

Federal Loans Verses Private Loans

Federal Student Loans

Private Student Loans

<p>You will not have to start repaying your federal student loans until you graduate, leave school, or change your <i>enrollment status</i> to less than half-time.</p>	<p>Many private student loans require payments while you are still in school.</p>
<p>The interest rate is fixed and is often lower than private loans—and much lower than some credit card interest rates. View the current interest rates on federal student loans.</p>	<p>Private student loans can have variable interest rates, some greater than 18%. A variable rate may substantially increase the total amount you repay.</p>
<p>Undergraduate students with <i>financial need</i> will likely qualify for a <i>subsidized loan</i> where the government pays the interest while you are in school on at least a half-time basis.</p>	<p>Private student loans are not subsidized. No one pays the interest on your loan but you.</p>
<p>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.</p>	<p>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.</p>
<p>You won't need a cosigner to get a <i>federal student loan</i> in most cases.</p>	<p>You may need a cosigner.</p>
<p>Interest may be tax deductible.</p>	<p>Interest may not be tax deductible.</p>
<p>Loans can be consolidated into a Direct Consolidation Loan. Learn about your consolidation options.</p>	<p>Private student loans cannot be consolidated into a Direct Consolidation Loan.</p>
<p>If you are having trouble repaying your loan, you may be able to temporarily postpone or lower your payments.</p>	<p>Private student loans may not offer <i>forbearance</i> or <i>deferral</i> options.</p>
<p>There are several repayment plans, including an option to tie your monthly payment to your income.</p>	<p>You should check with your lender to find out about your repayment options.</p>
<p>There is no prepayment penalty fee.</p>	<p>You need to make sure there are no prepayment penalty fees.</p>
<p>You may be eligible to have some portion of your loans forgiven if you work in public service. Learn about our loan forgiveness programs.</p>	<p>It is unlikely that your lender will offer a loan forgiveness program.</p>
<p>Free help is available at 1-800-4-FED-AID and on websites of https://studentaid.ed.gov.</p>	<p>The Consumer Financial Protection Bureau's private student loan ombudsman may be able to assist you if you have concerns about your private student loan.</p>