(s) to co-sign their private education loan applications in hopes of being approved and getting the best pricing and terms extended to them.

For students and/or families that would like to consider both options prior to making a final decision, it is advised that you start the process early and apply (cross-shop) between federal Parent PLUS/Grad PLUS and private student loans within a 30-day window. Applying for a private student loan does not impact eligibility for a Parent PLUS or Grad PLUS Loan and applying for multiple credit-based student loans (rate shopping) within a 30-day window will be treated as one inquiry when determining a credit score by private student loan lenders.

Three categories are generally compared when considering loan options. They are eligibility, costs (interest rate and fees) and repayment. The weight you and/or your family place on each of these categories when making a decision will be based on your individual preferences. Below are some questions and a chart to assist you with this process.

Regardless of what loan option and lender you choose to use, our office will do our best to process your loan as efficiently as possible.

**While the Parent PLUS and Grad PLUS program terms are known, private student loan terms will vary based on lender. It is for this reason we recommend that you compare all options carefully.**

When comparing the **eligibility** of student loans, students and/or families should ask:

- Who is the borrower on the loan?
- Will I need a cosigner?
- Am I eligible if I am not going to school at least half-time?
- Can I borrow for past due balances?
- Do I need to be pursuing a degree?

When comparing the **cost** of student loans, students and/or families should ask:

- What is the interest rate (fixed or variable rate)?
- Are there any loan fees?
- Are there any loan discounts?
- What will the monthly payment be upon graduation?
- What is the repayment term?

When considering **repayment**, students and/or families should ask:

- Is there a grace period after graduation?
- How long is the repayment term?
- Who will service my loans?
- What repayment options are available?
- Are there deferment or forbearance options?
- If there is loan forgiveness and under what circumstances?



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	Federal Direct Parent PLUS and Grad PLUS Loans	Private Student Loan
<b>Borrower</b>	<ul style="list-style-type: none"> <li>Parent PLUS: Parent</li> <li>Grad PLUS: Student</li> </ul>	<ul style="list-style-type: none"> <li>Student (and cosigner if required)</li> <li>Cosigner can be parent, relative or willing sponsor</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>At least half-time and degree seeking</li> </ul>	<ul style="list-style-type: none"> <li>Full-time, half-time, less than half-time degree, certificate and licensure seeking depending on lender, check with lenders for availability</li> <li>Past due option may be available depending on lender</li> </ul>
<b>Interest Rates</b>	<ul style="list-style-type: none"> <li>8.05% fixed interest rate</li> </ul>	<ul style="list-style-type: none"> <li>Fixed and/or variable interest rate options available depending on lender, check with lenders for availability</li> </ul>
<b>Fees</b>	<ul style="list-style-type: none"> <li>4.228% origination fees deducted from loan amount</li> </ul>	<ul style="list-style-type: none"> <li>Fees may or may not apply depending on lender</li> </ul>
<b>Credit Requirements</b>	<ul style="list-style-type: none"> <li>Credit Check required</li> <li>Approval determined by federal criteria and is not based on credit score</li> <li>Additional unsubsidized Stafford may be awarded to dependent undergraduate student based on Parent PLUS credit denial</li> </ul>	<ul style="list-style-type: none"> <li>Credit check required</li> <li>Approval determined by lender criteria based on credit score, credit history and income (if creditworthy applicant or cosigner required)</li> <li>Dependent undergraduate students are likely to need a credit-worthy cosigner</li> </ul>
<b>Servicer</b>	<ul style="list-style-type: none"> <li>US Department of Education contracted servicers</li> </ul>	<ul style="list-style-type: none"> <li>Determined by lender, check with lenders</li> </ul>
<b>Repayment Terms</b>	<ul style="list-style-type: none"> <li>10-year repayment</li> <li>May request deferment of payment during in-school and 6-month grace period</li> </ul>	<ul style="list-style-type: none"> <li>Typically 15-25 years depending on lender</li> <li>No payments while in-school</li> </ul>
<b>Grace Period</b>	<ul style="list-style-type: none"> <li>Please see above (Repayment Terms)</li> </ul>	<ul style="list-style-type: none"> <li>6 to 9 months grace period after enrollment ends depending on lender</li> </ul>
<b>Loan Consolidation</b>	<ul style="list-style-type: none"> <li>Can be consolidated with other federal educational loans (i.e., Perkins and Stafford) through the Federal Loan Consolidation Program</li> </ul>	<ul style="list-style-type: none"> <li>Private Loan Consolidation may be available, check with lenders for availability</li> </ul>
<b>Loan Forgiveness Options</b>	<ul style="list-style-type: none"> <li>Loan forgiven in the event of permanent disability or death of student</li> <li>Public Loan Service Forgiveness option</li> </ul>	<ul style="list-style-type: none"> <li>Loan may be forgiven in the event of permanent disability or death of student; check with lenders for availability.</li> </ul>
<b>Borrower Benefits</b>	<ul style="list-style-type: none"> <li>Interest rate reduction for Electronic Debit Account Repayment</li> </ul>	<ul style="list-style-type: none"> <li>Borrower Benefits offered to reduce interest rates and overall loan costs. Check with lenders for availability and types of benefits offered.</li> <li>Cosigner release option check with lender for availability and eligibility</li> </ul>
<b>Repayment Options</b>	<ul style="list-style-type: none"> <li>Various repayment options available, including IBR, ICR, Graduate, Standard and Extended</li> <li>Deferment and forbearance options available</li> <li>Check with the Department of Education for additional details</li> </ul>	<ul style="list-style-type: none"> <li>Standard and interest-only options</li> <li>Forbearance options may be available depending on lender</li> </ul>
<b>Annual Loan Limit</b>	<ul style="list-style-type: none"> <li>Students may borrow up to the cost of education less than other aid received</li> </ul>	<ul style="list-style-type: none"> <li>Students may borrow up to the cost of education less than other aid received.</li> </ul>
<b>Aggregate Loan Limit</b>	<ul style="list-style-type: none"> <li>None</li> </ul>	<ul style="list-style-type: none"> <li>Yes, amount depends on lender</li> <li>Check with lender</li> </ul>



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